GENERAL ELECTRIC

NUCLEAR ENERGY

BUSINESS GROUP

GENERAL ELECTRIC COMPANY, 175 CURTNER AVE., SAN JOSE, CALIFORNIA 95125

SPENT FUEL SERVICES OPERATION

CCH-203

THIS DOCUMENT CONTAINS
POOR QUALITY PAGES

February 4, 1981

Jim Petersen
U.S. Nuclear Regulatory Commission
Room P-415
Washington, D.C. 20555

Dear Mr. Peterson:

Enclosed are the available financial documents for General Electric Company in accordance with our recent discussion. These documents are also being enclosed with our request for revision of the amended application for SNM-1265, sent to the Office of Nuclear Material Safety and Safeguards.

There is not a preliminary prospectus for offerings. The 1980 Form 10-K and the 1980 Annual Report to Shareholders will be forwarded when available.

Respectfully,

C.C. Herrington

C.C. Herrington, Manager
Licensing & Safety

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Enclosure

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POOR ORIGINAL

PROSPECTUS

$300,000,000

General Electric Company

8½% DEBENTURES DUE 2004

Interest payable May 1 and November 1

Redeemable on 30 days' notice (a) at any time at the option of the Company, as a whole or in part, at 108.50% to and including April 30, 1975, and at decreasing prices thereafter to and including April 30, 1999 and thereafter at 100% and (b) commencing May 1, 1985 through operation of the sinking fund at 100%, together in each case with accrued interest; provided, however, that the Company may not prior to May 1, 1984 exercise its option to redeem any Debentures directly or indirectly from or in anticipation of moneys borrowed at an interest cost of less than 8.50% per annum.

The Company will provide an annual sinking fund of $11,850,000 on each May 1 from 1985 to 2003, which is calculated to retire approximately 75% of the issue prior to maturity; provided, however, that the Company may increase any annual sinking fund provision by not more than $11,850,000, has the right to surrender Debentures or to credit optionally redeemed Debentures in lieu of cash, and may credit any such annual payment or surrender in excess of $11,850,000 against any subsequent sinking fund obligation.

Application will be made to list the Debentures on the New York Stock Exchange.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

PRICE 100% AND ACCRUED INTEREST

	Price to Public(1)	Underwriting Discounts and Commissions(2)	Proceeds to Company(1)(3)
Per Unit	100%	⅞%	99⅛%
Total	$300,000,000	$2,625,000	$297,375,000

(1) Plus accrued interest from May 1, 1974.

(2) Includes fee of .875% in respect of Debentures sold pursuant to Delayed Delivery Contracts.

(3) Before deduction of estimated expenses of $255,000.

Debentures are offered by the several Underwriters named herein, subject to prior sale, when, as and if accepted by the Underwriters, and subject to approval of certain legal matters by Davis Polk & Wardwell, counsel for the Underwriters. It is expected that delivery of such Debentures will be made on or about May 7, 1974 at the office of Morgan Stanley & Co. Incorporated, 140 Broadway, New York, N. Y., against payment therefor in New York funds.

In addition, Debentures are being offered to certain institutions through the several Underwriters for delivery on August 22, 1974 pursuant to Delayed Delivery Contracts with the Company. See "Delayed Delivery Arrangements" herein.

MORGAN STANLEY & CO.
Incorporated

GOLDMAN, SACHS & CO.

April 23, 1974

No person is authorized to give any information or to make any representation not contained in this Prospectus; and any information or representation not contained herein must not be relied upon as having been authorized by the Company or by any Underwriter.

ADDITIONAL INFORMATION AVAILABLE

The Company is subject to the informational requirements of the Securities Exchange Act of 1934 and in accordance therewith files reports and other information with the Securities and Exchange Commission. Current information concerning directors and officers, their remuneration, options granted to them, the principal holders of securities, and any material interest of such persons in transactions with the Company, is disclosed in proxy statements distributed to stockholders of the Company and filed with the Commission. Such proxy statements can be inspected at Room 6101 of the office of the Commission, 1100 L Street, N.W., Washington, D.C. where copies can be obtained from the Commission at prescribed rates. The Company's common stock is listed on the New York Stock Exchange and the Boston Stock Exchange and reports, proxy statements, and other information concerning the Company can be inspected at such exchanges.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE DEBENTURES OFFERED HEREBY OR THE 7½% DEBENTURES DUE 1996 OF THE COMPANY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED ON THE NEW YORK STOCK EXCHANGE OR IN THE OVER-THE-COUNTER MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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GENERAL ELECTRIC COMPANY

General Electric Company was incorporated on April 15, 1892 in the State of New York. Its principal place of business is at 1 River Road, Schenectady, New York 12345. Executive offices are maintained at 570 Lexington Avenue, New York, N. Y. 10022 (Tel. No. 212-750-2000). As used herein, the terms "Company" and "General Electric" refer to General Electric Company and its consolidated affiliates unless the context otherwise indicates.

PURPOSE OF ISSUE

The net proceeds from the sale of the Debentures offered hereby (estimated at $297.1 million) will be added to the general funds of the Company and will be used to reduce domestic short-term borrowings which were approximately $644.1 million at March 31, 1974. Aggregate short-term borrowings of General Electric at that date were about $876.4 million. Such short-term borrowings have been incurred by the Company primarily to finance increased working capital requirements to support a steadily increasing sales volume. Any additional funds required for this or other purposes may be provided by the Company out of its cash resources, or from the proceeds of borrowings, or the sale of additional securities.

CAPITALIZATION

The capitalization of the Company at March 31, 1974 and as adjusted to give effect to the issuance of the Debentures is as follows:

	As of March 31, 1974	As Adjusted
	(Amounts in millions)	
Long-term borrowings(a)		
General Electric Company		
3½% Debentures due 1976	$ 84.3	$ 84.3
6¼% Debentures due 1979	125.0	125.0
5¾% Notes due 1991	106.2	106.2
5.30% Debentures due 1992	156.7	156.7
7½% Debentures due 1996	200.0	200.0
8½% Debentures due 2004	—	300.0
General Electric Overseas Capital Corporation borrowings	182.9	182.9
Other long-term borrowings(b)	59.9	59.9
Total long-term borrowings	915.0	1,215.0
Minority interest in equity of consolidated affiliates	61.4	61.4
Share owners' equity		
Preferred stock ($1 par value; 2,000,000 shares authorized; none issued)	—	—
Common stock ($2.50 par value; 210,000,000 shares authorized; 185,542,946 issued)	463.8	463.8
Amounts received for stock in excess of par value	409.6	409.6
Retained earnings	2,733.1	2,733.1
	3,606.5	3,606.5
Less: Common stock held in treasury(c)	189.1	189.1
Total share owners' equity	3,417.4	3,417.4
Total capitalization	$4,393.8	$4,693.8

(a) Excludes $42.4 million due within one year.

(b) These borrowings primarily represent borrowings of foreign affiliates except $15.5 million which are direct obligations of General Electric Company.

(c) Represents 3,462,064 shares including 1,323,380 shares contingently allotted under the Company's incentive compensation plans and 1,500,931 shares available for conversion of General Electric Overseas Capital Corporation convertible indebtedness described in Note 8 to financial statements.

At March 31, 1974, short-term borrowings of General Electric Company amounted to $644.1 million and on the same date short-term borrowings of the Company's consolidated affiliates amounted to $232.3 million. Deposits restricted as to usage and withdrawal or used as partial compensation for short-term borrowing arrangements are not material.

Of the total borrowings of consolidated affiliates, both long-term and short-term, $240.1 million was guaranteed by General Electric Company as of March 31, 1974, including all borrowings of General Electric Overseas Capital Corporation.

General Electric Credit Corporation, a wholly-owned nonconsolidated finance affiliate of the Company, had outstanding approximately $1,948.0 million of short-term borrowings and $1,024.6 million of long-term borrowings at the end of March 1974. Separate financial statements for General Electric Credit Corporation and consolidated affiliates are included elsewhere in this Prospectus.

GENERAL ELECTRIC COMPANY AND CONSOLIDATED AFFILIATES

STATEMENT OF CURRENT AND RETAINED EARNINGS

The following statement of current and retained earnings of General Electric Company and consolidated affiliates has been examined by Peat, Marwick, Mitchell & Co., independent certified public accountants, whose report thereon appears elsewhere in this Prospectus. This statement should be read in conjunction with the other financial statements of General Electric Company and consolidated affiliates and notes to financial statements included elsewhere herein.

	Year ended December 31,				
	1969	1970	1971	1972	1973
	(Amounts in millions)				
Net sales billed	$8,448.0	$8,726.7	$9,425.3	$10,239.5	$11,575.3
Operating costs:					
Cost of goods sold (3)(17)(18)	6,346.1	6,423.6	6,962.1	7,509.6	8,515.2
Selling, general and administrative expenses (17)(18)	1,615.3	1,754.2	1,726.2	1,915.2	2,105.3
	7,961.4	8,177.8	8,688.3	9,424.8	10,620.5
Operating margin	486.6	548.9	737.0	814.7	954.8
Other income (14)	98.7	106.8	152.0	189.2	183.7
Interest and other financial charges (16)	(78.1)	(101.4)	(96.9)	(106.7)	(126.9)
Earnings before income taxes and minority interest	507.2	554.3	792.1	897.2	1,011.6
Provision for income taxes (15)	(231.5)	(220.6)	(317.1)	(364.1)	(418.7)
Minority interest in earnings of consolidated affiliates	2.3	(5.2)	(3.2)	(3.1)	(7.8)
Net earnings applicable to common stock	278.0	328.5	471.8	530.0	585.1
Dividends declared	(235.2)	(235.4)	(249.7)	(254.8)	(272.9)
Amount added to retained earnings	42.8	93.1	222.1	275.2	312.2
Retained earnings January 1	1,738.2	1,781.0	1,874.1	2,096.2	2,371.4
Retained earnings December 31	$1,781.0	$1,874.1	$2,096.2	$ 2,371.4	$ 2,683.6
Depreciation included in "operating costs" above	$ 351.3	$ 334.7	$ 273.6	$ 314.3	$ 334.0
Average number of shares outstanding (in thousands)(a)	180,965	181,114	181,684	182,112	182,051
Earnings per common share (in dollars) (a)(b)	$1.54	$1.81	$2.60	$2.91	$3.21
Dividends declared per common share (in dollars)(a)	$1.30	$1.30	$1.38	$1.40	$1.50
Ratio of earnings to fixed charges(c):					
Consolidated	6.10	5.39	7.52	7.73	7.33
Combined with General Electric Credit Corporation	3.69	3.33	4.68	4.80	3.94

Numerical note references are to notes to financial statements.

(a) Amounts representing number of shares and per share data have been adjusted for the two-for-one stock split in April 1971.

(b) Any dilution of earnings per share which would result from the potential exercise or conversion of such items as stock options or convertible debt outstanding is insignificant (less than 1½% in all periods shown). Fully diluted earnings per share for 1973 would be computed based on assumed conversion of the convertible indebtedness of General Electric Overseas Capital Corporation, a wholly owned affiliate of the Company, exercise of stock options and issue of shares held under deferred incentive compensation plans. Net earnings for the computation would be adjusted to eliminate appropriate interest expense and expenses related to the deferred incentive compensation shares, net of taxes. On this basis, average shares outstanding in 1973 would have been 185,123,000, net earnings applicable to common stock would have been $588.0 million and fully diluted earnings per share would have been $3.18.

(c) For the purpose of this ratio, earnings consist of earnings before income taxes and fixed charges but exclude undistributed earnings of nonconsolidated affiliates and associated companies. Fixed charges consist of interest and other financial charges, one-third of rentals, and preferred stock dividend requirements of a consolidated affiliate. The pro forma ratio of earnings to fixed charges for 1973 for General Electric Company and consolidated affiliates, after giving effect to issuance of the Debentures and the related reduction of short-term borrowings, is 7.29.

The pro forma ratio of earnings to fixed charges for 1973 for General Electric Company and consolidated affiliates combined with General Electric Credit Corporation is 3.93.

The initial annual interest requirement on the Debentures will be $25,500,000.

Operations of General Electric for 1969 and 1970 were severely affected by an extended strike which began in October 1969 and ended in February 1970.

Earnings for 1969 were also adversely affected by the developing nuclear power equipment business, primarily as the result of commitments for eleven "turnkey" projects which were made in the 1963-66 period to win customer acceptance of this new technology.

The Company transferred its information systems equipment business to Honeywell Information Systems Inc., a subsidiary of Honeywell Inc., in October 1970. Losses associated with this business are included in 1969-70 operations.

Recent Operating Results

For the first quarter of 1974, net sales billed amounted to $2,909 million compared with $2,547 million for the first quarter of 1973. Net earnings for the first quarter of 1974 amounted to $122.3 million (67 cents per share) compared with $114.4 million (63 cents per share) for the first quarter of 1973.

Interim operating results are unaudited but, in the opinion of management, include all adjustments (consisting only of normal recurring accruals) considered necessary to present a fair statement of the results of operations. The results of operations for the 1974 period should not be regarded as necessarily indicative of the results that may be expected for the entire year.

BUSINESS

General

General Electric, from the time of its incorporation in 1892, has been primarily engaged in developing, manufacturing and marketing a wide variety of products used in the generation, transmission, distribution, control and utilization of electricity and related technologies. The Company is generally regarded as the largest and one of the most diversified producers of electrical equipment, although its relative position as to individual products varies considerably.

The business of General Electric is highly competitive, with competition for certain products, such as large power equipment and aircraft engines, coming primarily from a relatively small number of large and well-established concerns, and in other businesses from numerous competitors, both large and small.

General Electric Company has a majority interest in, or manages, a number of foreign affiliates engaged primarily in electrical and electronic manufacturing and distributing operations in foreign countries. In addition, the Company has substantial export sales from the United States. The Company also has a minority interest in several foreign electrical and electronic manufacturing and distributing companies.

Based on National Science Foundation definitions, worldwide expenditures for research and development funded by General Electric were over $330 million during 1973. At the end of 1973, General Electric employed approximately 6,200 scientists and engineers in this activity. In addition the Company performs research and development funded under contract primarily for the U. S. Government. During 1973 these expenditures aggregated about $515 million and the Company employed approximately 6,7[illegible] scientists and engineers in this activity at year end.

The energy situation has had varying effects on different segments of the Company's business, but the overall impact has not been significant in the opinion of management. While management cannot predict how the energy situation may affect future results, it has caused a wider recognition of the importance of nuclear energy for both United States and overseas power requirements. Opposition to nuclear plants on environmental grounds continues, but interest has been stimulated in reducing the regulatory delays which have been affecting nuclear plant construction in recent years.

Since its commencement in August 1971 the Government's Economic Stabilization Program has tended to reduce the Company's ability to make timely increases in its prices during an inflationary period. Competitive and other factors have also affected prices, however, and management does not believe that the program has had, or will have, a significant impact on its overall business.

Sales and Products

General Electric products and services are classified in six categories. The approximate amount of sales and income or loss before taxes and minority interest attributable to each of the five categories in the consolidated group, as well as the net income after taxes of General Electric Credit Corporation are shown below for the last five years:

	Year ended December 31,				
	1969	1970	1971	1972	1973
	(Amounts in millions)				
SALES					
Consolidated Operations					
Aerospace	$1,688	$1,666	$1,623	$ 1,514	$ 1,611
Consumer	2,155	1,969	2,383	2,782	3,097
Industrial Components and Systems	2,774	2,848	2,865	3,158	3,728
Industrial Power Equipment	1,474	1,880	2,131	2,249	2,477
International	1,201	1,393	1,584	1,830	2,318
Corporate Eliminations and Unallocated Items	(844)	(1,029)	(1,161)	(1,294)	(1,656)
Total	$8,448	$8,727	$9,425	$10,239	$11,575
INCOME					
Consolidated Operations (income before taxes)					
Aerospace	$ 29	$ 44	$ 63	$ 47	$ 69
Consumer	232	132	182	250	263
Industrial Components and Systems	186	165	242	279	328
Industrial Power Equipment	(20)	148	195	209	207
International	91	113	148	173	265
General Electric Credit Corporation (income after taxes)	15	20	31	41	42
Corporate Eliminations and Unallocated Items	(25)	(68)	(69)	(102)	(162)
Provision for Income Taxes	(232)	(221)	(317)	(364)	(419)
Minority interest in earnings of consolidated affiliates	2	(5)	(3)	(3)	(8)
Total	$ 278	$ 328	$ 472	$ 530	$ 585

Comparisons of results by category should take into account that various factors in any year affect the Company's operations unevenly. The factors discussed following the Statement of Current and Retained Earnings had varying impacts on sales and income by category. Profit in the Industrial Power Equipment category did not keep pace with sales in 1973 principally because costs of settling certain outstanding customer claims were charged to this category during 1973. These were offset, however, by corporate reserves, resulting in no effect on the total earnings of the Company.

Sales and income for each major category include inter-category transactions. To the extent that sales and income are recognized in more than one category, appropriate elimination is made under the caption "Corporate Eliminations and Unallocated Items". Income before taxes for each major category is after allocation of corporate items, such as expenses of corporate headquarters personnel and the Research and Development Center, and interest and other financial charges and income.

Approximately one-sixth of net sales in 1973 were to agencies of the United States Government, which is the Company's largest single customer. In general, sales to the Government are subject to termination and renegotiation procedures by statute.

General Electric's backlog of unfilled orders at December 31, 1973 aggregated $14.2 billion, compared with $11.2 billion at December 31, 1972. Approximately one-third of the unfilled orders at the end of 1973 are scheduled for shipment in 1974, with the remainder scheduled for shipment in subsequent years. These orders relate primarily to the longer-cycle products in the Industrial Power Equipment category.

Representative items included in each major category are shown below:

Aerospace

aerospace instruments
aircraft jet engines
armament systems
flight controls
missile re-entry systems
product service
radar systems
sonar systems
space flight systems

Consumer

air conditioners
appliance service
broadcasting
clothes dryers
clothes washers
dishwashers
heat pumps
lamps
personal appliances
portable appliances
radio receivers
ranges
refrigerators
stereo equipment
tape recorders
television receivers

Industrial Components and Systems

adjustable-speed drives
ballasts
batteries
capacitors
communication systems
computer time-sharing
constant-speed drives
controls
cutting tools
electric motors
electronic tubes
equipment service
industrial heating
information systems equipment*
insulating materials
medical systems
plastics
silicones
transportation systems
wire and cable
wiring devices

* Through September 1970.

Industrial Power Equipment

gas turbines
installation and service engineering
marine turbines and gears
mechanical drive turbines
meters
nuclear fuel
nuclear power reactors
power circuit breakers
relays
steam turbine-generators
switchgear
transformers

International

This category includes exports from the United States to customers worldwide and the operations of diversified affiliates in such countries as Australia, Brazil, Canada, Italy, Mexico and Spain. As a percentage of sales in this category, exports have increased in importance since 1969 and in 1973 accounted for over 40% of the total. Operations of nondiversified foreign affiliates are included under other appropriate categories.

General Electric Credit Corporation

General Electric Credit Corporation, a wholly-owned nonconsolidated finance affiliate, has steadily expanded from its original base in General Electric consumer goods financing and has become a broad-based, widely diversified financial service business. The majority of products financed by the Credit Corporation are manufactured by companies other than General Electric.

General Electric has received, through 1973, nuclear fuel orders totaling $1.9 billion essentially for delivery through the mid-1980's. The Company's customers have required that fuel be sold with warranties related to fuel life span. Experience with fuel life is still not sufficient to assure how the fuel will perform in comparison with warranties.

General Electric manufactures the CF6 aircraft jet engine for the McDonnell Douglas DC-10 and the European A300 wide-bodied transport. In line with industry practice, this program involves substantial financing commitments to the airlines. Such financing commitments are generally on a long-term unsecured basis.

Expansion of Facilities

During the five years ended December 31, 1973, General Electric invested approximately $2.7 billion in land, buildings, machinery and equipment (including equipment leased to customers) as shown in the table below:

	Plant and equipment expenditures	Retirements net of accumulated depreciation
	(Amounts in millions)	
1969	$530.6	$ 28.8
1970	581.4	371.5
1971	553.1	7.9
1972	435.9	13.3
1973	598.6	32.2

Retirements in 1970 included the transfer of plant and equipment of the information systems equipment business to a subsidiary of Honeywell Inc. Expenditures for plant and equipment in 1974 are expected to continue at about the 1973 level.

The Company operates some 215 manufacturing plants located in 33 states in the United States and Puerto Rico, and approximately 80 manufacturing plants in 20 other countries.

Employee Relations

During 1973 the Company employed an average of 388,000 people throughout the world, of whom 304,000 were in the United States. Approximately 50% of the United States employees are represented for collective bargaining purposes by a total of around 325 different local collective bargaining groups.

However, a large majority of these employees is represented by local unions which are affiliated with, and which bargain in conjunction with, one or the other of two national unions, namely, the International Union of Electrical, Radio and Machine Workers (AFL-CIO) and the United Electrical, Radio and Machine Workers of America.

During May and June of 1973 the Company negotiated thirty-seven month contracts with almost all the United States unions with which it deals. Most of these contracts will terminate in June 1976 and the rest will terminate later in the same year. The wage and benefit improvements granted under these contracts have gone and will go into effect over the period of the contracts and are tied in part to cost of living escalator clauses. Substantially similar improvements have been or will be made for the Company's non-represented employees.

Legal Proceedings

On December 29, 1971 four subsidiaries of American Electric Power Co., Inc. filed suit in the United States District Court for the Southern District of New York against General Electric and Westinghouse Electric Corporation. The suit challenges General Electric's price policy for the sale of turbine generators, alleges the existence of a combination in violation of the antitrust laws and requests treble damages in an unspecified amount with respect to turbine generator purchases made by the American Electric subsidiaries and such other relief as the court may deem necessary. The suit is now in the pretrial phase and a final decision is unlikely until the late 1970's. Based on the existing state of the law, General Electric is confident of its ability to prevail but the outcome is, of course, subject to the inevitable uncertainties of litigation. General Electric has granted an extension of the statute of limitations to other utilities with respect to their purchases of turbine generators.

On February 22, 1974 the United States District Court for the Southern District of New York entered a final judgment in a civil antitrust suit brought by the United States Department of Justice against the Company under the Sherman Act. This judgment provides, inter alia, that upon the expiration of 120 days after its effective date, the Company is enjoined from entering into or maintaining agreements with consignment agents with respect to large lamps, or selling or supplying such agents with large lamps under conditions which, in either case, limit the prices or terms or conditions on which such lamps may be sold or consigned. General Electric does not presently intend to appeal the judgment which becomes effective 60 days from date of entry. The Company does not believe that the changes required by the judgment in its method of distributing large lamps will have a material adverse effect on the Company.

On May 18, 1972 the United States Department of Justice filed a civil antitrust suit against the Company in the United States District Court for the Northern District of New York. This suit claims that the Company has used unlawful reciprocal purchasing arrangements since at least 1965, and seeks an injunction and related relief against continuation. The suit is in the pretrial phase and no disposition is expected in the near future.

MANAGEMENT OF GENERAL ELECTRIC COMPANY

The directors and principal executive officers of General Electric Company are shown below:

Directors

J. Paul Austin
James G. Boswell II
Silas S. Cathcart
Walter D. Dance
Charles D. Dickey, Jr.
Thomas S. Gates
Henry H. Henley, Jr.
Henry L. Hillman
Frederick L. Hovde
Gilbert W. Humphrey
Reginald H. Jones
John E. Lawrence
Ralph Lazarus
Edmund W. Littlefield
Dean A. McGee
Jack S. Parker
Gilbert H. Scribner, Jr.
Herman L. Weiss
Walter B. Wriston

Principal Executive Officers

Reginald H. Jones	Chairman of the Board and Chief Executive Officer
Walter D. Dance	Vice Chairman of the Board and Executive Officer
Jack S. Parker	Vice Chairman of the Board and Executive Officer
Herman L. Weiss	Vice Chairman of the Board and Executive Officer
Hershner Cross	Senior Vice President
Oscar L. Dunn	Senior Vice President
Robert M. Estes	Senior Vice President, General Counsel and Secretary
Reuben Gutoff	Senior Vice President
Thomas O. Paine	Senior Vice President
Charles E. Reed	Senior Vice President
John F. Burlingame	Vice President and Group Executive
Robert R. Frederick	Vice President and Group Executive
Stanley C. Gault	Vice President and Group Executive
Edward E. Hood, Jr.	Vice President and Group Executive
Robert B. Kurtz	Vice President and Group Executive
Mark Morton	Vice President and Group Executive
Gerhard Neumann	Vice President and Group Executive
Arthur E. Peltosalo	Vice President and Group Executive
Thomas A. Vanderslice	Vice President and Group Executive
John F. Welch, Jr.	Vice President and Group Executive
Alva O. Way	Vice President—Finance
Maurice H. Mayo	Vice President and Comptroller
Walter A. Schlotterbeck	Vice President and Corporate Counsel
Russell E. Whitmyer	Vice President and Treasurer

DESCRIPTION OF DEBENTURES

The Debentures are to be issued under an Indenture dated as of May 1, 1974 between the Company and First National City Bank, Trustee (hereinafter referred to as the "Trustee"). The Debentures are limited to $300,000,000 principal amount but the Indenture does not limit the amount of other debt, either secured or unsecured, which may be issued by the Company. The Debentures will be issued in fully registered form only, in denominations of $1,000 and any multiple thereof.

The following statements are subject to the detailed provisions of the Indenture, a copy of which is filed as an exhibit to the Registration Statement. References in italics are to the Indenture. Wherever particular provisions of the Indenture are referred to, such provisions are incorporated by reference as a part of the statements made and the statements are qualified in their entirety by such reference.

Principal and any premium are to be payable, and the Debentures may be transferred or exchanged, without any service charge, at the office of the Company in the Borough of Manhattan, City of New York, which initially will be at 570 Lexington Avenue, New York, N. Y. 10022.

Interest at the annual rate set forth on the cover page hereof is to be payable semi-annually on May 1 and November 1 to the persons in whose names the Debentures are registered at the close of business on the 15th day of the calendar month preceding such May 1 or November 1 and will be paid by checks mailed to such persons. The Debentures will mature on May 1, 2004.

Redemption

The Debentures may be redeemed on at least 30 and not more than 60 days' notice at the option of the Company, as a whole or in part, at any time, at the following redemption prices (expressed in percentages of principal amount) together with accrued interest to the date fixed for redemption *(Article Three)*:

If redeemed during the twelve-month period beginning May 1,

Year	Percentage	Year	Percentage	Year	Percentage
1974	108.50%	1984	105.10%	1994	101.70%
1975	108.16	1985	104.76	1995	101.36
1976	107.82	1986	104.42	1996	101.02
1977	107.48	1987	104.08	1997	100.68
1978	107.14	1988	103.74	1998	100.34
1979	106.80	1989	103.40	1999	100.00
1980	106.46	1990	103.06	2000	100.00
1981	106.12	1991	102.72	2001	100.00
1982	105.78	1992	102.38	2002	100.00
1983	105.44	1993	102.04	2003	100.00

Notwithstanding the foregoing provisions, the Company may not redeem any of the Debentures prior to May 1, 1984 directly or indirectly from or in anticipation of moneys borrowed by or for the account of the Company or any Subsidiary at an interest cost of less than 8.50% per annum *(Section 3.01)*.

Sinking Fund

As a sinking fund, the Company will pay to the Trustee before May 1 in each of the years 1985 to 2003, inclusive, an amount sufficient to redeem at 100% of their principal amount (the sinking fund redemption price), together with accrued interest to the date fixed for redemption, $11,850,000 principal amount of Debentures; provided, however, that the Company may increase any such annual sinking fund payment by not more than $11,850,000, may surrender Debentures or credit optionally redeemed Debentures at the sinking fund redemption price in lieu of cash, and may credit any such annual payment or surrender in excess of $11,850,000 against any subsequent sinking fund obligation. Subject to the right to carry over amounts of less than $50,000, the Trustee on at least 30 and not more than 60 days' notice will apply cash sinking fund payments to the redemption of Debentures on the succeeding May 1 at the sinking fund redemption price *(Section 3.04)*.

Certain Covenants of the Company

The Company covenants that, so long as any of the Debentures remain outstanding, it will not, nor will it permit any Manufacturing Subsidiary (as defined) to, issue, assume or guarantee any debt for money borrowed (herein referred to as "Debt") if such Debt is secured by a mortgage (as defined) upon any manufacturing plant or facility, located within the continental United States of America, of the Company or any Manufacturing Subsidiary which, in the opinion of the Board of Directors, is of material importance to the total business conducted by the Company and its Manufacturing Subsidiaries as an entity (any such plant or facility being herein referred to as a "Principal Property") or upon any shares of stock or indebtedness of any Manufacturing Subsidiary (whether such Principal Property, shares of stock or indebtedness are now owned or hereafter acquired) without in any such case effectively providing that the Debentures shall be secured equally and ratably with such Debt, except that the foregoing restriction shall not apply to (i) mortgages on property, shares of stock or indebtedness of any corporation existing at the time such corporation becomes a Manufacturing Subsidiary; (ii) mortgages on property existing at the time of acquisition thereof and certain purchase money mortgages; (iii) mortgages securing Debt owing by any Manufacturing Subsidiary to the Company or another Manufacturing Subsidiary; (iv) mortgages on property of a corporation existing at the time such corporation is merged into or consolidated with the Company or a Manufacturing Subsidiary or at the time of a sale, lease or other disposition of the properties of a corporation as an entirety or substantially as an entirety to the Company or a Manufacturing Subsidiary; (v) mortgages on property of the Company or a Manufacturing Subsidiary in favor of the United States of America or any State thereof, or in favor of any other country, or any political subdivision thereof to secure payments pursuant to any contract or statute or to secure any indebtedness incurred for the purpose of financing all or any part of the purchase price or the cost of construction of the property subject to such mortgages; or (vi) any extension, renewal or replacement (or successive extensions, renewals, or replacements), in whole or in part, of any mortgage referred to in the foregoing clauses (i) to (v), inclusive. Notwithstanding the above, the Company and one or more Manufacturing Subsidiaries may, without securing the Debentures, issue, assume or guarantee secured Debt which would otherwise be subject to the foregoing restrictions, provided that after giving effect thereto the aggregate amount of such secured Debt then outstanding (not including secured Debt permitted under the foregoing exceptions (i) through (vi)) does not exceed 5% of the share owners' equity in the Company and its consolidated affiliates reported in the latest published annual report to the share owners of the Company. *(Section 4.03)*.

Transactions involving the sale and leaseback by the Company or any Manufacturing Subsidiary of any Principal Property owned on May 1, 1974 are prohibited unless (a) the Company or such Manufacturing Subsidiary would be entitled to issue, assume or guarantee Debt secured by the property involved equal in amount to the Attributable Debt in respect of such transaction without equally and ratably securing the Debentures, provided that such Attributable Debt shall thereupon be deemed to be Debt subject to the provisions of the preceding paragraph, or (b) an amount equal to such Attributable Debt is applied to the retirement of funded Debt of the Company or a Manufacturing Subsidiary. Attributable Debt is defined as the present value (discounted at a rate of ¼ of 1% per annum over the interest rate on the Debentures) of the obligation of a lessee for rental payments during the remaining term of any lease. *(Section 4.04)*.

Modification of the Indenture

The Indenture contains provisions permitting the Company and the Trustee, with the consent of the holders of not less than 66⅔% in principal amount of the Debentures at the time outstanding, to execute supplemental indentures adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or any supplemental indenture or modifying in any manner the rights of the holders of the Debentures; provided that no such supplemental indenture shall (i) extend the fixed maturity of any Debentures, or reduce the principal amount thereof, or redemption premium thereon, or reduce the rate or extend the time of payment of interest thereon, without the consent of the holder of each Debenture so affected, or (ii) reduce the aforesaid percentage of Debentures, the consent of the holders of which is required for any such supplemental indenture, without the consent of the holders of all Debentures then outstanding. *(Section 10.02)*.

Events of Default

An Event of Default is defined in the Indenture as being: default for 30 days in payment of interest on the Debentures; default in payment of principal of and premium, if any, on the Debentures; default for 30 days in payment of any sinking fund installment; default for 60 days after notice in performance of any other covenant in the Indenture; and certain events in bankruptcy, insolvency or reorganization. *(Section 6.01)*. The Company is required to file with the Trustee annually an Officers' Certificate as to the absence of certain defaults under the terms of the Indenture. *(Section 4.07)*. The Indenture provides that the Trustee may withhold notice to the holders of the Debentures of any default (except in payment of principal of or interest or premium on the Debentures or in the making of any sinking fund payment) if it considers it in the interest of the holders of the Debentures to do so. *(Section 6.08)*.

The Indenture provides that if an Event of Default shall have occurred and be continuing, either the Trustee or the holders of 25% in principal amount of the Debentures then outstanding may declare the principal of all the Debentures to be due and payable immediately, but upon certain conditions such declaration may be annulled and past defaults (except, unless theretofore cured, a default in payment of principal of or interest or premium on the Debentures) may be waived by the holders of a majority in principal amount of the Debentures then outstanding. *(Sections 6.01 and 6.07)*.

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case an Event of Default shall occur and be continuing, the Trustee shall be under no obligation to exercise any of its rights or powers under the Indenture at the request, order or direction of any of the holders of the Debentures unless such holders of the Debentures shall have offered to the Trustee reasonable indemnity. *(Sections 7.01 and 7.02)*. Subject to such provisions for the indemnification of the Trustee, the holders of a majority in principal amount of the Debentures at the time outstanding shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, provided that the Trustee may decline to follow any such direction if it determines that the proceedings so directed would be illegal or involve it in any personal liability. *(Section 6.07)*.

Concerning the Trustee

First National City Bank is the Trustee under the Indenture. First National City Bank is also Trustee under the Indentures under which the Company's 3½% Debentures Due 1976, 6¼% Debentures Due 1979 and 7½% Debentures Due 1996 are issued and under the Indentures under which General Electric Overseas Capital Corporation's (a wholly-owned consolidated affiliate of the Company) 4¼% Guaranteed Bonds Due 1985 and 4¼% Convertible Guaranteed Debentures Due 1987 are issued. Mr. Walter B. Wriston, Chairman of First National City Bank, is a director of General Electric Company. General Electric Company and certain of its affiliates have been granted lines of credit by First National City Bank and have other relationships with First National City Bank in the ordinary course of business.

UNDERWRITERS

Under the terms of and subject to the conditions contained in an Underwriting Agreement dated April 23, 1974, the Underwriters named below have severally agreed to purchase, and the Company has agreed to sell to them, severally, the respective principal amounts of Debentures set forth below, less such Underwriters' respective amounts of Contract Debentures determined as described under "Delayed Delivery Arrangements".

Name	Principal Amount
Morgan Stanley & Co. Incorporated	$ 33,200,000
Goldman, Sachs & Co.	33,200,000
ABD Securities Corporation	1,100,000
Abraham & Co. Inc.	300,000
Adams & Peck	300,000
Advest Co.	1,100,000
Alden & Co. Incorporated	200,000
Allen & Company Incorporated	1,100,000
Almstedt Brothers, Inc.	200,000
American Securities Corporation	1,100,000
A. E. Ames & Co. Incorporated	800,000
Anderson & Strudwick	300,000
Arnhold and S. Bleichroeder, Inc.	1,100,000
Arthurs, Lestrange & Short	200,000
Bacon, Whipple & Co.	1,100,000
Robert W. Baird & Co. Incorporated	1,100,000
Baker, Watts & Co.	300,000
Basle Securities Corporation	2,400,000
Bateman Eichler, Hill Richards, Incorporated	1,100,000
George K. Baum & Company, Incorporated	200,000
Bear, Stearns & Co.	3,200,000
A. G. Becker & Co. Incorporated	3,200,000
Birr, Wilson & Co., Inc.	300,000
Black & Company, Inc.	200,000
Blaine and Company, Inc.	200,000
D. H. Blair & Company	300,000
William Blair & Company	1,100,000
Blunt Ellis & Simmons Incorporated	1,100,000
Blyth Eastman Dillon & Co. Incorporated	4,400,000
Boettcher & Company	800,000
Bosworth, Sullivan & Company, Inc.	200,000
J. C. Bradford & Co.	1,100,000
Alex. Brown & Sons	2,400,000
Bruns, Nordeman, Rea & Co.	200,000
Burgess & Leith	200,000
Butcher & Singer	800,000
The Cherokee Securities Company	200,000
The Chicago Corporation	800,000
B. C. Christopher & Company	200,000
City Securities Corporation	300,000
Clark, Dodge & Co. Incorporated	3,200,000
Richard W. Clarke Corporation	200,000
Colin, Hochstin Co.	200,000
C. C. Collings and Company, Inc.	200,000
Julien Collins & Company	200,000
Craigie, Mason-Hagan, Inc.	500,000
Crowell, Weedon & Co.	800,000
Cunningham, Schmertz & Co., Inc.	200,000
Dain, Kalman & Quail, Incorporated	1,100,000
Daiwa Securities America Inc.	800,000
Daniels & Bell, Incorporated	200,000
Davenport & Co. of Virginia, Inc.	200,000

Name	Principal Amount
Shelby Cullom Davis & Co.	$ 500,000
Davis, Skaggs & Co., Inc.	300,000
De Haven & Townsend, Crouter & Bodine	200,000
Dillon, Read & Co. Inc.	4,400,000
Doft & Co., Inc.	800,000
Dominick & Dominick, Incorporated	2,400,000
Dominion Securities Harris & Partners Inc.	800,000
Drexel Burnham & Co. Incorporated	4,400,000
F. Eberstadt & Co., Inc.	1,100,000
A. G. Edwards & Sons, Inc.	800,000
Edwards & Hanly	1,100,000
Elkins, Morris, Stroud & Co.	800,000
Eppler, Guerin & Turner, Inc.	500,000
Equitable Securities Corporation	300,000
Europartners Securities Corporation	1,100,000
Fahnestock & Co.	800,000
Faulkner, Dawkins & Sullivan Securities Corp.	1,100,000
Ferris & Company, Incorporated	300,000
First Albany Corporation	300,000
The First Boston Corporation	4,400,000
First Equity Corporation of Florida	300,000
First Harlem Securities Corporation	200,000
First of Michigan Corporation	1,100,000
First Mid America Inc.	300,000
First Southwest Company	500,000
Folger Nolan Fleming Douglas Incorporated	1,100,000
Foster & Marshall Inc.	200,000
Freehling & Co.	200,000
Freeman Securities Company, Inc.	200,000
Fulton, Reid & Staples, Inc.	500,000
Robert Garrett & Sons, Inc.	500,000
Glickenhaus & Co.	200,000
Gradison & Company Incorporated	300,000
Greenshields & Co Inc	300,000
Gruntal & Co.	200,000
Halsey, Stuart & Co. Inc.	4,400,000
Hardy & Co.	200,000
Harris, Upham & Co. Incorporated	2,400,000
Hayden Stone Inc.	2,400,000
Herzfeld & Stern	500,000
J. J. B. Hilliard, W. L. Lyons, Inc.	500,000
Hoppin, Watson Inc.	500,000
Hornblower & Weeks-Hemphill, Noyes Incorporated	4,400,000
Howard, Weil, Labouisse, Friedrichs Incorporated	500,000
Howe, Barnes & Johnson, Inc.	500,000
E. F. Hutton & Company Inc.	4,400,000
W. E. Hutton & Co.	2,400,000
The Illinois Company Incorporated	500,000

Name	Principal Amount
Interstate Securities Corporation	$ 300,000
Investment Corporation of Virginia	500,000
Janney Montgomery Scott Inc.	500,000
Johnson, Lane, Space, Smith & Co., Inc.	200,000
Johnston, Lemon & Co. Incorporated	800,000
Edward D. Jones & Co.	300,000
Joseph, Mellen & Miller, Inc.	300,000
Josephthal & Co.	200,000
Keefe, Bruyette & Woods, Inc.	300,000
Kidder, Peabody & Co. Incorporated	4,400,000
Kirkpatrick, Pettis, Smith, Polian Inc.	300,000
Kormendi, Byrd Brothers, Inc.	300,000
Kuhn, Loeb & Co.	4,400,000
Ladenburg, Thalmann & Co. Inc.	1,100,000
Lazard Freres & Co.	4,400,000
Legg Mason/Wood Walker Div. of First Regional Securities, Inc.	800,000
Lehman Brothers Incorporated	4,400,000
Lepercq, de Neuflize & Co. Incorporated	500,000
Loeb, Rhoades & Co.	4,400,000
Loewi & Co. Incorporated	800,000
Manley, Bennett, McDonald & Co.	200,000
A. E. Masten & Co Incorporated	200,000
McCormick & Co., Incorporated	300,000
McDonald & Company	1,100,000
McLeod, Young, Weir, Incorporated	300,000
McMaster Hutchinson & Co.	500,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	4,400,000
Mesirow & Company	200,000
The Milwaukee Company	500,000
Mitchell, Hutchins Inc.	500,000
Mitchum, Jones & Templeton Incorporated	300,000
Model, Roland & Co., Inc.	800,000
Moore, Leonard & Lynch, Incorporated	500,000
Moore & Schley, Cameron & Co.	300,000
Morgan, Keegan & Company, Inc.	200,000
Moseley, Hallgarten & Estabrook Inc.	2,400,000
Mullaney, Wells & Company	300,000
Murch & Co., Inc.	200,000
Nesbitt Thomson Securities, Inc.	200,000
Newhard, Cook & Co. Incorporated	500,000
New York Securities Co. Incorporated	200,000
Nomura Securities International, Inc.	800,000
The Ohio Company	1,100,000
Paine, Webber, Jackson & Curtis Incorporated	4,400,000
Parker/Hunter Incorporated	300,000
H. O. Peet & Co., Inc.	200,000
The Pennsylvania Group, Incorporated	200,000
Piper, Jaffray & Hopwood Incorporated	1,100,000
Wm. E. Pollock & Co., Inc.	1,100,000
Prescott, Ball & Turben	1,100,000
R. W. Pressprich & Co. Incorporated	2,400,000
Quinn & Co., Inc.	200,000
Raffensperger, Hughes & Co., Inc.	200,000
Rand & Co., Inc.	300,000

Name	Principal Amount
Rauscher Pierce Securities Corporation	$ 1,100,000
Reinholdt & Gardner	1,100,000
Reynolds Securities Inc.	4,400,000
Richardson Securities, Inc.	200,000
The Robinson-Humphrey Company, Inc.	1,100,000
Rodman & Renshaw, Inc.	200,000
Roose, Wade & Company	200,000
Rotan Mosle Inc.	500,000
L. F. Rothschild & Co.	3,200,000
R. Rowland & Co. Incorporated	200,000
J. N. Russell Inc.	200,000
Salomon Brothers	4,400,000
Scharff & Jones, Inc.	300,000
Scherck, Stein & Franc, Inc	300,000
Schmidt, Roberts & Parke, Inc.	200,000
Scott & Stringfellow, Inc.	300,000
Seasongood & Mayer	200,000
Shields Securities Corporation	3,200,000
Shuman, Agnew & Co., Inc.	1,100,000
I. M. Simon & Co.	200,000
Smith, Barney & Co. Incorporated	4,400,000
Smith, Moore & Co.	200,000
SoGen-Swiss International Corporation	2,400,000
Steiner, Rouse & Co., Inc.	200,000
Stephens Inc.	500,000
Stern Brothers & Co.	500,000
Stern, Frank, Meyer & Fox, Incorporated	500,000
Sterne, Agee & Leach, Inc.	200,000
Stifel, Nicolaus & Company, Incorporated	500,000
Stix & Co. Inc.	200,000
Stone & Webster Securities Corporation	4,400,000
Stone & Youngberg	500,000
Stuart Brothers	800,000
Suplee-Mosley Inc.	200,000
Sutro & Co. Incorporated	800,000
Sweney Cartwright & Co.	200,000
Thomas & Company, Inc.	200,000
Thomson & McKinnon Auchincloss Kohlmeyer Inc.	2,400,000
Spencer Trask & Co. Incorporated	2,400,000
Traub and Company, Inc.	200,000
Tucker, Anthony & R. L. Day	2,400,000
UBS-DB Corporation	2,400,000
Ultrafin International Corporation	500,000
Underwood, Neuhaus & Co., Incorporated	300,000
C. E. Unterberg, Towbin Co.	800,000
Vercoe & Company, Inc.	200,000
Wagenseller & Durst, Inc.	500,000
G. H. Walker, Laird Incorporated	2,400,000
Warburg-Paribas, Inc.	2,400,000
Watling, Lerchen & Co. Incorporated	500,000
Weeden & Co. Incorporated	2,400,000
Wertheim & Co., Inc.	4,400,000
Wheat, First Securities, Inc.	1,100,000
White, Weld & Co. Incorporated	4,400,000
Dean Witter & Co. Incorporated	4,400,000
William D. Witter, Inc.	300,000
Wood Gundy Incorporated	500,000
Wood, Struthers & Winthrop Inc.	3,200,000
Yarnall, Biddle & Co.	200,000
Zuckerman, Smith & Co.	200,000
Total	$300,000,000

The Underwriting Agreement provides that the obligations of the several Underwriters to pay for and accept delivery of Debentures to be purchased by them (herein called "Underwriters' Debentures") are subject to the approval of certain legal matters by counsel and to the conditions that no stop order suspending the effectiveness of the Registration Statement is in effect and no proceedings for such purpose are pending before or threatened by the Securities and Exchange Commission and that there has been no material adverse change (not in the ordinary course of business) in the condition of the Company and its affiliates, taken as an entity, from that set forth in the Registration Statement. The nature of the Underwriters' obligations is such that they are committed to take and pay for all the Underwriters' Debentures if any are taken.

The Underwriters propose to offer part of the Debentures directly to the public at the public offering price set forth on the cover page hereof and part to dealers at a price which represents a concession of .425% of the principal amount under the public offering price, and any Underwriter may offer Debentures to certain dealers who are either a parent or a subsidiary of such Underwriter at not less than such price to dealers. Any Underwriter may allow and dealers may reallow a concession, not in excess of .25% of the principal amount, to certain other dealers.

The Company has agreed to indemnify the several Underwriters against certain liabilities, including liabilities under the Securities Act of 1933.

DELAYED DELIVERY ARRANGEMENTS

The Company has authorized the Underwriters to solicit offers by certain institutions to purchase up to $75,000,000 principal amount of Debentures (herein called "Contract Debentures") from the Company, at the offering price set forth on the cover page hereof, pursuant to Delayed Delivery Contracts providing for payment and delivery on August 22, 1974. Each such Contract is to be for at least $250,000 principal amount of Debentures and with an institution approved by the Company.

Institutions with whom such Contracts may be made include commercial and savings banks, insurance companies, pension funds, educational and charitable institutions and such others as may be approved in each case by the Company. To the extent that such Contracts are entered into, the Company will compensate the Underwriters therefor as set forth on the cover page hereof at the time of delivery of Debentures to the Underwriters. Such Contracts will not be subject to any conditions except that (1) the purchase of the Debentures to be purchased by an institution shall not at the time of delivery be prohibited under the laws of the jurisdiction to which such institution is subject and (2) the sale of Debentures to the Underwriters shall have been completed. The Underwriters will not have any responsibility in respect of the validity or performance of such Contracts.

The principal amount of Debentures to be purchased by each Underwriter shall be reduced by sales of Contract Debentures proportionately, except to the extent that any such sale has been directed and allocated to a particular Underwriter by an institution. The Underwriters may allow a commission of .425% to dealers in respect of Debentures for which Contracts are arranged by such dealers through the representatives of the Underwriters.

LEGAL OPINIONS

The legality of the Debentures will be passed upon for the Company by Mr. Walter A. Schlotterbeck, Vice President—Corporate Counsel of the Company, and for the Underwriters by Davis Polk & Wardwell, 1 Chase Manhattan Plaza, New York, N. Y. 10005. Mr. Walter A. Schlotterbeck, together with members of his family, owns, has options to purchase and has other interests in an aggregate of approximately 10,678 shares of common stock in the Company.

EXPERTS

The financial statements included herein have been included in reliance upon the report of Peat, Marwick, Mitchell & Co., independent certified public accountants, and upon the authority of said firm as experts.

INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors
GENERAL ELECTRIC COMPANY:

We have examined the financial statements of General Electric Company and consolidated affiliates and of General Electric Credit Corporation and consolidated affiliates as of and for the five years ended December 31, 1973 as listed in the accompanying "Index to Financial Statements". Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, such financial statements present fairly the financial position at December 31, 1973 of General Electric Company and consolidated affiliates and of General Electric Credit Corporation and consolidated affiliates, and the results of their operations and the changes in their financial position for the five years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

PEAT, MARWICK, MITCHELL & CO.

New York, New York
February 15, 1974

GENERAL ELECTRIC COMPANY AND CONSOLIDATED AFFILIATES

STATEMENT OF FINANCIAL POSITION
(Amounts in millions)

ASSETS

	December 31, 1973
Cash (Note 2)	$ 296.8
Marketable securities (Note 2)	25.3
Current receivables*	2,177.1
Inventories* (Note 3)	1,986.2
Total current assets	4,485.4
Investments* (Note 4)	869.7
Plant and equipment at cost less accumulated depreciation* (Note 5)	2,360.5
Other assets less allowance for losses of $15.1 million* (Note 6)	608.6
Total assets	$ 8,324.2

LIABILITIES AND EQUITY

Short-term borrowings* (Note 7)	$ 665.2
Accounts payable*	673.5
Progress collections and price adjustments accrued	718.4
Dividends payable	72.7
Taxes accrued	310.0
Other costs and expenses accrued*	1,052.6
Total current liabilities	3,492.4
Long-term borrowings* (Note 8)	917.2
Other liabilities	492.1
Total liabilities	4,901.7
Minority interest in equity of consolidated affiliates	50.1
Preferred stock ($1 par value; 2,000,000 shares authorized; none issued)	—
Common stock ($2.50 par value; 210,000,000 shares authorized) (Note 9)	463.8
Amounts received for stock in excess of par value	409.5
Retained earnings (Note 10)	2,683.6
	3,556.9
Deduct common stock held in treasury (Note 9)	(184.5)
Total share owners' equity	3,372.4
Total liabilities and equity	$ 8,324.2

Lease commitments and contingent liabilities (Note 11).

* Details shown on the following pages.

See notes to financial statements.

GENERAL ELECTRIC COMPANY AND CONSOLIDATED AFFILIATES

DETAILS OF ITEMS IN STATEMENT OF FINANCIAL POSITION
(Amounts in millions)

	December 31, 1973
Current receivables	
Customers accounts and notes	$1,996.4
Nonconsolidated affiliates	0.5
Other	238.7
	2,235.6
Less allowance for losses	58.5
	$2,177.1
Inventories	
Raw materials and work in process	$1,276.1
Finished goods	604.6
Unbilled shipments	105.5
	$1,986.2
Investments	
Nonconsolidated affiliates	
—Investments	$ 326.7
—Advances	0.7
Honeywell Inc. and Honeywell Information Systems Inc.	154.6
Associated companies	68.1
Miscellaneous investments	331.7
	881.8
Less allowance for losses	12.1
	$ 869.7
Plant and equipment at cost less accumulated depreciation	
Land and improvements	$ 104.4
Buildings, structures and related equipment	1,445.9
Machinery and equipment	3,138.5
Leasehold costs and plant under construction	231.0
	4,919.8
Less accumulated depreciation and amortization	2,559.3
	$2,360.5
Other assets	
Long-term receivables	$ 173.4
Customer financing	141.2
Deferred income taxes	131.0
Recoverable engineering costs on Government contracts	61.3
Deferred charges	32.4
Licenses and other intangibles—net	30.9
Other	38.4
	$ 608.6

See notes to financial statements.

GENERAL ELECTRIC COMPANY AND CONSOLIDATED AFFILIATES

DETAILS OF ITEMS IN STATEMENT OF FINANCIAL POSITION

(Amounts in millions)

	December 31, 1973
Short-term borrowings	
Banks	
Parent (average rate at 12/31/73—9.68%)	$ 99.0
Consolidated affiliates (average rate at 12/31/73—11.87%)	158.7
Notes with Trust Departments (average rate at 12/31/73—7.93%)	215.8
Commercial paper (average rate at 12/31/73—9.71%)	124.3
Other, including current portion of long-term borrowings	67.4
	$ 665.2
Accounts payable	
Trade	$ 583.4
Collected for the account of others	67.0
Nonconsolidated affiliates	23.1
	$ 673.5
Other costs and expenses accrued	
Employee compensation and benefit costs	$ 385.6
Customers' allowances	316.3
Interest expense	22.6
Other costs and expenses	328.1
	$1,052.6
Long-term borrowings	
General Electric Company	
6¼% Debentures	$ 125.0
7½% Debentures	200.0
5.30% Debentures	160.8
5¾% Notes	106.2
3½% Debentures	84.3
General Electric Overseas Capital Corporation borrowings	181.4
Other long-term borrowings	59.5
	$ 917.2

See notes to financial statements.

GENERAL ELECTRIC COMPANY AND CONSOLIDATED AFFILIATES

STATEMENT OF CHANGES IN FINANCIAL POSITION

(Amounts in millions)

	Year ended December 31,				
	1969	1970	1971	1972	1973
Source of funds:					
From operations:					
Net earnings	$278.0	$328.5	$471.8	$530.0	$585.1
Depreciation	351.3	334.7	273.6	314.3	334.0
Income tax timing differences	(60.1)	(3.3)	17.3	(23.8)	—
Earnings retained by General Electric Credit Corporation	(3.2)	(4.9)	(6.9)	(8.1)	(10.7)
	566.0	655.0	755.8	812.4	908.4
Major domestic long-term borrowings	—	—	200.0	125.0	—
General Electric Overseas Capital Corporation long-term borrowings	11.8	16.6	28.0	50.8	17.1
Increase in other long-term borrowings—net	—	—	14.0	5.3	2.0
Newly-issued common stock	5.8	37.1	30.4	13.4	11.7
Total source of funds	583.6	708.7	1,028.2	1,006.9	939.2
Application of funds:					
Plant and equipment additions	530.6	581.4	553.1	435.9	598.6
Dividends declared	235.2	235.4	249.7	254.8	272.9
Investments	47.8	73.0	83.[illegible]	40.6	114.8
Reduction in major domestic long-term borrowings	32.2	10.1	23.7	17.2	31.5
Reduction in General Electric Overseas Capital Corporation long-term borrowings	25.0	4.5	4.5	3.9	17.7
Reduction in other long-term borrowings—net	30.4	101.9	—	—	—
Other—net	(31.9)	(61.0)	(0.3)	(56.5)	20.3
Total application of funds	869.3	945.3	914.1	695.9	1,055.8
Net increase (decrease) in working capital	$(285.7)	$(236.6)	$ 114.1	$ 311.0	$(116.6)
Analysis of changes in working capital:					
Cash and marketable securities	$ (44.1)	$(123.5)	$ 80.2	$ 8.3	$ 27.8
Current receivables	(87.8)	205.9	167.6	184.7	251.1
Inventories	108.6	(35.4)	56.4	147.3	227.2
Short-term borrowings	(60.1)	(317.3)	88.3	130.4	(225.8)
Other payables	(202.3)	33.7	(278.4)	(159.7)	(396.9)
Net increase (decrease) in working capital	$(285.7)	$(236.6)	$ 114.1	$ 311.0	$(116.6)

See notes to financial statements.

GENERAL ELECTRIC COMPANY AND CONSOLIDATED AFFILIATES

STATEMENT OF CHANGES IN CAPITAL STOCK

For the Five Years Ended December 31, 1973

(Share amounts in thousands; dollar amounts in millions)

	Common Stock		Treasury Stock	
	Shares(a)	Amount	Shares(a)	Amount
Balance January 1, 1969	183,330	$458.3	2,135	$ 91.3
Shares issued for stock option plans and employee savings plan	133	.4		
Treasury stock acquired			1,322	53.9
Treasury stock used for incentive compensation plans and employee savings plans			(794)	(31.1)
Treasury stock used for acquisitions			(14)	(.6)
Balance December 31, 1969	183,463	458.7	2,649	113.5
Shares issued for stock option plans and employee savings plan	907	2.2		
Treasury stock acquired			1,202	45.1
Treasury stock used for incentive compensation plans and employee savings plans			(1,108)	(47.2)
Balance December 31, 1970	184,370	460.9	2,743	111.4
Shares issued for stock option plans and employee savings plan	566	1.4		
Treasury stock acquired			759	42.9
Treasury stock used for incentive compensation plans and employee savings plans			(667)	(27.9)
Treasury stock used for acquisitions			(21)	(.9)
Balance December 31, 1971	184,936	462.3	2,814	125.5
Shares issued for stock option plans and employee savings plan	308	.8		
Treasury stock acquired			1,053	69.4
Treasury stock used for incentive compensation plans and employee savings plans			(971)	(48.4)
Balance December 31, 1972	185,244	463.1	2,896	146.5
Shares issued for stock option plans and employee savings plan	274	.7		
Treasury stock acquired			1,698	107.8
Treasury stock used for incentive compensation plans and employee savings plans			(1,118)	(63.6)
Treasury stock used for acquisitions			(105)	(6.2)
Balance December 31, 1973	185,518	$463.8	3,371	$184.5

(a) Adjusted for the two-for-one stock split in April 1971.

See notes to financial statements.

GENERAL ELECTRIC COMPANY AND CONSOLIDATED AFFILIATES

STATEMENT OF AMOUNTS RECEIVED FOR STOCK IN EXCESS OF PAR VALUE

(Amounts in millions)

	Year ended December 31,				
	1969	1970	1971	1972	1973
Balance at January 1	$296.9	$300.3	$330.0	$368.8	$396.6
Premium received on shares issued	5.5	34.8	29.0	12.6	11.1
Net change from disposition of treasury stock	(2.1)	(5.1)	9.8	15.2	1.8
Balance at December 31	$300.3	$330.0	$368.8	$396.6	$409.5

See notes to financial statements.

GENERAL ELECTRIC COMPANY AND CONSOLIDATED AFFILIATES

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting and Reporting Principles and Policies

As an aid to readers of these Financial Statements, the following paragraphs summarize significant accounting and reporting principles and policies followed by General Electric. In addition, they are repeated where appropriate in the other Notes to Financial Statements to place them in context.

Consolidated financial statements and accompanying schedules include a consolidation of the accounts of the Parent—General Electric Company—and those of all majority-owned affiliates (except finance affiliates whose operations are not similar to those of the consolidated group). All significant items relating to transactions between the Parent and affiliated companies are eliminated from consolidated statements.

Except for fixed assets and accumulated depreciation, assets and liabilities of foreign affiliates are *translated into U.S. dollars* at year-end exchange rates, and income and expense items are translated at average rates prevailing during the year. Fixed assets and accumulated depreciation are translated at rates in effect at dates of acquisition of the assets. The net effect of translation gains and losses is included as other costs in current year operations.

Net earnings include the net income of finance affiliates and the consolidated group's share of earnings of associated companies which are not consolidated but in which the group owns 20% (approximately 50% in 1971 and prior years) or more of the voting stock.

Sales of products and services to customers are reported in operating results only as title to products passes to the customer and as services are performed as contracted.

Investments of the *Pension Trust* are carried at amortized cost plus a programmed portion of unrealized appreciation in the common stock portfolio. The funding program uses 6% as the estimated rate of future income which includes provision for the systematic recognition of the unrealized appreciation in the common stock portfolio. This program has the objective of recognizing appreciation which, when added to cost, will result in a common stock book value approximating 80% of market value (consistent with Armed Services Procurement Regulations). Unfunded liabilities of the Trust are being amortized over a twenty-year period.

Obligations of the *Supplementary Pension Plan* are not funded. Current service costs and amortization of past service costs over a period of twenty years are being charged to operations currently.

An accelerated *depreciation* method, based principally on a sum-of-the-years digits formula, is used to depreciate plant and equipment in the United States purchased in 1961 and subsequently. Assets purchased prior to 1961, and most assets outside the U.S. are depreciated on a straight-line basis. Special depreciation is provided where equipment may be subject to abnormal economic conditions or obsolescence.

Expenditures for maintenance and repairs are charged to operations as incurred.

Capital gains arising from *sales of Honeywell stock* are computed using average cost.

Provision for *income taxes* generally is computed using the comprehensive interperiod tax allocation method and is based on the income and costs included in the earnings statement. Provision has been made for Federal income taxes to be paid on that portion of the undistributed earnings of affiliates expected to be remitted to the Parent. The Company follows the practice of amortizing the investment credit to income over the life of the underlying facilities rather than in the year in which facilities are placed in service.

Marketable securities are carried at the lower of amortized cost or market value.

Inventories in the United States are substantially all valued on a last-in, first-out (LIFO) basis. Substantially all those outside the U.S. are valued on a first-in, first-out (FIFO) basis. Such valuations are not in excess of market and are based on cost, exclusive of certain indirect manufacturing expenses and profits on sales between the Parent and affiliated companies.

Investments in nonconsolidated finance affiliates are carried at equity plus advances. Investments in the common stock of Honeywell Inc. and Honeywell Information Systems Inc. (HIS), a subsidiary of Honeywell, are recorded at appraised fair value as of date of acquisition. Investments in associated companies which are not consolidated but in which the Company owns 20% (approximately 50% in 1971 and prior years) or more of the voting stock are valued by the equity method. Miscellaneous investments are valued at cost.

Licenses and other intangibles acquired after October 1970 are being amortized over appropriate periods of time.

Research and development expenditures, except those specified as recoverable engineering costs on Government contracts, are charged to operations as incurred.

Common stock held in treasury under the deferred compensation provisions of incentive compensation plans is recorded at market value at the time of allotment. The liability is recorded under other liabilities. The remaining common stock held in treasury is carried at cost.

2. Cash and Marketable Securities

Time deposits and certificates of deposit aggregated $134.4 million at December 31, 1973. Deposits restricted as to usage and withdrawal or used as partial compensation for short-term borrowing arrangements were not material. Carrying value and market value of securities were approximately the same.

3. Inventories

Inventories in the United States (about 84% of total) are substantially all valued on a last-in, first-out (LIFO) basis. Substantially all those outside the U.S. are valued on a first-in, first-out (FIFO) basis. Such valuations are not in excess of market and are based on cost, exclusive of certain indirect manufacturing expenses and profits on sales between the Parent and affiliated companies. The LIFO basis values inventories conservatively during inflationary times, and on a FIFO basis the year-end 1973 inventories would have been $429.7 million in excess of this valuation.

The inventories used in the computation of cost of goods sold were as follows:

	(Amounts in millions)
January 1, 1969	$1,482.1
December 31, 1969	1,590.7
December 31, 1970	1,555.3
December 31, 1971	1,611.7
December 31, 1972	1,759.0
December 31, 1973	1,986.2

4. Investments

Investments in *nonconsolidated finance affiliates* are carried at equity plus advances.

Investments which aggregate $154.6 million in the common stock of *Honeywell Inc.* and *Honeywell Information Systems Inc.* (HIS), a subsidiary of Honeywell, are recorded at appraised fair value at date of acquisition, October 1, 1970, when the information systems equipment business was transferred to HIS.

The appraised fair value recognizes such factors as the size of the holdings, the various requirements and restrictions on the timing of the sale or other dispositions of the securities, as well as the uncertainty of future events.

General Electric sold 168,000 shares of Honeywell common stock in 1973, bringing cumulative sales as of the end of that year to a total of 913,000 shares. As of December 31, 1973, General Electric still held 1,612,432 shares of Honeywell common stock.

Based on the closing market price on December 31, 1973, of the Honeywell shares, and on the equity value of the Company's 18½% interest in HIS, the investment in Honeywell and HIS securities would have been in excess of the carrying value.

During 1975 through 1980, Honeywell has the option to purchase from General Electric, and General Electric has the option to require Honeywell to purchase, General Electric's 18½% interest in HIS. Payment would be in Honeywell common stock. General Electric has agreed that if the U.S. Attorney General so requests, it shall, prior to the end of 1980, exercise its option to require Honeywell to purchase General Electric's interest in HIS. General Electric has committed to the United States Department of Justice to dispose of current holdings of Honeywell common stock in stages by June 30, 1978, and all other shares of Honeywell common stock received for General Electric's interest in HIS by December 31, 1980.

A voting trust has been established in which General Electric must deposit all shares of Honeywell common stock received.

Associated companies are those which are not consolidated but in which the Company owns 20% (approximately 50% in 1971 and prior years) or more of the voting stock. Investments in such companies are valued by the equity method.

Miscellaneous investments are valued at cost. On December 31, 1973 the estimated realizable value of these investments was approximately $405 million.

5. Plant and Equipment Less Accumulated Depreciation

Depreciation is charged to costs and expenses, and credited to accumulated depreciation in amounts based, in general, upon percentages of cost. In the United States, the depreciable lives used for nearly all facilities are generally the same as those set forth in the uniform accounting manual for the electrical manufacturing industry, published by the National Electrical Manufacturers Association. An accelerated depreciation method, based principally on a sum-of-the-years digits formula, is used to depreciate plant and equipment in the United States purchased in 1961 and subsequently. Assets purchased prior to 1961, and most assets outside the United States, are depreciated on a straight-line basis. Special depreciation is provided where equipment may be subject to abnormal economic conditions or obsolescence.

The accounting for retirements and dispositions varies according to the types of facility involved. Cost and accumulated depreciation on facilities valuable enough to warrant maintenance of detailed records are removed from the asset and accumulated depreciation accounts when physically retired or otherwise disposed of. Profit or loss realized from the retirement or disposition of such facilities is included in operations. Costs and accumulated depreciation of facilities for which detailed records are not maintained are removed from the asset and accumulated depreciation accounts when these facilities become fully depreciated. Proceeds realized upon disposition of such facilities are treated as reductions of current year depreciation expense.

6. Other Assets

Other assets at December 31, 1973 included deferred income taxes of $131.0 million of which $97.8 million were applicable to current assets and liabilities.

7. Short-term Borrowings

The average balance of short-term borrowings, excluding the current portion of long-term debt, during 1973 was \$594.7 million (calculated by averaging all month-end balances for the year). The maximum balance included in this calculation was \$775.1 million at the end of November 1973. The average interest rate for the year 1973 was 9.9%, representing total short-term interest expense divided by the average balance outstanding.

Parent bank borrowings are principally from U.S. sources. Bank borrowings of affiliated companies, most of which are foreign, are primarily from sources outside the U.S.

Although the total unused credit available to the Company through banks and commercial credit markets is not readily quantifiable, informal credit lines in excess of \$750 million had been extended by approximately 135 U.S. banks at year-end 1973.

8. Long-term Borrowings

General Electric Company 6¼% Debentures are due in 1979.

General Electric Company 7½% Debentures are due in 1996. Sinking fund payments are required beginning in 1977.

General Electric Company 5.30% Debentures are due in 1992. In accordance with sinking fund requirements, debentures having a face value of \$10.0 million, and reacquired at a cost of \$8.1 million, were retired in 1973. Debentures outstanding at the end of 1973 amounted to \$160.8 million after deduction of reacquired debentures with a face value of \$29.2 million held in treasury for 1974 and future sinking fund requirements.

General Electric Company 5¾% Notes are due in 1991. At December 31, 1973, \$106.2 million was classified as long-term and \$6.3 million was classified as short-term. Notes having a value of \$6.3 million were retired during 1973 in accordance with prepayment provisions.

General Electric Company 3½% Debentures are due in 1976. Debentures having a face value of \$16.1 million, and reacquired at a cost of \$13.0 million, were retired during 1973 in accordance with sinking fund provisions. Debentures outstanding at the end of 1973 amounted to \$84.3 million after deduction of reacquired debentures with a face value of \$28.8 million held in treasury for future sinking fund requirements.

Borrowings of General Electric Overseas Capital Corporation (a wholly-owned consolidated affiliate) are unconditionally guaranteed by General Elect[illegible] as to payment of principal, premium, if any, and interest. This Corporation primarily assists in financing capital requirements of foreign companies in which General Electric has equity interest. The borrowings include the Corporation's 4¼% Guaranteed Bonds due in 1985 in the aggregate principal amount of \$50.0 million. The bonds are convertible through November 1975 into General Electric common stock at \$65.50 a share. Sinking fund payments on any 1985 bonds not converted are required beginning in 1976. Also included are the Corporation's 4¼% Guaranteed Debentures due in 1987 in the amount of \$50.0 million and convertible from June 15, 1973 to June 15, 1987 into Company common stock at \$80.75 a share. During 1973, the Corporation issued 5½% Sterling/Dollar Guaranteed Loan Stock due in 1993 in the amount of £3.6 million (\$8.3 million), convertible from October 1976 into General Electric common stock at \$73.50 a share.

Other long-term borrowings were largely borrowings by foreign affiliates with various interest rates and maturities.

Long-term borrowing maturities during the next five years, including the portion classified as current, are \$42.0 million in 1974, \$43.7 million in 1975, \$132.3 million in 1976, \$33.4 million in 1977 and \$31.3 million in 1978. These amounts are after deducting reacquired debentures held in the treasury for sinking fund requirements.

9. Common Stock

At December 31, 1973, there were 185,518,257 common shares issued and 182,147,498 shares outstanding. The number of shares reserved at that date for options aggregated 4,623,266 compared with 2,637,276 shares at the beginning of the year.

Common stock held in treasury at the close of 1973 included the cost ($127.7 million) of 2,148,337 shares held for future corporate requirements, including 1,500,931 shares for conversion of General Electric Overseas Capital Corporation convertible indebtedness, as well as shares for the General Electric Savings and Security Program, the General Electric Savings and Stock Bonus Plan, and payments under incentive compensation plans.

In addition, at December 31, 1973 the Company was holding under the deferred compensation provisions of incentive compensation plans a total of 1,222,422 shares of General Electric common stock. These shares are carried at market value at the time of their allotment. The liability is recorded in other liabilities.

10. Retained Earnings

Retained earnings included approximately $169.6 million representing the excess of earnings of General Electric Credit Corporation over dividends received from this affiliate since its formation. In addition, retained earnings have been reduced by $0.6 million which represents the change in equity in associated companies since acquisition.

11. Lease Commitments and Contingent Liabilities

Lease commitments and contingent liabilities, consisting of guarantees, pending litigation, taxes and other claims, in the opinion of management, are not considered to be material in relation to the financial position of the Company.

12. Pensions

Substantially all Company employees in the United States who have completed one year of service participate in the General Electric Pension Plan ("the Pension Plan"). Pensions are related to length of service and earnings, with guaranteed minimums for retirees having 15 or more years of full-time credited service. Participants contribute 3 per cent on compensation in excess of $6,600 a year. The normal retirement age under the Plan is 65, with optional retirement permitted up to five years earlier. Pensions payable to participants who retire optionally before age 62 are reduced by one-half of one per cent for each month by which retirement precedes attainment of age 62. There is also provision for a pension in case of total and permanent disability after 15 years of credited service. The Plan also provides for vested rights after 10 years of service, survivorship options, and pre-retirement death benefits.

The Company cost of the General Electric Pension Plan, the obligations of which are funded through the General Electric Pension Trust ("the Trust"), totaled $52.9 million in 1969, $66.6 million in 1970, $91.0 million in 1971, $102.2 million in 1972, and $125.9 million in 1973. The funding program in effect since 1967 uses 6% as the estimated rate of future income which includes a provision for the systematic recognition of a portion of the unrealized appreciation in the common stock portfolio. This program has the objective of recognizing appreciation which, when added to cost, will result in a book value approximating 80% of market value (consistent with U. S. Armed Services Procurement Regulations).

The actual earnings of the Trust including the programmed recognition of appreciation, as a percentage of book value of the portfolio were 6.4% for 1969, 6.3% for 1970, 6.8% for 1971, 6.6% for 1972, and 6.5% for 1973.

Unfunded liabilities of the Pension Plan are being amortized over a 20-year period and are estimated to be $474 million at December 31, 1973, based on the book value of Trust assets, of which unfunded vested liability amounted to $377 million. The estimated market value exceeded the book value of Trust assets by $309 million at December 31, 1973.

Effective July 1, 1973, a Supplementary Pension Plan was approved by the Company's Board of Directors, the purpose of which is to ensure that the pension benefits of long-service professional and managerial employees, when combined with their social security benefits, bear a reasonable relationship to their final average earnings. If a specified percentage of final average earnings multiplied by years of credited service is greater than the sum of an employee's pension under the Pension Plan and his estimated Social Security Benefit, the Company will pay a supplementary pension equal to 90% of the difference.

The Supplementary Pension Plan contains the same retirement options as the General Electric Pension Plan, and also applies to persons who retired directly from the Company who would have been eligible to receive benefits under the Plan if they had retired subsequent to its effective date of July 1, 1973. Obligations of this pension supplement are not funded. Current service costs and amortization of past service costs over a period of 20 years are being charged to operations currently. Costs for the partial year 1973 were $2.0 million. The total estimated past service cost at December 31, 1973 was estimated to be $36 million.

13. Stock Options and Incentive Compensation

Under the General Electric stock option plans, adopted in 1963, 1968 and 1973 (each effective for a period of five years) stock options to purchase General Electric common stock have been granted to officers and other key employees. The options are granted on the following terms: (i) the option price is fixed at 100% of the fair market value of the stock on the date the option is granted, (ii) shares subject to each option become exercisable in approximately equal installments over a period of not less than one nor more than nine years from the grant thereof, such installments to mature annually except that the initial and/or terminal installment may mature in less than one year from the date of grant or of the last previous installment, (iii) each installment is earned out only if the optionee remains in the employ of the Company or its affiliates, (iv) the rights of the optionee to purchase shares of any matured installment may be exercised either in whole or in part at any time prior to the expiration of the option, which is ten years from the date of grant, (v) stock options are not transferable except in limited circumstances upon the death of the optionee, (vi) upon termination of employment options are exercisable for three months (longer in case of death), (vii) the optionee has no rights of a share owner with respect to the shares subject to the options until the option price is fully paid and the shares are issued, and (viii) adjustments may be made in the number of shares authorized by the Plans subject to outstanding options and the price per share in the case of changes in the capital structure of the Company.

The 1973 Plan, unlike the previous Plans, permits the granting of stock appreciation rights. Such rights may be granted in connection with those portions of options granted under the previous Plans which had not become exercisable on the date of the adoption of the 1973 Plan as well as in connection with stock option grants under the 1973 Plan. Such rights would permit an optionee, in lieu of exercising all or a portion of a matured option, to receive in cash or General Electric Common Stock (as determined by the committee of the Board of Directors administering the Plan), an amount equal to the excess of the market price of the Common Stock on the date the right is exercised over the option price. The extent to which such rights will be granted in connection with the grant of stock options is solely at the discretion of the Company. Stock appreciation rights terminate and may no longer be exercised upon the termination of the related option right or upon the earlier death of the grantee of the stock appreciation right. To date no stock appreciation rights have been granted.

The status of shares subject to options granted under the aforementioned plans is shown in the following tabulation. There are no charges to income with respect to the stock options. All options are granted at the full market price of the stock on the date the option is granted. Market value below is based on the reported closing price of the stock on the New York Stock Exchange.

(1) Shares under option at December 31, 1973:

	Number of shares	Market value at date of grant and option price — Per Share	Market value at date of grant and option price — Aggregate (in millions)
November 15, 1963 grants	2,253	$39.94	$ 0.1
December 18, 1964 grants	84,194	45.31	3.8
November 19, 1965 grants	39,268	57.31	2.3
November 18, 1966 grants	137,966	48.75	6.7
November 17, 1967 grants	129,312	50.75	6.6
November 14, 1968 grants	233,708	47.88	11.2
November 21, 1969 grants	264,111	40.44	10.7
November 20, 1970 grants	550,735	43.13	23.7
November 19, 1971 grants	231,620	56.50	13.1
November 16, 1972 grants	450,099	67.63	30.4
November 16, 1973 grants	554,965	64.75	35.9
Total	2,678,231		$144.5

(2) Shares for which options first became exercisable and option price and market value in total at dates options became exercisable during the last five years:

Year ended	Number of shares	Option Price — Average per share	Option Price — Aggregate (in millions)	Market value — Average per share	Market value — Aggregate (in millions)
December 31,					
1969	195,610	$44.88	$ 8.8	$41.25	$ 8.1
1970	211,404	44.34	9.4	42.99	9.1
1971	264,520	44.17	11.7	56.94	15.1
1972	265,468	45.63	12.1	66.95	17.8
1973	272,985	50.82	13.9	63.77	17.4

(3) Shares for which options were exercised and option price and market value in total at dates options were exercised during the last five years:

Year ended	Number of shares	Option Price — Average per share	Option Price — Aggregate (in millions)	Market value — Average per share	Market value — Aggregate (in millions)
December 31,					
1969	44,008	$39.70	$ 1.7	$44.69	$ 2.0
1970	77,320	39.40	3.0	43.16	3.3
1971	238,592	40.29	9.6	58.26	13.9
1972	297,244	42.71	12.7	65.79	19.6
1973	273,569	42.84	11.7	63.69	17.4

The number of shares and per share amounts in the preceding tables have been adjusted to reflect the two-for-one stock split in April 1971.

An incentive compensation plan applies to approximately 3,000 employees. Amounts allotted by year for services performed in the previous year were as follows: 1969, $22.3 million; 1970, $16.4 million; 1971, $20.0 million; 1972, $24.0 million; 1973, $27.8 million. The maximum amount that may be appropriated to the reserve from which allotments are made in any year is 10% of the excess of the net consolidated earnings, as defined in the Incentive Compensation Plan, over 5% of the average consolidated capital investment, as defined in the Plan.

14. Other Income

Other income in "Statement of Current and Retained Earnings" consisted of the following:

	Year ended December 31				
	1969	1970	1971	1972	1973
	(Amounts in millions)				
Net earnings of General Electric Credit Corporation	$15.2	$ 19.9	$ 30.9	$ 41.1	$ 41.7
Income from:					
Customer financing	26.5	25.8	29.8	26.8	32.4
Royalty and technical agreements	18.5	24.4	31.9	30.2	36.9
Marketable securities and bank deposits	12.3	12.8	10.4	19.1	17.7
Other investments	10.7	14.8	24.9	31.8	31.6
Sale of Honeywell Inc. stock	—	—	11.0	29.5	7.8
Other sundry income	15.5	9.1	13.1	10.7	15.6
	$98.7	$106.8	$152.0	$189.2	$183.7

Interest received from marketable securities and other investments was $6.7 million in 1969, $12.6 million in 1970, $17.7 million in 1971, $10.5 million in 1972, and $13.3 million in 1973. Dividends included in other investments were $9.4 million in 1969, $9.9 million in 1970, $9.2 million in 1971, $10.3 million in 1972, and $16.2 million in 1973.

15. Income Taxes

Provision for income taxes, using the comprehensive interperiod tax allocation method, is based on the income and costs included in the earnings statement.

The amount of *income taxes shown payable* in the following tabulation is determined by applicable statutes and government regulations. The amounts shown as timing differences result from the fact that under these statutes and regulations some items of income and costs are not recognized in the same time period as good accounting practic[illegible]quires them to be recorded. The cumulative net effect of such differences has been that earning[illegible]which tax payments have been required have been more than earnings reported in the "Statemen[illegible]rrent and Retained Earnings". Accordingly, a deferred-tax asset has been established to record the r[illegible] of future tax payments.

	Year ended December 31				
	1969	1970	1971	1972	1973
	(Amounts in millions)				
U.S. Federal income taxes					
Estimated amount payable	$256.3	$192.1	$256.4	$315.3	$321.2
Effect of timing differences	(69.2)	(9.2)	19.9	(21.0)	0.4
Investment credit deferred—net	1.3	(6.4)	4.1	12.1	13.0
	188.4	176.5	280.4	306.4	334.6
Foreign income taxes					
Estimated amount payable	28.5	35.1	32.0	48.1	71.4
Effect of timing differences	9.1	5.9	(2.6)	(2.8)	(0.4)
	37.6	41.0	29.4	45.3	71.0
Other (principally state and local income taxes)	5.5	3.1	7.3	12.4	13.1
	$231.5	$220.6	$317.1	$364.1	$418.7

The principal types of timing differences are illustrated by the following analysis of the increase (decrease) in the provision for U. S. Federal income taxes in 1973 (in millions):

Tax over book depreciation	$12.1
Undistributed earnings of affiliates	6.7
Margin on installment sales	1.1
Provision for:	
Warranties	(7.7)
Other costs and expenses	(2.4)
Other—net	(9.4)
	$ 0.4

Individual timing differences reflected in foreign income taxes were not significant.

The Company follows the practice of adding the *investment credit* to income over the life of the underlying facilities rather than in the year in which facilities are placed in service. The investment credit amounted to $10.3 million in 1969, $3.0 million in 1970, $12.2 million during 1971, $20.4 million in 1972, and $23.6 million in 1973. The amounts added to net earnings were $9.0 million in 1969, $9.4 million in 1970, $8.1 million in 1971, $8.3 million during 1972, and $10.6 million in 1973. At December 31, 1973, the amount still deferred and to be included in net earnings in future periods was $72.8 million.

Provision has been made for U.S. Federal income taxes to be paid on that portion of the *undistributed earnings of affiliates* expected to be remitted to the Parent. Undistributed earnings of affiliates intended to be reinvested indefinitely in the affiliates totaled $328.0 million.

U.S. Federal income tax returns of the Parent have been settled through 1964.

Provision for income taxes as a percentage of income before taxes was 45.6% in 1969, 39.8% in 1970, 40.0% in 1971, 40.6% in 1972, and 41.4% in 1973. Items accounting for the principal portion of the difference of 6.6 points between the 1973 rate and the 48.0% U.S. Federal ordinary income tax rate for that year were the effect of consolidated affiliates, 2.5 points; inclusion of the earnings of the Credit Corporation in before-tax income on an "after-tax" basis, 2.0 points; investment credit, 1.0 points; and lower taxes on capital gains, 0.3 points.

16. Interest and Other Financial Charges

Interest and other financial charges applicable to long-term borrowings were $28.9 million in 1969, $28.1 million in 1970, $40.8 million in 1971, $52.5 million in 1972 and $58.3 million in 1973. Other interest and financial charges aggregated $49.2 million in 1969, $73.3 million in 1970, $56.1 million in 1971, $54.2 million in 1972, and $68.6 million in 1973.

17. Foreign Currency Adjustments

Foreign currency translation adjustments resulted in a gain of $3.5 million in 1969 and losses of $2.9 million in 1970, $15.4 million in 1971, $4.2 million in 1972, and $3.5 million in 1973.

18. Supplemental Cost Details

	Year ended December 31,				
	1969	1970	1971	1972	1973
	(Amounts in millions)				
Company funded research and development using National Science Foundation definitions	NA	NA	$250.0	$303.2	$330.7
Maintenance and repairs	$214.9	$234.6	234.1	270.4	319.6
Social security taxes	148.4	141.3	140.5	167.5	225.8
Advertising costs	117.4	115.9	129.1	149.0	170.5
Rent	62.0	66.2	68.5	71.5	86.6

NA: Not Available on a comparable basis.

GENERAL ELECTRIC CREDIT CORPORATION AND CONSOLIDATED AFFILIATES

STATEMENT OF FINANCIAL POSITION

(Amounts in millions)

ASSETS

	December 31, 1973
Cash (Note 4)	$ 95.1
Marketable securities (at cost which approximates market)	46.3
Receivables (Note 2):	
Time sales, loans and leases:	
Consumer financing	2,222.6
Commercial and industrial financing	1,320.4
Total	3,543.0
Inventory financing	238.5
Sundry receivables	53.5
Total receivables	3,835.0
Deferred income	(396.7)
Allowance for losses (Note 3)	(76.7)
Net receivables	3,361.6
Building and equipment at cost, less accumulated depreciation ($8.6 million at December 31, 1973)	9.5
Other assets	17.5
Total assets	$3,530.0

LIABILITIES, DEFERRED CREDITS AND EQUITY

	December 31, 1973
Notes payable within one year:	
Banks	$ 1.5
Commercial paper	1,417.3
Notes with trust departments of banks	316.4
Current portion of term notes	21.0
	1,756.2
Notes payable after one year:	
Senior indebtedness	760.8
Subordinated indebtedness	254.8
	1,015.6
Total notes payable (Note 4)	2,771.8
Accounts and drafts payable	84.6
Deferred payments to sellers	69.3
Reserves of insurance subsidiaries	30.2
Other liabilities	36.6
Total liabilities	2,992.5
Deferred income taxes	172.4
Deferred investment tax credit	44.4
Total deferred credits	216.8
Cumulative preferred stock, 7½%, $200 par value (authorized 500,000 shares and outstanding 450,000 shares)	90.0
Common stock, $200 par value (authorized and outstanding 350,000 shares)	70.0
Retained earnings	160.7
Total equity (Note 5)	320.7
Total liabilities, deferred credits and equity	$3,530.0

Commitments and contingent liabilities (Note 9)

See notes to financial statements.

GENERAL ELECTRIC CREDIT CORPORATION AND CONSOLIDATED AFFILIATES

STATEMENT OF CURRENT AND RETAINED EARNINGS

(Amounts in millions)

	Year ended December 31,				
	1969	1970	1971	1972	1973
Earned income (Notes 1 and 6):					
Consumer financing:					
Time sales and loans	$136.0	$159.2	$180.2	$205.6	$253.0
Inventory	17.2	17.7	19.2	21.4	30.5
Commercial and industrial financing:					
Time sales, loans and leases	45.0	68.0	74.9	81.9	96.5
Amortization of investment tax credit on leased equipment	.9	2.6	3.1	5.7	10.1
Premium and other income of insurance subsidiaries	—	—	2.6	5.2	16.3
	199.1	247.5	280.0	319.8	406.4
Expenses:					
Operating and administrative (other than items shown below)	53.4	62.6	72.2	88.3	103.9
Provision for losses on receivables (Note 3)	13.3	21.9	40.4	35.9	28.1
Interest and discount (Notes 4 and 7)	94.0	116.7	99.8	108.5	190.2
Taxes other than income taxes	3.4	3.8	5.5	7.5	5.7
Rent	2.8	3.4	3.2	4.1	5.3
Depreciation of building and equipment	1.9	1.9	2.2	2.1	2.2
	168.8	210.3	223.3	246.4	335.4
Income before provision for income taxes	30.3	37.2	56.7	73.4	71.0
Provision for income taxes (Note 8)	15.1	17.3	25.8	32.3	29.3
Net earnings (Note 6)	15.2	19.9	30.9	41.1	41.7
Retained earnings at January 1	126.9	130.1	135.0	141.9	150.0
Total	142.1	150.0	165.9	183.0	191.7
Cash dividends—preferred	—	2.6	2.6	5.3	6.8
—common	12.0	12.4	21.4	27.7	24.2
Retained earnings at December 31	$130.1	$135.0	$141.9	$150.0	$160.7

See notes to financial statements.

GENERAL ELECTRIC CREDIT CORPORATION AND CONSOLIDATED AFFILIATES

STATEMENT OF CHANGES IN FINANCIAL POSITION

(Amounts in millions)

	Year ended December 31,				
	1969	1970	1971	1972	1973
Source of funds:					
From operations:					
Net earnings	$ 15.2	$ 19.9	$ 30.9	$ 41.1	$ 41.7
Deferred taxes	16.3	24.0	27.9	70.6	94.8
Provision for losses on receivables	13.3	21.9	40.4	35.9	28.1
Amortization of goodwill	—	—	—	—	.5
Depreciation	1.9	1.9	2.2	2.1	2.1
Amortization of investment tax credit—leased equipment	(.9)	(2.6)	(3.0)	(5.7)	(10.1)
	45.8	65.1	98.4	144.0	157.1
Proceeds from issuance of long-term debt	37.5	150.7	205.9	377.9	126.1
Proceeds from preferred stock issue	35.0	—	35.0	20.0	—
Proceeds from common stock issue	—	—	—	—	50.0
Increase in accounts and drafts payable	—	—	—	38.7	1.5
Increase in short-term debt	268.2	130.6	—	—	484.6
Decrease in cash and marketable securities	—	56.4	—	—	—
Increase in reserves of insurance subsidiaries (in 1973, $24.5 million attributable to acquisition of Puritan Life Insurance Company)	—	—	—	1.0	27.0
Increase in other liabilities	2.5	4.4	7.3	12.1	3.5
Other-net	2.1	—	—	—	—
Total	$391.1	$407.2	$346.6	$593.7	$849.8
Application of funds:					
Increase in receivables due within one year	$ 70.9	$186.3	$127.5	$166.6	$413.8
Increase in receivables due after one year	239.0	211.7	93.1	292.2	389.1
Accounts written off	12.7	17.6	22.8	21.6	21.4
Increase in deferred income	(25.9)	(44.2)	(13.2)	(58.4)	(82.9)
Funds applied to increase in receivables	296.7	371.4	230.2	422.0	741.4
Retirement of long-term debt	16.0	5.1	30.3	44.2	54.1
Decrease in short-term debt	—	—	38.4	52.5	—
Decrease in accounts and drafts payable	1.1	6.7	7.5	—	—
Dividends paid	12.0	15.0	24.0	33.0	31.0
Increase in cash and marketable securities (in 1973, $21.0 million attributable to acquisition of Puritan Life Insurance Company)	65.3	—	6.8	40.9	20.5
Other-net	—	9.0	9.4	1.1	2.8
Total	$391.1	$407.2	$346.6	$593.7	$849.8

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting and Reporting Principles and Policies

The following paragraphs summarize significant accounting and reporting principles and policies followed by General Electric Credit Corporation (the "Corporation").

Principles of Consolidation—The financial statements represent a consolidation of General Electric Credit Corporation and all its subsidiary companies. All significant intercompany transactions have been eliminated.

Methods of Recording Earned Income—For those receivables on which finance charges are precomputed, a portion of the finance charge approximately equal to account acquisition costs is recorded in earned income when accounts are purchased. The remainder of the finance charge is deferred at time of purchase and recorded as earned over the life of the account. For large-balance, long-term contracts and certain other contracts income is recorded as earned in proportion to funds employed (using a formula similar to an actuarial formula) or when finance charges are due from customers. For most small-balance, short-term contracts, income is recorded as earned on a straight-line basis in relation to amounts collected. For those consumer receivables on which finance charges are not precomputed but are billed to customers when due, income is recorded when the charges are billed. Lease income, which includes related investment tax credits, is reported in accordance with the financing method of accounting which provides an approximate level rate of return on funds not yet recovered, plus a portion of the estimated residual value of certain leased equipment. Residual values recognized are recorded in income in each year over the remaining maturity of the lease under procedures which recognize a greater proportion of the residual during the later periods of the lease. Prior to 1973, residual values were recognized only on certain leased computer central processors. In 1973, the Corporation began recognizing residuals on certain transportation equipment based on a 1973 consultant's report estimating significant values remaining at the expiration of the lease terms. The Corporation may recognize residuals on other equipment in future years, if appropriate.

Building and Equipment—The Corporation follows the practice of recording the depreciation on equipment and the administrative office building located in Stamford, Connecticut on a sum-of-the-years-digits basis over the lives of the assets.

Income Taxes—Income taxes have been calculated in accordance with recommendations of the American Institute of Certified Public Accountants on the basis of income and expenses included in the income statement rather than income and expenses recorded in the tax return for the year. Under this practice, timing differences between statement income and taxable income arise primarily in connection with leasing transactions and provision for losses on receivables.

Allowance for Losses—The Corporation maintains an allowance for losses at an amount evaluated as sufficient to provide adequate protection against future losses in the portfolio. All accounts deemed to be uncollectible or to require an excessive collection cost are written off to the loss allowance. Small balance ($5,000 or less) consumer financing accounts are progressively written down from 10% when three months delinquent to 100% when twelve months delinquent to recognize estimated realizable value.

Insurance Subsidiaries—The accounts of the insurance subsidiaries have been adjusted from the accounting practices prescribed by state insurance regulatory authorities to a generally accepted accounting principles basis. The principal adjustment defers costs of acquiring new business, primarily commissions, and amortizes such costs over the premium paying period of the related policy, thus matching income and expense. Liabilities for individual life and annuities benefits are computed by the net level premium method based upon estimated future investment yield, mortality and withdrawals.

Audit Guide—During 1973, the American Institute of Certified Public Accountants published an industry audit guide for finance companies which becomes effective for fiscal years beginning after December 31, 1973. Although final computations have not been completed, management believes the changes in accounting practices which may be required in 1974 by this guide will not be material.

2. **Receivables**—The Corporation's experience indicates that as of December 31, 1973 approximately 48% of the receivables outstanding would be collected within one year and approximately 68% of the receivables outstanding would be collected within two years. The rate of interest or finance charge on receivables outstanding, maturing after one year, ranges from 7% to 35%.

Included in commercial and industrial financing receivables are net lease receivables of $424.4 million at year end 1973. Net lease receivables include the remaining unpaid rentals plus residuals recognized to date, less principal and interest on notes and other instruments representing third party participation. Since the Corporation has no general obligation on notes and other instruments representing third party participation, they have not been included in liabilities, but have been offset against the related receivables. The charge for participants' interest is deferred and amortized over the life of the lease against investment tax credits and other lease income. For statement purposes, unamortized participants' interest is netted against deferred income. The Corporation's interest in lease receivables is shown below:

(Amounts in millions)		1973
Total rentals receivable and recognized residual values		$1,494.4
Less participants' share of rentals		1,070.0
		424.4
Deferred income	($410.0)	
Less participants' unamortized interest	440.7	
Net		30.7
		$ 455.1

3. **Allowance for Losses**—The following table shows the activity in the allowance for losses on receivables from 1969 through 1973:

Year ended	Balance at beginning of period	Additions charged to earnings	Accounts written off	Deductions credited to other accounts	Balance at end of period
			(Amounts in millions)		
December 31,					
1969	$37.1	$13.3	$(12.7)	$(0.6)	$37.1
1970	37.1	21.9	(17.5)	—	41.5
1971	41.5	40.4	(22.8)	(2.9)	56.2
1972	56.2	35.9	(21.6)	(0.5)	70.0
1973	70.0	28.1	(21.4)	—	76.7

4. **Notes Payable** at December 31 totaled $2,771.8 million, consisting of $2,516.0 million of senior debt and $255.8 million ($1.0 million due within one year) of subordinated debt. The composite interest rate during 1973 was 7.65%.

GENERAL ELECTRIC CREDIT CORPORATION AND CONSOLIDATED AFFILIATES

NOTES TO FINANCIAL STATEMENTS—(Continued)

Short-term notes payable totaled $1,756.2 million at the end of 1973. The average daily balance during 1973 was $1,510.9 million. The December 31, 1973 balance was the maximum balance for the year. The average short-term interest rate, excluding the current portion of term notes, for the year 1973 was 8.11%, representing total short-term interest expense, divided by the average daily balance. The December 31, 1973 average interest rates were: banks, 11.00%; commercial paper, 9.77%; and notes with trust departments of banks, 8.12%.

Total long-term debt at December 31, 1973 was as follows:

(Amounts in millions)	1973
Senior:	
Notes—(a)	$ 198.0
8.50% notes, due 1976	75.0
6.625% notes, due 1977	75.0
7.125% notes, due 1978	75.0
7.00% notes, due 1979	75.0
7.00% notes, due 1980	75.0
4.625% notes, due 1978-82	54.0
7.625% notes, due 1983-92	50.0
Other notes, due 1975-90	83.8
Total senior	760.8
Subordinated:	
8.125% notes, due 1991-92	75.0
4.75% notes, due 1987-88	65.0
Notes—(b), due 1975	30.0
Other notes, due 1975-93	84.8
Total subordinated	254.8
Total long-term notes	$1,015.6

(a) These notes have a rolling 13-month maturity and bear interest based principally on the Corporation's 180-day open-market notes.

(b) Prime interest rate plus 1%.

Long-term borrowing maturities during the next five years, including the current portion of term notes are: 1974, $21.0 million; 1975, $264.8 million; 1976, $79.9 million; 1977, $85.0 million; and 1978, $80.0 million.

At December 31, 1973, the Corporation and its subsidiaries had established credit lines aggregating $737.0 million with 83 banks. The Corporation maintains average compensating balances with banks generally equal to 10% of the credit line and generally increased by 10% of any loans outstanding under such arrangements. These balances are normally used also to compensate banks for other banking services.

5. **Equity Capital**—Capital stock totaled $160.0 million and was owned entirely by General Electric Company. There were no shares reserved for options, warrants, conversions or other rights. Changes in capital stock during the five years ended December 31, 1973 were as follows:

(Dollar amounts in millions)

	Year	Class of Stock	Shares	Amount
Shares sold to General Electric	1969	Preferred	175,000	$35.0
Shares sold to General Electric	1971	Preferred	175,000	35.0
Shares sold to General Electric	1972	Preferred	100,000	20.0
Shares sold to General Electric	1973	Common	250,000	50.0

6. **Earned Income**—Residual values for leased equipment recorded in 1973 earned income aggregated $3.2 million, including $2.8 million ($1.5 million net of Federal income taxes) applicable to residual values for transportation equipment first recognized in 1973 (see Note 1—Methods of Recording Earned Income).

7. **Interest and Discount Expense** included in the consolidated statement of current and retained earnings is net of small amounts of interest income on marketable securities. Interest and other financial charges applicable to long-term borrowings were $13.6 million in 1969, $15.6 million in 1970, $33.2 million in 1971, $48.5 million in 1972 and $68.2 million in 1973. Other interest and financial charges aggregated $80.4 million in 1969, $101.1 million in 1970, $66.6 million in 1971, $60.0 million in 1972, and $122.0 million in 1973.

8. **Provision for Income Taxes** for 1969 through 1973 is summarized in the following table:

Year ended	Estimated taxes payable (recoverable)	Effects of timing differences	Investment tax credit deferred—net	Total
		(Amounts in millions)		
December 31,				
1969	$(1.2)	$ 6.5	$ 9.8	$15.1
1970	(6.7)	15.6	8.4	17.3
1971	(2.1)	21.1	6.8	25.8
1972	(38.3)	62.5	8.1	32.3
1973	(65.5)	65.5	29.3	29.3

The principal types of timing differences are illustrated by the following analysis of the increase (decrease) in the provision for U. S. Federal income taxes in 1973 (in millions):

Lease income	$65.9
Receivable loss provision	.2
Other net	(.6)
	$65.5

Provision for income taxes as a percentage of income before taxes was 49.8% in 1969, 46.5% in 1970, 45.5% in 1971, 44.0% in 1972 and 41.3% in 1973. Inclusion in earned income of amortized investment tax credits which are not taxable accounted for substantially all of the difference of 6.7 points between the 1973 rate and the 48.0% U.S. Federal ordinary income tax rate for that year. Differences in other years were generally due to the same factor.

General Electric Company files a consolidated Federal income tax return which includes the General Electric Credit Corporation. The provision for estimated taxes recoverable represents the effect of the Corporation and its subsidiaries on the consolidated tax.

9. **Commitments and Contingent Liabilities**—There were no known contingent liabilities of any material amount for which provision had not been made and no material commitments outside the normal course of the Corporation's business.

GENERAL ELECTRIC

STATEMENT AT ANNUAL PRESS CONFERENCE
FOR BUSINESS AND FINANCIAL EDITORS

By Reginald H. Jones
Chairman and Chief Executive Officer
General Electric Company

Waldorf-Astoria Hotel
New York, New York
January 22, 1981

I'll move immediately to the subject of primary interest, which is our financial results for 1980. The final, audited results will not be available until next month, but preliminary, unaudited results indicate that net earnings of General Electric for the year 1980 were approximately $1.514 billion, or $6.65 per share, an increase of 7% from the $1.409 billion or $6.20 per share reported for 1979. Sales for the year were about $24.96 billion, an increase of 11% from $22.46 billion for 1979.

Earnings for the fourth quarter of 1980 were about $411 million or $1.80 per share. This was an increase of 7% from the $383 million or $1.68 per share, for the last quarter of 1979. Sales for the 1980 fourth quarter were about $6.92 billion, some 13% higher than the $6.13 billion for the same quarter of 1979.

This good performance in 1980, despite a generally adverse economic climate, is the result of two things: the great diversity of GE's businesses which is a source of strength in good times and bad; and the ability of our managers to anticipate and prepare for the downturn. Each Sector of the Company had higher revenues and earnings in 1980 than in 1979.

Preliminary data show that operating margin dollars for 1980 were up from 1979. Although the total year operating margin rate was lower than a year ago, the rate for the fourth quarter was the highest for any quarter during 1980 and was also better than the comparable quarter of a year ago. Good operating margins and rates reflect major continuing efforts throughout the Company to improve productivity and control inventories. Improved earnings for 1980 also reflect higher income from other sources, including General Electric Credit Corporation, as well as a somewhat lower effective tax rate.

COMMENTS ON OPERATIONS

As usual, revenues and net earnings on the basis of our Sector organization will not be reported until our final audited results for 1980 are available. However, let me comment generally on the various segments of the Company's operations.

Consumer Products and Services earnings were slightly ahead of 1979, principally because of the continued strong growth of General Electric Credit Corporation. In the consumer products area, sales were modestly higher but earnings were down somewhat, principally because of lower unit shipments of most major appliance and air conditioning products. Productivity-improvement programs partially offset the effect of these declines. Earnings from lighting operations were down slightly. Other product operations reported earnings at least as good or better than last year.

In Industrial Products and Components, earnings were well ahead of a year ago on somewhat higher revenues. Businesses serving transportation, construction, and industrial motor customers had particularly strong earnings. Industrial electronics and apparatus service businesses had higher sales but lower earnings, reflecting in part the impact of new programs oriented toward development of products and services to better serve the nation's growing need for more productive manufacturing plants.

Power Systems earnings were up substantially from a year ago on good increases in revenues. Higher earnings from sales of steam turbine-generators and the expanding installation and service engineering business made good contributions to the improved results. Gas turbine sales were higher than a year ago although earnings were down as stiff foreign competition restrained margins. The Power Delivery business continues to be depressed, with inadequate recovery of cost increases resulting in lower earnings. As planned, nuclear operations continued to incur a modest loss.

Technical Systems and Materials earnings were somewhat higher than a year ago on good sales increases, while continued emphasis was placed on future-oriented programs. Strong sales and earnings performances in aircraft engines and information and communications businesses offset the effect of weakness in automotive and other consumer-related markets for engineered materials. Aerospace and medical systems had higher sales and somewhat better earnings.

Foreign Multi-industry earnings and sales were also improved from 1979. The Foreign Multi-industry segment is only one part of

General Electric's international business. In total, GE's international activities now account for approximately 40% of the Company's earnings. Export sales from the United States to external customers, one of the many important dimensions of our worldwide business, were about $3.8 billion, up $1 billion from 1979. This represents an important positive contribution to our country's balance of trade.

In Natural Resources earnings and revenues for 1980 were at record levels. Earnings improvements were paced by oil and gas, iron ore, copper and domestic coal operations. These more than offset lower earnings for Australian coking coal, shipments of which were slightly below those of 1979, primarily because of a third quarter work stoppage involving an employee dispute over government tax policies.

OTHER FINANCIAL COMMENTS

The positive results which I have just summarized were not made at the expense of investments in the future.

Our capital expenditures in 1980 were about $1.93 billion, some 53% greater than our previous high of $1.26 billion only last year.

Thus, General Electric has invested almost $6 billion in the last five years to upgrade and expand our productive capability.

Our research and development efforts also continued at high levels in 1980. Total R & D expenditures were about $1.6 billion compared with $1.4 billion in 1979. Most importantly, we again increased the Company-funded portion of those expenditures, which were approximately $760 million in 1980, a 19% increase over the previous year, which in turn had been 23% more than the year before.

Our financial position remains excellent. Total cash and marketable securities at December 31, 1980 aggregated $2.20 billion. That's down some $375 million from year-end 1979, after coming through a recessionary year, having made record capital expenditures, and paying the share owners higher dividends.

We stated a year ago at this press conference that we believed our financial strength placed us in a sound position to carry us through an economic slowdown without sacrificing future-oriented projects, and also would enable us to take advantage of unprecedented business development opportunities in the 1980's. The economic slowdown occurred, and we came through well.

OUTLOOK FOR 1981

Now, what is the outlook for 1981? As most of you know, it is not our custom to predict sales or earnings. But a few comments on the economic situation might be in order.

Our economists are forecasting real GNP growth in the vicinity of 2% in 1981. This is very slow for the first year of recovery from a recession. The first half will probably be uneven, as unemployment edges up and housing starts and auto sales remain in the cold-weather doldrums. But we expect the recovery to start gathering momentum sometime in the second quarter, and accelerate as tax cuts boost the purchasing power of consumers and business firms.

The economic outlook could be considerably worse if two of our basic assumptions are not met. First of all, we expect the Congress to enact a tax cut on the order of $35 to $40 billion during the second quarter of 1981, with the business tax reductions retroactive to January 1. While the individual tax cuts are necessary to offset purchasing power losses and prior tax increases, the business tax cuts are even more important. In our opinion, at least a third, and preferably a half of the tax cuts should be directed at building up the purchasing power of business, so that industry can modernize its aging plant and equipment and invest in new technology. Highest priority should be given to improved capital cost recovery somewhat along the lines of the "10-5-3" formula that has broad bi-partisan support in the Congress and in the new Administration. The tax bill should also include a corporate rate reduction of one or two points, and a reduction in capital gains taxes.

Our second assumption is that 1981 will see some reduction in both the level and the volatility of interest rates, which were of course a major deterrent to both business and consumer spending in the past year.

Inflation, unfortunately, appears to be locked into an 11-12% rate, as measured by the Consumer Price Index, during the year ahead. Thereafter we would hope that inflation will start to cool off as productivity improves and the new Administration begins to exercise greater fiscal and regulatory restraint than we have had in recent years.

A YEAR OF TRANSITION

1981 is a year of transition for the United States, as a new Administration and a new Congress come into power. It is also a year of transition at General Electric.

As you know, I will retire on April 1, and Jack Welch will take on my duties as Chairman and Chief Executive Officer. Our Vice Chairmen, John Burlingame and Ed Hood, assume expanded responsibilities, and together these three seasoned executives will take over the leadership of the Company.

They're well prepared for the job, all three of them having established outstanding records as builders of new businesses on their way up the ladder. Each of them has had management experience in many sectors of the Company, and they have the necessary financial and technical sophistication to realize the enormous potential inherent in our present situation.

Earlier this month, we held our annual conference of officers and managers from all over the Company, and we talked about some of the things we've done together over the past eight years to position General Electric for the 1980's.

Perhaps the point of greatest satisfaction for us as managers is a record of solid financial performance in a decade marked by economic and political turmoil. We had the pleasure of achieving the billion-and-a-half-dollar mark in earnings, and we have a balance sheet that gives all of us confidence in our resources for the future. Since 1970, we've been growing our earnings, on the average, about 14% a year. That's substantially faster than the Standard & Poor's list of 400 stocks and the U.S. gross national product. This disproves the tired charge that we are merely a company that cycles with the GNP.

Over the same years, we've also turned our system of strategic planning and differentiated resource allocation from a paper exercise into a working -- and winning -- reality. The proof, of course, is in the changing profile of our sources of earnings. Whereas about 80% of our earnings a decade ago came from our traditional electrical manufacturing businesses, now these businesses provide less than half of our earnings. New businesses in services, natural resources, man-made materials, and transportation now provide the majority of our earnings. We've also internationalized the Company, so that about 40% of our earnings come from sales to customers overseas.

We've had a technological renaissance, paced by big increases in our R & D spending. We're launched on a productivity drive that should totally transform our factories and offices. We've moved out of quite a few unpromising businesses, and developed many new ones.

Thus, we've put together a new General Electric, a company of entrepreneurs that sees its primary mission as innovation -- the creation of new products and new markets, to serve the needs of a changing world. As we've said to our managers, the real business of General Electric is creating businesses.

This is the Company that we're turning over to the new team this spring. [illegible] in't say "new team," because they have been very important figures in our management in the past decade. John Burlingame has internationalized the Company and has a world perspective that is indispensable for the 1980's. Ed Hood has amply proven his ability to create and grow businesses, especially in the critical arenas of high technology. And Jack Welch, our next Chairman, is in my opinion and that of our Board of Directors the very prototype of the chief executive officer of the 1980's: intelligent, quick-minded, imaginative, and yet pragmatic and possessed of sound common sense. He's aggressively entrepreneurial, and perhaps impatient: yet orderly, logical, and thoughtful. He's sensitive to the moods and expectations of society, yet focused on the future of the General Electric Company.

I have every confidence in these men, and I'm going to ask them to join me now, along with our Chief Financial Officer, Tom Thorsen, to take your questions.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OF
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1979 Commission file number 1-35

GENERAL ELECTRIC COMPANY
(Exact name of registrant as specified in charter)

New York (State of incorporation or organization)	14-0689340 (I.R.S. Employer Identification No.)

1 River Road, Schenectady, New York	12345	
3135 Easton Turnpike, Fairfield, Conn.	06431	203/373-2431
(Addresses of principal executive offices)	(Zip Code)	(Telephone No.)

At December 31, 1979, 227,838,531 shares of common stock with a par value of $2.50 were outstanding.

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 $2.50 per share	New York Stock Exchange Boston Stock Exchange
5.30% Sinking Fund Debentures Due 1992	New York Stock Exchange
7 1/2 % Debentures Due 1996	New York Stock Exchange
8 1/2 % Debentures Due 2004	New York Stock Exchange

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

PART I

Item 1. Business
General

General Electric (GE) is one of the largest and most diversified industrial corporations in the world. From the time of its incorporation in 1892, GE has been engaged in developing, manufacturing and marketing a wide variety of products for the generation, transmission, distribution, control, and utilization of electricity. Over the years, development and application of related technologies has broadened considerably the scope of the Company's activities. In addition, in December 1976 Utah International Inc. (Utah) was acquired in a transaction whereby Utah became a wholly owned affiliate of General Electric. Utah's principal business is the extraction and sale of natural resources, mainly abroad. Its primary product is metallurgical (coking) coal which is mined in Australia where Utah is a leading producer.

With respect to manufacturing operations, it is believed, in general, that General Electric has a leadership position (i.e., number one or two) in most major markets served. Aggressive competition, often highly concentrated and worldwide, is encountered in all areas of its business activity. In many instances, the competitive climate for these operations is characterized by patterns of changing technology requiring continuing research and development commitments and by capital intensive customer needs and producer requirements. With respect to natural resources, the marketing of minerals is influenced by the location, product mix, price, accessibility of competitors' mines, and general economic and political conditions. In general, development of mineral resources involves extensive exploration programs and commitments to capital expenditures prior to commencement of operations.

General Electric has majority or minority interests in a number of foreign companies engaged primarily in manufacturing electrical and related products and in distributing operations outside the United States. Through Utah, GE also has majority or minority interests in several companies primarily engaged in mining operations in foreign countries. In addition, General Electric has substantial export sales from the United States

Unless otherwise indicated by the context, the terms "GE", "General Electric" and "Company" are used on the basis of consolidation described on page F-5. Unless otherwise indicated by the context, the terms "Utah International Inc.", "Utah" and "Utah International" mean Utah International Inc., as well as all of its "affiliates" and "associated companies" as those terms are used on page F-5.

Industry Segments

General Electric's operations are highly decentralized and are organized into six Sectors, each of which is a macro-business/industry. Each Sector is both a management and planning level organization and consists of a number of Strategic Business Units (SBUs), generally a mixture of SBUs of differing sizes (designated as groups, divisions, or departments), reporting to a Sector Executive. "Industry segments" for financial reporting purposes and as used in this report are based on the Sector organization with certain modifications to conform with Financial Accounting Standards Board requirements.

The following tables include certain data by industry segment for General Electric Company for the past five years. As used in this report, "revenues" consists of sales of products and services to customers and other income from external sources. "Operating profit" by industry segment consists of revenues less directly traceable costs. General corporate income and expenses, interest and other financial charges, provision for income taxes, and minority interest in earnings of consolidated affiliates are not reflected in operating profit. "Net earnings" include the allocation of general corporate income and expenses, interest and other financial charges, provision for income taxes, and minority interest in earnings of consolidated affiliates as described on page F-13 of the financial statements.

Industry Segment Information

	Year ended December 31				
	1975	1976	1977	1978	1979
	(Amounts in millions)				
TOTAL REVENUES					
Consumer Products and Services	$ 3,009.3	$ 3,452.6	$ 4,148.1	$ 4,787.8	$ 5,357.8
Net earnings of GE Credit Corporation............	49.9	57.1	67.2	77.3	89.9
	3,059.2	3,509.7	4,215.3	4,865.1	5,447.7
Industrial Products and Components..................	3,026.6	3,269.8	3,698.1	4,123.8	4,302.8
Power Systems..	2,885.1	2,998.4	3,217.6	3,485.7	3,564.4
Technical Systems and Materials......................	3,250.8	3,688.6	4,144.6	4,744.6	6,060.8
Natural Resources.....................................	682.6	1,002.9	965.1	1,032.2	1,260.3
Foreign Multi-Industry Operations....................	2,197.9	2,333.6	2,562.1	2,767.3	2,900.5
General corporate items and eliminations............	(823.0)	(831.4)	(893.9)	(945.9)	(1,056.5)
Total..	$14,279.2	$15,971.6	$17,908.9	$20,072.8	$22,980.0
Intersegment sales					
Consumer Products and Services.......................	$ 129.7	$ 157.8	$ 181.9	$ 188.6	$ 199.1
Industrial Products and Components..................	333.1	395.3	431.5	468.5	507.8
Power Systems..	175.8	151.6	153.9	174.4	209.9
Technical Systems and Materials......................	145.3	118.1	148.0	189.0	255.0
Foreign Multi-Industry Operations....................	42.0	41.0	49.4	55.3	63.5
Eliminations...	(825.9)	(864.3)	(964.7)	(1,075.8)	(1,235.3)
Total..	$ -	$ -	$ -	$ -	$ -

Industry Segment Information (cont'd.)

	Year ended December 31				
	1975	1976	1977	1978	1979
	(Amounts in millions)				
TOTAL REVENUES (cont'd.)					
External sales and other income					
Consumer Products and Services	$ 2,879.6	$ 3,294.8	$ 3,966.2	$ 4,599.2	$ 5,158.7
Net earnings of GE Credit Corporation	49.9	57.1	67.2	77.3	89.9
	2,929.5	3,351.9	4,033.4	4,676.5	5,248.6
Industrial Products and Components	2,693.5	2,874.0	3,266.6	3,655.3	4,295.0
Power Systems	2,709.3	2,846.8	3,063.7	3,311.3	3,354.5
Technical Systems and Materials	3,105.5	3,570.5	3,996.6	4,555.6	5,805.8
Natural Resources	682.6	1,002.9	965.1	1,032.2	1,260.3
Foreign Multi-Industry Operations	2,155.9	2,292.6	2,512.7	2,712.0	2,837.0
General corporate items	2.9	32.9	70.8	129.9	178.8
Total	$14,279.2	$15,971.6	$17,908.9	$20,072.8	$22,980.0
SEGMENT OPERATING PROFIT					
Consumer Products and Services	$ 245.6	$ 397.1	$ 482.8	$ 573.3	$ 567.7
Net earnings of GE Credit Corporation	49.9	57.1	67.2	77.3	89.9
	295.5	454.2	550.0	650.6	657.6
Industrial Products and Components	261.3	302.4	366.7	426.3	484.9
Power Systems	151.5	154.4	162.7	196.3	173.7
Technical Systems and Materials	322.3	399.3	473.7	545.3	672.1
Natural Resources	242.0	359.7	389.2	371.5	431.1
Foreign Multi-Industry Operations	167.3	201.0	210.8	244.9	240.8
Total segment operating profit	1,439.9	1,871.0	2,153.1	2,434.9	2,660.2
General corporate items and eliminations	(79.1)	(68.8)	(64.8)	(58.0)	(10.9)
Interest and other financial charges	(186.8)	(174.7)	(199.5)	(224.4)	(258.6)
Total	$ 1,174.0	$ 1,627.5	$ 1,888.8	$ 2,152.5	$ 2,390.7
NET EARNINGS					
Consumer Products and Services	$ 113.6	$ 203.5	$ 255.9	$ 300.2	$ 310.8
Net earnings of GE Credit Corporation	49.9	57.1	67.2	77.3	89.9
	163.5	260.6	323.1	377.5	400.7
Industrial Products and Components	133.0	160.4	191.1	222.5	271.8
Power Systems	62.4	61.4	75.5	93.2*	113.9
Technical Systems and Materials	160.2	201.3	247.5	277.8	356.2
Natural Resources	107.7	181.3	196.2	180.1	207.5
Foreign Multi-Industry Operations	57.7	74.7	70.6	75.5*	64.6
General corporate items and eliminations	4.0	(9.1)	(15.8)	3.1*	(5.9)
Total	$ 688.5	$ 930.6	$ 1,088.2	$ 1,229.7	$ 1,408.8

* Restated - See page F-13

The following table sets forth assets by industry segment at year end 1976, 1977, 1978 and 1979.

	At December 31			
	1976	1977	1978	1979
	(Amounts in millions)			
ASSETS				
Consumer Products and Services..............	$ 1,643.7	$ 1,791.9	$ 2,018.5	$ 2,156.8
Investment in GE Credit Corporation........	548.5	600.0	677.3	817.2
	2,192.2	2,391.9	2,695.8	2,974.0
Industrial Products and Components...........	1,726.9	1,925.1	2,125.1	2,328.9
Power Systems..............................	2,153.8	2,152.8	2,104.6	2,135.0
Technical Systems and Materials.............	1,896.0	2,128.3	2,682.7	3,422.1
Natural Resources...........................	1,235.5	1,386.0	1,489.3	1,679.4
Foreign Multi-Industry Operations...........	1,654.3	1,849.0	2,099.6	2,258.8
General corporate items and eliminations.....	1,191.0	1,863.7	1,838.9	1,846.3
Total................................	$12,049.7	$13,696.8	$15,036.0	$16,644.5

A summary description of each of the above industry segments follows. For information concerning recent operating developments, reference is made to "General Electric Management's Discussion and Analysis of Statement of Earnings".

Consumer Products and Services

General Electric manufactures, distributes and services one of the largest and broadest lines of electrical consumer goods in the world. Consumer Products and Services consists of major appliances, air conditioning equipment, lighting products, housewares and audio products, television receivers, and broadcasting and cablevision services. It also includes service operations for major appliances, air conditioners, GE television receivers, and housewares and audio products. There is substantial variation among the kinds of customers served, the technology and marketing methods employed and General Electric's relative market positions. General Electric Credit Corporation, which is organizationally responsible to this Sector, is commented on separately below.

Markets for consumer products can be adversely affected by fluctuations in consumer disposable income, availability of consumer credit, and housing construction, whereas profitability can be adversely influenced by the effects of inflation on production costs and factors which may inhibit price increases. In addition, these products must increasingly be designed for optimal energy use and to conform with a growing multiplicity of federal and state product regulations.

Major Appliances include both General Electric and Hotpoint brands of kitchen and laundry equipment (such as refrigerators, electric ranges, freezers, disposers, washers and dryers), as well as some appliances for resale under private brands. Sales to a variety of retail outlets constitute a major portion of these sales. The majority of such sales, particularly laundry products and refrigerators, are for replacement. The other principal market for major appliances is accounted for by sales to building contractors for installation in new dwellings. Competition is very active in all products and comes from a wide variety of manufacturers and suppliers. A major factor influencing competition is price, with the result that important emphasis is placed on minimizing manufacturing costs. Other significant factors include quality, features offered, innovation and appliance service capability.

Air Conditioning equipment consists of room and central types, including heat pumps. Room air conditioners are generally sold through retail channels and central air conditioners are more oriented toward new construction markets. (General Electric does not compete for large, specially designed applications which are highly customized). Competition is strong in the major markets served by this business, which is influenced by demographic population shifts as well as seasonal factors. Product quality and reliability are significant in maintaining competitive position, and energy efficiency is of increasing importance.

Lighting products include a wide variety of lamps - incandescent, fluorescent, photo, miniature and high intensity - as well as luminaires for street lighting and residential use. Consequently, markets and customers are extremely varied, ranging from household users served through retail outlets to original equipment manufacturers, such as the automotive industry. Competition arises from a relatively small number of major firms and is based principally on price, effective distribution and product innovation. The nature of the products and market diversity make the lighting business somewhat less sensitive to economic cycles than other consumer businesses.

Housewares and Audio Products and Services include small appliances for personal care, garment care and food preparation; home security devices; and radio and related products. The makeup of the product mix is closely linked to changes in consumer life styles. With many manufacturers in the field, price competition (and consequently cost control) and product innovation, as well as merchandising skills, are important factors.

Television Receivers are sold principally in the domestic market. Industry profitability has been generally poor in recent years. General Electric experiences strong competition from several large producers, some of which have a stronger market position in these products than General Electric.

Broadcasting and cablevision operations, which are subject to various government regulations, include 3 AM and 5 FM radio stations, 3 VHF TV stations and 13 cablevision systems. The Company, Cox Broadcasting Corporation, a Georgia corporation ("Cox"), and a wholly-owned subsidiary of the Company have entered into an Agreement and Plan of Merger dated as of February 20, 1979, as amended providing for the merger of Cox and such subsidiary with Cox thereby becoming a wholly-owned subsidiary of the Company. Cox's principal businesses consist of television and radio broadcasting and cable television systems. It is also engaged in automobile auctions and, to a lesser extent, in business publishing and motion picture production. The proposed merger was approved by the shareholders of Cox on July 18, 1979. Completion of the transaction is subject to various conditions including receipt of the necessary governmental approvals particularly from the Federal Communications Commission ("FCC"). In this connection, because of the FCC's rules governing the number and location of broadcasting stations which may be owned by a single licensee. Cox and General Electric Company will be required to dispose of the assets and businesses of three television stations, two AM radio stations (although three are the subject of proposed dispositions) and five FM radio stations. Agreements conditioned upon the completion of Cox merger have been entered into with buyers for these stations. FCC approval will also be required for these related station dispositions. Processing of the applications for all of the FCC approvals continues, and the Company believes that the FCC will render at least a preliminary determination thereon prior to May 31, 1980. However, the terms of the Agreement and Plan of Merger provide that unless the transaction is consummated on or prior to May 31, 1980 any party has the right in its discretion to choose to abandon the merger. Upon consummation of the merger, shareholders of Cox will receive common shares of the Company in exchange for all of the outstanding capital stock of Cox. The number of Company common shares to be exchanged will be determined by a formula using derived values for Company common stock. Therefore, the number of such shares to be used cannot be established at this time and, in any event may consist of newly issued shares, shares from the Company's treasury or a combination thereof.

General Electric Credit Corporation

General Electric Credit Corporation "GECC" a wholly-owned nonconsolidated finance affiliate, primarily engages in consumer, commercial and industrial financing. It also engages, to a lesser degree, in the life insurance and fire and casualty insurance industries.

Consumer financing consists mainly of retail time sales and dealer inventory financing of home products (major appliances, television sets, furniture and other home furnishings) and special products (primarily mobile homes). Consumer financing also includes installment loan financing. Commercial and industrial financing consists of equipment sales financing provided through time sales, loans and leases; industrial loans and leases and commercial loan financing (revolving credit and accounts receivable financing). Products of companies other than General Electric constitute the major portion of products financed by GECC. Substantially all of the products financed by GECC are new products. Commercial and industrial financing also includes real estate financing.

During 1979, GECC acquired for cash substantially all of the assets and assumed certain liabilities of Amfac Financial Corp., a wholly owned subsidiary of Amfac, Inc. Operating primarily in Hawaii, this operation offers commercial and residential real estate loans, equipment leasing and thrift investment programs.

GECC's activities are subject to a variety of federal and state regulations including, at the federal level, the Consumer Credit Protection Act, the Equal Credit Opportunity Act and certain regulations issued by the Federal Trade Commission. A majority of states have ceilings on rates chargeable to customers in retail time sales transactions, installment loans and revolving credit financing. To date such regulations have not had a material adverse effect on GECC's volume of financing operations or profitability, although the recent rapid increase in interest rates and their effect on GECC's borrowing cost is causing GECC to re-assess the viability of certain types of lending in a number of states. GECC's insurance subsidiaries are subject to regulation by state insurance commissions.

The Federal Reserve Board recently announced a number of voluntary and mandatory credit controls as an element in the government's anti-inflation program. GECC is currently assessing the impact on its operations of these controls and is developing plans for compliance with the control regulations. GECC is not yet able to predict the effect, if any, which these credit controls may have on the profitability of its operation.

Industrial Products and Components

Industrial Products and Components include a wide variety of products made by a number of manufacturing units for use within General Electric as well as for sale to external customers. These products include those used by manufacturers as part of their own productive capacity as well as by manufacturers and contractors for incorporation into their own end products. In addition, certain services are offered and distribution capabilities are maintained by this Sector.

Business prospects for this segment as a whole tend to respond to general trends in the nation's economy, although the relative impact of these trends on any particular group of related products and services may vary. Each such group tends to be affected by differing factors influencing the industrial sector. For example, components such as small motors and controls can be affected by broad trends in demand for consumer products which may be in an economic phase different from trends in capital expenditures by industrial customers, which substantially influence industrial capital equipment. In contrast, the positive business pattern of services over the past several years has not been appreciably affected by changes in the general economy.

Motors and motor-related products include small motors and appliance controls as well as larger sizes of DC and AC motors and generators. These products are used internally and are sold externally, principally to manufacturers of original equipment, distributors, and industrial users. Competition includes other motor and component producers, integrated manufacturers, and customers' in-house capability. The markets for these products are extremely price competitive, putting emphasis on economies of scale and manufacturing technology. Other characteristics include rapidly changing technology, the cyclical nature of the consumer end-use market, and backward integration by major customers who represent a large portion of the sales of individual motor products.

Contractor Equipment Operations focus on distribution and circuit protection equipment for construction markets. In addition, these operations include general purpose controls, wiring devices, and wire and cable products. Products are sold to distributors, electrical contractors, large industrial users, and original equipment manufacturers. Markets are affected principally by levels and cycles in non-residential construction and national plant and equipment expenditures. Competitors include numerous other large manufacturers.

Transportation Products include diesel electric locomotives, transit propulsion equipment, and motorized wheels for off-highway vehicles such as those used in mining operations. Locomotives are sold principally to domestic and foreign railroads while markets for other products include state and urban transit authorities and industrial users. Foreign markets are increasing in significance, and competition worldwide includes major U.S. and foreign firms.

Industrial Electronics Operations include electronic components such as capacitors and semi-conductors, industrial controls, and drive systems. Customers include industrial distributors, original equipment manufacturers and industrial users. There is a wide variety of domestic and foreign competitors.

Services, which are provided from domestic and foreign locations, include the maintenance, inspection, repair and rebuilding of electrical and mechanical apparatus produced by General Electric and others.

Distribution includes a nationwide network of electrical supply houses offering products of General Electric and other manufacturers to electrical contractors and industrial and commercial customers.

Power Systems

Power Systems is comprised principally of products for the generation, transmission and distribution of electricity, and is substantially oriented towards electric utility customers. These products differ in contribution to sales and earnings, market position and production cycle. Although the market for these products is world-wide, the major portion of sales is domestic. The market is sensitive to electric load growth, which fluctuates with changes in the general economic environment; it is also sensitive to the financial condition of the electric utility industry. While the order backlog for steam turbines and nuclear equipment remains very large, the continuation of high utility reserve margins and uncertainty about future load growth as well as uncertainties regarding U.S. energy policy is likely to continue to result in a low volume of new orders in the next few years and some further deferments and cancellations of existing orders. For further information, see "Orders Backlog" on page 18.

The large variety of power generation and delivery products offered by the Power Systems Sector well positions General Electric to continue to serve the electric utility industry, whatever the future directions of national energy policy.

Steam Turbine-Generators, the largest business in this category, convert energy produced by fossil boilers (fueled by coal, oil or gas) or nuclear reactors (fueled by uranium) into electrical or mechanical power. In addition to the electric utility industry, the commercial marine market, the US Navy and private industry (for plant power systems) are customers. While General Electric is an important factor in each of these markets, competition is intense. Because fixed cost levels are high, profitability is sensitive to changes in volume; profitability can also be adversely influenced by inflation.

Gas Turbines are used principally as packaged power plants for electric utility service and also for mechanical drive applications such as pipeline pumping. International sales are a significant portion of the business, with intense and world-wide competition. Because domestic utility purchases of gas turbines are primarily for peak-load service, utility demand is likely to remain depressed until reserve margins are reduced.

Nuclear products include power reactors (of the boiling water type), nuclear fuel assemblies, and nuclear plant services. General Electric is spending significant amounts on engineering and development in support of nuclear projects in the backlog. These expenditures, when coupled with the effects of deferments of shipments and cancellations of orders in recent years, have placed the nuclear business in a continuing loss position. While GE management believes that increased reliance on nuclear power is an essential element of an effective U.S. energy policy, the use of nuclear power has become a subject of controversy, both political and social, and the nuclear market remains depressed. For the U.S. utility industry, cancellations of nuclear plants have substantially outnumbered new orders during the last five years. It is the belief of

GE management that resumption of nuclear orders will require more than renewed demand for electrical generating equipment. There must be governmental action to reform the nuclear licensing process and to resolve existing uncertainties regarding such issues as radioactive waste storage, as well as nuclear export policy.

Customers have required that nuclear fuel be sold with warranties covering the useful life of the fuel, even though the experience base for predicting the life of nuclear fuel under power plant operating conditions is still relatively small. As of December 31, 1979, there were open warranty commitments related to fuel in service with an original sales value of approximately $1.1 billion, and on fuel in the backlog presently valued at $3.0 billion, covering deliveries through the early 1990s. Also, some fuel orders include reprocessing, plutonium fabrication and waste disposal services. In view of current U.S. Government policies, it is highly uncertain whether such services can be provided.

Power Delivery products include transformers, power circuit breakers, switchgear, and meters, the principal market for which is the electric utility industry. Margins are vulnerable to intense competition, both from domestic and foreign competitors and to sharp swings in demand.

Installation and Service Engineering work carried on by GE in both domestic and international markets includes principally on-site engineering support for the Company's products sold to electric utility, industrial, and marine customers.

Technical Systems and Materials

Technical Systems and Materials consists of jet engines for aircraft, industrial and marine applications; electronic and other high-technology products primarily for space applications and national defense; materials (engineering plastics, silicones, industrial cutting materials, laminated and insulating materials, and batteries); medical and communications equipment; and time sharing, computing, and remote data processing.

Strength in technological competence, excellence of design and efficiency of production are among the key factors affecting competition in these products. Research and development expenditures, both government financed and internally funded, are high in this Sector.

Jet Engines are used in military and commercial aircraft and, to a growing extent, in naval ships and as industrial power sources. General Electric's military engines are used in a wide variety of planes from helicopters to fighters, bombers and transports. The CF6 engine family is the principal commercial jet engine used in the McDonnell Douglas DC-10 and in the European Airbus A-300 and has been selected by a number of major domestic and foreign airlines to power the new Boeing 767 and the Airbus A-310; it is also used to some extent in the Boeing 747. General Electric also produces jet engines for many types of executive aircraft. Sales of replacement parts and services are an important segment of the engine business. The worldwide competition in jet engines is intense and highly concentrated. Product development cycles are long and product quality and efficiency are critical to success. Potential sales for any engine are limited by its technological lifetime, which may vary considerably depending upon the rate of advance in the state of the art, and by the limited number of potential customers. Aircraft engine orders tend to follow military and airline procurement cycles, although patterns for military and commercial engine procurements vary. General Elecric is jointly developing with SNECMA, a French manufacturer, a new engine designed for the medium size and range commercial aircraft which are expected to be the next important commercial engine market in the 1980s, and for reengining certain existing standard body aircraft. In line with industry practice, sales of commercial jet aircraft engines involve long-term financing commitments to customers. A majority of the aggregate dollar amount of GE's commitments is secured, though in a secondary position.

Aerospace electronic and high technology products include missile launch, guidance and re-entry systems, earth orbiting satellites, radar and sonar systems, armament systems, aerospace instruments and aircraft instrumentation and controls. Most sales of these products are to government agencies.

Materials (engineering plastics, silicones, industrial cutting materials and, to a lesser extent, laminated and insulating materials), derived from General Electric technology, serve a diversified customer base in the United States and abroad. Most customers are original equipment manufacturers or custom fabricators. Market opportunities for many of these products are created by functional replacement which provides customers with an improved material at lower cost. The business is characterized by technological innovation and heavy capital investment. Competition involves important emphasis on efficient manufacturing process implementation and strong market and application development. Competitors include large, technically oriented suppliers of the same, as well as functionally equivalent, materials.

Medical and communications equipment includes (i) diagnostic imaging and patient monitoring equipment, including X-ray machines, sold to hospitals and medical facilities, and (ii) mobile radio and data communication equipment sold to governmental agencies and to a variety of commercial customers. Technical innovation, high product performance, service and competitive pricing are especially important for both types of equipment.

Time sharing, computing and remote data processing services are offered through a worldwide network which gives customers access to service center computers from remote terminals. Competition comes from numerous domestic and international sources.

Natural Resources

Natural Resources, primarily Utah International Inc. (Utah), includes the mining of coking coal, uranium, steam coal, iron ore, and copper. Other smaller scale activities include oil and natural gas production, ocean shipping (primarily in support of mining operations) and land acquisition and development. Approximately 82% of 1979 revenues and 77% of net earnings of this segment originated from outside the United States.

The principal source by far of Utah's revenues and earnings is coking coal which is mined in Australia. Uranium and steam coal are mined domestically while iron ore and copper are mined domestically and abroad. Virtually all mines are presently operated by open pit or strip mining methods, although a small trial underground mining operation has been started near existing surface coking coal operations in Queensland, Australia.

In addition, Utah has large areas under exploration for various metals and non-metallics, including iron, coal, copper, and precious metals. Both Utah and its wholly owned non-consolidated affiliate, Pathfinder Mines Corporation, are exploring for uranium. Depending on the resources being sought, areas being explored include the United States, Canada, South America, Africa, the Southwest Pacific, Australia, the Middle East and Europe. The extent to which any deposits discovered will be mined, if at all, depends upon economic feasibility, political considerations and the development of markets.

Coking coal is produced under long-term Special Coal Mining Leases obtained from the state of Queensland at five mines (Blackwater, Goonyella, Peak Downs, Saraji and Norwich Park) located in Central Queensland, Australia. At December 31, 1979, Utah owned through an affiliate approximately an 89% interest in the Blackwater mine and a 68% interest in each of the other four mines. The Norwich Park mine came into production in November 1979. The new mine has an annual capacity of 4.3 million metric tons, bringing total annual production capacity of the Utah-operated mines to over 22 million metric tons. By February 1980 approximately two-thirds of Norwich Park's annual production capacity was contracted for under long-term sales arrangements. The remainder is being reserved for sales on the "spot" market and for greater flexibility in supplying products to new customers. Coking coal is sold primarily to Japanese steel producers and, to a lesser extent, European customers. Most of these sales are under contracts of varying lengths with a majority containing escalation clauses that offer substantial protection against future cost increases. All such sales contracts are payable in U.S. dollars. Spot sales are also made. Shipments from these mines totaled about 17.0 million metric tons in 1979 (16.1 million in 1978).

Assured coking coal reserves in the Queensland lease areas are estimated to be approximately 295 million metric tons (including both Utah and minority interests) recoverable by surface mining methods, which for this calculation require that the coal be located under less than 200 feet of overburden. "Assured" reserves include merchantable reserves which lie within 2,000 feet of a known seam measurement. "Merchantable" coal is coal believed to be of sufficient grade and thickness so located that it can be mined at a profit in substantial quantities by judicious methods under normal conditions of the industry. In addition to these assured reserves, it is estimated that there are coal deposits of approximately 2 billion recoverable metric tons of which about 70% would require mining by underground mining methods. The degree to which these coal deposits will be mined depends in part upon the results of feasibility studies and the receipt of additional authorizations from the Queensland government to mine and export the coal produced.

Uranium mining and milling are conducted at three mines located in Wyoming. In 1976 the existing operations were transferred to a new company wholly-owned by Utah. This affiliate was established in the course of obtaining a U.S. Department of Justice Business Advisory Clearance Procedure letter in connection with the General Electric-Utah merger. All common stock of this affiliate (Pathfinder Mines Corporation) is held by independent voting trustees until the year 2000. Subsequent to December 20, 1976, financial results of the affiliate have not been consolidated with General Electric's, but General Electric receives from legally available funds cumulative quarterly dividends in amounts equal to 85% of the affiliate's net after-tax income for the previous quarter (without taking account of any deduction for exploration expense). See note 12 to the financial statements for further information concerning this uranium mining affiliate.

Steam coal operations serve U.S. electric utilities. Utah's most substantial steam coal interest is the Navajo mine located on the Navajo Indian reservation in New Mexico and held under a long-term lease with the Navajo Tribe. The lease continues as long as substances are produced in paying quantities. The Navajo tribe is seeking to renegotiate the royalties provided for under this lease. See also "Legal Proceedings" on page 27 on water rights litigation. The mine furnishes the entire fuel requirements of the 2,085-megawatt Four Corners Power Plant owned by six utility companies under long-term supply contracts containing provisions affording some protection against cost escalation. Also, Utah operates the nearby San Juan mine under contract with the owners to supply coal for the San Juan Power Plant. In addition, a Utah-owned mine near Craig, Colorado started operations during 1977 and shipments on long-term contracts began in the latter part of 1978. At year-end 1979, Utah International purchased certain Kentucky coal properties for $7 million from National Steel Corporation and signed an agreement to purchase additional coal properties held by National in Kentucky and West Virginia for $158 million.

Iron ore mining operations include ownership of 49% of the voting stock in Samarco Mineracao S.A. (Samarco), a Brazilian company involved in a substantial project in Brazil to extract iron ore from a mine in the country's interior and to transport it in slurry form by pipeline to a pelletizing plant and shipping terminal on the coast. The other stockholder in Samarco is a Brazilian company, S.A. Mineracao da Trindade ("Samitri"). Shipments in 1979 (the second full year of operations) were substantially higher than in 1978, resulting in a smaller loss. Timing and strength of improvements in iron ore demand will affect the profitability of this project. The total investment in the Samarco project was $587 million at year-end 1979, of which approximately $219 million was financed by long-term debt with the balance being provided through a combination of equity and subordinated shareholders loans. This latter portion includes an equity investment by Utah of approximately $178 million. Of the long-term debt, $213 million is jointly and severally guaranteed by Utah and Samitri. Other iron ore properties include a wholly-owned mine near Cedar City, Utah, a partially-owned mining operation at Mount Goldsworthy in Australia and an iron sands mining interest in New Zealand.

Copper mines in which Utah has an interest include the wholly-owned Island Copper mine in British Columbia which sells its output under two long-term agreements with Japanese customers and the 25%-owned Cyprus Pima mine near Tucson, Arizona.

Oil and natural gas operations are conducted by wholly owned Ladd Petroleum Corporation, primarily in the U.S. and Canada.

Mining operations require that various governmental licenses, authorizations and permits be obtained. Periodic renewals of routine permits must be solicited and obtained if the mining operations are to be continued. Many of Utah's mining operations involve leases, the continuance and renewal of which are subject to the satisfaction by Utah of various conditions. In many cases the renewal of leases is also subject to renegotiation of rents or royalties payable thereunder and mining operations frequently involve taxes on production or severance. Utah has experienced significantly increased labor, supplies, and purchased energy costs during recent years in all of its operations. The application of escalation clauses in Utah's long-term sales agreements has in most cases substantially offset these cost increases. The sale of copper concentrates does not fall into a fixed price long-term pattern, as the price fluctuates depending upon London Metal Exchange copper quotations, or upon copper metal prices being received by domestic smelters. Most of the iron ore agreements do not contain escalation clauses.

Utah's foreign operations and investments may also be affected by economic and political conditions in the countries where they are located, including budgetary considerations, anti-inflation programs, exchange controls, currency fluctuations, export regulations and laws and policies designed to reflect the interests of such countries, as well as by laws and policies of the United States affecting foreign trade and investment. The policies of Australian Federal and state governmental authorities are of particular importance in this regard. For example, during 1978 the Australian Federal government imposed an additional 5% tax on the taxable incomes of nonresident companies, including Utah's affiliates operating in Australia. A negative development in 1979 was the Australian Federal Government's decision to retain the coal export duty, a levy it previously was committed to eliminate. In recent years, the Australian authorities have also sought to increase the equity ownership of Australian investors in mining operations. Under a program implemented by the Australian Federal Government in 1977, Utah's interest in the new Norwich Park mine is 68% and its interest in the Goonyella, Peak Downs and Saraji mines was reduced to 68% from 76% with the remaining interests held by Australian and Japanese investors.

Foreign Multi-Industry Operations

Foreign Multi-Industry Operations consist principally of foreign affiliates which manufacture a variety of products primarily for sale in their respective home markets. The largest of these affiliates is Canadian General Electric Company Limited which had sales of $1,339 million in Canadian dollars in 1979. Other principal multi-industry manufacturing operations are located in Brazil, Venezuela, Italy, Spain, and Mexico, with a number of smaller affiliates operating in other countries. None of these other principal affiliates accounted for more than 10% of segment revenues. Through its International Construction operations, the Company also provides management and technical expertise for large construction projects such as transmission lines. Competition and market conditions vary with the products and countries involved. Local government policies and economic conditions - particularly rates of inflation, monetary fluctuations, and balance of payment problems - can have significant effects on operations of these affiliates.

In addition to the Foreign Multi-Industry Operations reported as an industry segment above, General Electric derives substantial revenues and net earnings from other sources outside the United States. Results of these operations are included in the appropriate industry segments. These other sources of income from outside the U.S. include: (1) operations of nondiversified foreign affiliates, including the foreign operations of Utah International, Inc.; (2) exports of GE products and services from the U.S. to unaffiliated foreign customers and to GE affiliates; and (3) technology licensing revenues from unaffiliated and affiliated foreign sources. A summary of total international operations for all segments for the last five years follows.

	Year ended December 31				
	1975	1976	1977	1978	1979
	(Amounts in millions)				
Revenues	$4,766.1	$5,567.1	$6,137.9	$7,013.7	$7,839.9
Net earnings	312.1	444.9	415.3	486.3	525.5

Geographic Segments

The following tables include certain data by geograph[illegible] segment based on the location of the operations furnishing goods or services for the years 1976, 1977, 1978 and 1979.

	Year ended December 31			
	1976	1977	1978	1979
	(Amounts in millions)			
TOTAL REVENUES				
United States	$12,878.9	$14,560.4	$16,443.1	$18,859.2
Far East including Australia	1,040.0	1,056.2	1,108.8	1,182.8
Other areas of the world	2,564.6	2,916.7	3,270.4	3,813.8
Elimination of intra-company transactions	(511.9)	(624.4)	(749.5)	(875.8)
Total	$15,971.6	$17,908.9	$20,072.8	$22,980.0
Intersegment sales				
United States	$ 274.5	$ 340.3	$ 362.6	$ 466.9
Far East including Australia	132.3	204.0	241.8	279.5
Other areas of the world	105.1	80.1	145.1	129.4
Elimination of intra-company transactions	(511.9)	(624.4)	(749.5)	(875.8)
Total	$ -0-	$ -0-	$ -0-	$ -0-
External sales and other income				
United States	$12,604.4	$14,220.1	$16,080.5	$18,392.3
Far East including Australia	907.7	852.2	867.0	903.3
Other areas of the world	2,459.5	2,836.6	3,125.3	3,684.4
Total	$15,971.6	$17,908.9	$20,072.8	$22,980.0
NET EARNINGS				
United States	$ 633.2	$ 846.3	$ 960.6	$ 1,119.8
Far East including Australia	194.5	161.6	170.1	173.9
Other areas of the world	103.5	83.5	103.6	119.5
Elimination of intra-company transactions	(0.6)	(3.2)	(4.6)	(4.4)
Total	$ 930.6	$ 1,088.2	$ 1,229.7	$ 1,408.8
ASSETS (At December 31)				
United States	$ 9,262.6	$10,491.5	$11,410.4	$12,693.1
Far East including Australia	792.7	871.2	888.5	842.1
Other areas of the world	2,069.0	2,414.8	2,826.8	3,207.2
Elimination of intra-company transactions	(74.6)	(80.7)	(89.7)	(97.9)
Total	$12,049.7	$13,696.8	$15,036.0	$16,644.5

Included in United States revenues were export sales (principally of high technology products such as aircraft engines and gas turbines) to unaffiliated customers shown in the table below:

	Export Sales from the United States For the year ended December 31			
	1976	1977	1978	1979
	(Amounts in millions)			
Europe, Africa and the Middle East......	$ 1,179.7	$ 1,216.9	$ 1,661.9	$ 1,581.3
Far East and Australia..................	371.9	574.2	498.1	741.2
Other areas of the world................	362.9	310.1	410.7	449.6
Total..........................	$ 1,914.5	$ 2,101.2	$ 2,570.7	$ 2,772.1

U.S. revenues also include royalty and licensing income from unaffiliated foreign customers.

Orders Backlog

General Electric's backlog of unfilled orders for manufactured products at December 31, 1979 aggregated $20.6 billion, compared with $19.1 billion at December 31, 1978. In addition to the foregoing, Natural Resources had a mineral sales backlog, including uranium, which aggregated $5.6 billion at December 31, 1979, compared with $5.8 billion at the end of 1978. Products and services sold by General Electric have a wide range of order-to-shipment cycles. The table below shows, for each of the last two years, the presently scheduled percentage conversion of year-end backlogs into sales during subsequent years.

At December 31, 1979	Manufactured Products and Services	Mineral Sales	At December 31, 1978	Manufactured Products and Services	Mineral Sales
1980...........	41%	20%	1979...........	41%	20%
1981...........	18	15	1980...........	16	15
1982...........	8	13	1981...........	9	12
1983...........	6	13	1982...........	7	11
1984...........	4	12	1983...........	5	11
1985 + ...	23	27	1984 + ...	22	31
	100%	100%		100%	100%

Power systems orders accounted for $12.1 billion of the manufactured products and services backlog at December 31, 1979, compared with $11.9 billion at the previous year end. Of these amounts, the orders backlog for steam turbine-generators was $3.9 billion at year-end 1979, of which $2.0 billion is scheduled for shipment after 1984. The comparable backlog for 1978 was $4.1

billion, of which $1.9 billion was scheduled for shipment after 1983. Also included in the power systems backlog at year-end 1979 were nuclear reactor, fuel assembly and plant services orders of $5.3 billion, of which $2.5 billion is scheduled for shipment after 1984. The comparable backlog for 1978 was $5.1 billion, of which $2.4 billion was scheduled for shipment after 1983.

The total unfilled orders backlog from unaffiliated customers for exports from the U.S. was $4.6 billion at the end of 1979 compared with $3.5 billion at the end of 1978.

Orders constituting the Company's backlog may be deferred or canceled by customers (subject in certain cases to cancellation penalties).

Research and Development

Expenditures for research and development were $1,440 million in 1979 compared with $1,270 million in 1978. Of these amounts, $640 million in 1979 was company funded ($521 million in 1978), and $800 million ($749 million in 1978) was funded by others, principally the U.S. government. In recent years, on the average, between 12,000 and 13,000 scientists and engineers have been engaged in research and development activities with slightly under half of them engaged primarily in company funded activities.

Employee Relations

During 1979 General Electric employed an average of 404,681 people, of whom approximately 71% were in the United States.

Approximately 110,000 manufacturing employees in the United States are represented for collective bargaining purposes by a total of around 325 different local collective bargaining groups. A large majority of such employees is represented by local unions which are affiliated with, and bargain in conjunction with, one or the other of two national unions, namely, the International Union of Electrical, Radio and Machine Workers (AFL-CIO) and the United Electrical, Radio and Machine Workers of America. During June and July of 1979 General Electric negotiated three year contracts with almost all the United States unions representing employees with which it deals. Most of these contracts will terminate in June 1982 and the rest will terminate later in the same year.

Utah's principal operations are in Australia. Seventy-five percent of its Australian employees are represented by the Combined Mining Unions. Utah has experienced intermittent work stoppages by these union employees. The longest stoppage in recent years was for seven weeks in 1978. Utah's unionized North American employees are covered by collective bargaining agreements expiring at various times through the year 1983.

Price and Wage Standards

General Electric has notified the President of its intention to co-operate with the program of voluntary price standards announced in the fourth quarter of 1978. Administrative procedures have been put in place to implement compliance with the program. In general, because of competitive and other factors management does not believe that the program is likely to have a significant negative impact on the Company's overall business.

Item 2. Summary of Operations

GENERAL ELECTRIC COMPANY AND CONSOLIDATED AFFILIATES

STATEMENT OF EARNINGS

The following is a statement of earnings of General Electric Company and consolidated affiliates for the last five years. The amounts shown for the year 1975 were restated in 1976 to include the operating results of Utah International Inc., which was acquired by General Electric on December 20, 1976 in a transaction accounted for as a pooling of interests. At the effective time of the acquisition, each issued and outstanding share of Utah common stock was deemed exchanged by operation of law for 1.3 shares of the Company's common stock for an aggregate of 41,002,034 shares.

	Year ended December 31				
	1975	1976	1977	1978	1979
	(Amounts in millions)				
Net sales billed	$14,105.1	$15,697.3	$17,318.6	$19,653.8	$22,460.6
Operating costs:					
Cost of goods sold	10,209.8	11,048.3	12,287.7	13,915.1	15,990.7
Selling, general and administrative expenses	2,238.2	2,634.9	3,010.8	3,204.4	3,715.9
Depreciation, depletion and amortization	470.5	486.2	522.1	576.4	624.1
	12,918.5	14,169.4	15,820.6	17,695.9	20,330.7
Operating margin	1,186.6	1,527.9	1,698.0	1,957.9	2,129.9
Other income	174.2	274.3	390.3	419.0	519.4
Interest and other financial charges	(186.8)	(174.7)	(199.5)	(224.4)	(258.6)
Earnings before income taxes and minority interest	1,174.0	1,627.5	1,888.8	2,152.5	2,390.7
Provision for income taxes	(459.8)	(668.6)	(773.1)	(893.9)	(953.4)
Minority interest in earnings of consolidated affiliates	(25.7)	(28.3)	(27.5)	(28.9)	(28.5)
Net earnings applicable to common stock	$ 688.5	$ 930.6	$ 1,088.2	$ 1,229.7	$ 1,408.8
Average number of shares outstanding (in thousands)(a)	224,262	225,791	227,154	227,985	227,173
Earnings per common share (in dollars) (a)(b)	$3.07	$4.12	$4.79	$5.39	$6.20
Dividends declared per common share of General Electric stock actually outstanding during the period	$1.60	$1.70	$2.10	$2.50	$2.75

(a) Includes General Electric average shares outstanding plus, in 1976 and 1975, outstanding average shares previously reported by Utah multiplied by 1.3.

(b) Any dilution of earnings per share which would result from the potential exercise or conversion of such items as stock options or convertible debt outstanding is insignificant (less than 1% in all periods shown). Fully diluted earnings per share for 1979 would be computed based on assumed conversion of the convertible indebtedness of General Electric Overseas Capital Corporation, a wholly owned affiliate of General Electric, exercise of stock options and issue of shares held under deferred incentive compensation plans. Net earnings for the computation would be adjusted to eliminate appropriate interest expense and expenses related to the deferred incentive compensation shares, net of taxes. On this basis, average shares outstanding in 1979 would have been 229,777,246, net earnings applicable to common stock would have been $1,412.5 million and fully diluted earnings per share would have been $6.15.

GENERAL ELECTRIC MANAGEMENT'S DISCUSSION AND ANALYSIS OF STATEMENT OF EARNINGS

Revenues consisting of sales of products and services to customers and other income from external sources, were $23.0 billion in 1979, $20.1 billion in 1978 and $17.9 billion in 1977.

Because of the diversity of the Company's business, comments about the relative impact of physical volume and selling prices on year-to-year changes in sales can only be generalized. However, it is estimated that greater volume accounted for somewhat more than one-half of the increase of $2.8 billion, or 14%, in 1979 sales from 1978. Sales for 1978 increased $2.1 billion (12%) from 1977, and it is estimated that about two-thirds of the increase resulted from higher volume.

Other income from a variety of operating and nonoperating sources was $519.4 million, or 24% more in 1979 than 1978. Principal 1979 increases were interest from marketable securities and bank deposits, primarily reflecting higher interest rates ($88.4 million increase), interest from customer financing resulting from both higher interest rates and increased financing ($21.7 million increase) and net earnings of General Electric Credit Corporation ($12.6 million increase) partially offset by lower income from associated companies and nonconsolidated uranium mining affiliate ($22.5 million decrease). From 1977 to 1978, other income increased $28.7 million or 7%. Principal 1978 increases were interest on marketable securities and bank deposits, primarily reflecting higher interest rates ($52.2 million increase) and net earnings of General Electric Credit Corporation ($10.1 million increase) partially offset by lower income from associated companies and a nonconsolidated uranium mining affiliate ($28.5 million decrease).

Principal elements of operating costs are summarized on the following page for the years 1977-1979:

	Year ended December 31		
	1977	1978	1979
	(Amounts in millions)		
Employee compensation, including benefits	$ 6,555.5	$ 7,401.3	$ 8,285.4
Materials, supplies, services and other costs	8,753.9	9,866.7	11,320.0
Depreciation, depletion and amortization	522.1	576.4	624.1
Taxes, except Social Security and those on income	239.0	250.6	259.1
Decrease (increase) in inventories during the year	(249.9)	(399.1)	(157.9)
	$15,820.6	$17,695.9	$20,330.7

Operating margin (sales less operating costs) was $2,129.9 million in 1979, $1,957.9 million in 1978 and $1,698.0 million in 1977. Despite good productivity gains, increased material and labor costs had some adverse impact on the operating margin rate, which was 9.5% in 1979 compared with 10.0% in 1978 and 9.7% in 1977. However, operating margin dollars in 1979 were $172.0 million higher than in 1978, which were $259.9 million higher than in 1977.

Interest and other financial charges were 15% more in 1979 than 1978 due to higher interest rates. The 1978 interest expense was up 12% from 1977, principally because of increased offshore borrowings and higher domestic interest rates.

Provision for income taxes was $59.5 million higher in 1979 than 1978, although the effective tax rate was lower (39.9% for 1979 compared with 41.5% for 1978 and 40.9% for 1977) primarily because of the lower U.S. federal tax rates.

Results by Industry Segment

The impact of macro-economic factors such as inflation, the energy crisis, and differing stages of growth among countries of the world, together with vigorous actions by management to anticipate and adjust to such impacts, has affected the industry segments of General Electric's business in varying degrees. Revenues and net earnings for each segment for the years 1975-1979 are included under "Industry Segments" on page 3. These amounts, together with the accompanying descriptive material on General Electric's business, should be reviewed in conjunction with the following commentary for a better understanding of the differing impacts on total General Electric results for any particular year.

Consumer Products and Services

Consumer Products and Services' revenues in 1979 were 12% ahead of 1978 with all major businesses contributing to the improvement, although the rate of increase slackened some toward the end of 1979. Earnings were up 6% despite the continuing cost-price squeeze resulting from extreme cost inflation experienced throughout the year. Major appliances earnings in 1979 were somewhat lower due to competitive pressures while sales increased. Air conditioning products reported somewhat higher sales in 1979 despite markets weakened by cool weather while earnings were off somewhat because of escalating costs. GE lighting businesses achieved another strong year of earnings growth on good sales increases. Housewares and audio products increased sales somewhat, but earnings were lower because of inflationary cost pressures in this highly competitive industry. Television receiver operations achieved good sales and earnings gains in 1979. Broadcasting and cablevision reported earnings well ahead of the prior year on good sales increases. General Electric Credit Corporation earnings were 17% ahead of 1978 as higher income on an increased portfolio of receivables more than offset higher interest expense.

Consumer Products and Services 1978 revenues and earnings, including GE Credit Corporation, were up 15% and 17%, respectively, from 1977 with all major businesses contributing to the improvements. Lighting products sales and earnings were well ahead of 1977, continuing the strong growth of recent years. Major appliances had higher sales than in the previous year and earnings were also up, although margin rates were slightly lower as a result of the cost-price squeeze. Air conditioning sales increased substantially in 1978 and a sharp earnings improvement reflected effective cost controls and favorable volume in both room air conditioners and heat pumps. Housewares and audio products had good earnings leverage on higher 1978 sales. Television receiver operations showed strong gains in sales and earnings in 1978. Increased earnings for broadcasting and cablevision operations reflected the favorable impact of higher advertising revenues. A 15% gain in General Electric Credit Corporation earnings resulted from higher earned income on receivables partially offset by higher interest expense.

Industrial Products and Components

Industrial Products and Components revenues for 1979 were up 16% and earnings were up 22% with all major businesses in the segment sharing in the growth. Motor businesses reported good increases in 1979 earnings and somewhat higher sales. Contractor equipment operations had strong earnings increases on higher sales. Continued high levels of industrial and commercial construction offset the decline in residential housing starts in 1979. Transportation systems businesses continued to grow and recorded sharply higher earnings with locomotive operations in the lead. Industrial electronics operations had good earnings increases on somewhat higher sales. Apparatus service shops continued their profit growth and General Electric Supply Company achieved another year of improved results.

Industrial Products and Components revenues for 1978 were up 12% and earnings were up 17%. Businesses serving construction, locomotive, and appliance components markets were particularly strong. GE industrial equipment businesses improved sales and earnings as a result of high rates for housing starts and increased volume in commercial and industrial construction. Component products had significantly higher 1978 earnings on sales increases that reflected the year's high levels of spending for consumer durables. For transportation equipment the year's strong increases in earnings were led by locomotives. Apparatus service shops continued to show excellent earnings growth, even with higher programmed expenses for capacity expansion, and General Electric Supply Company distribution services achieved another year of improved results.

Power Systems

Power Systems businesses earnings in 1979 were 23% higher on a 2% gain in revenues. The increase in earnings for 1979 was the result of important gains in productivity and more effective utilization of working capital partially offset by the fact that selling price increases were not adequate to cover cost inflation. Steam turbine-generator operations reported somewhat higher sales and a strong rise in earnings resulting from productivity improvements and working capital improvement partially offset by selling prices on contracts taken several years ago at fixed prices that were not adequate to cover cost inflation. Gas turbine operations showed further improvement in earnings primarily on the strength of international sales. Nuclear systems businesses' losses were lower than in prior years, as GE made further substantial expenditures on engineering and development in support of nuclear projects in the backlog (see "Business-Power Systems" for further comments on the Company's nuclear business). Installation and service engineering businesses achieved record earnings on good sales increases. Power delivery businesses reported lower earings on slightly higher sales.

Power systems businesses earnings in 1978 were 23% higher on an 8% revenue increase. Higher 1978 earnings were accounted for principally by large steam turbine-generator and power delivery products. Sales and earnings of steam turbine-generators were ahead of the prior year. Earnings of mechanical drive turbines were again strong on somewhat higer sales. Gas turbine earings continued strong in 1978, as international demand offset low domestic sales. The nuclear systems business continued to operate at a loss in 1978. General Electric's power delivery businesses reported sales and earnings well ahead of 1977. Installation and service engineering businesses had higher sales and earnings in 1978.

Technical Systems and Materials

Technical Systems and Materials revenues and earnings for 1979 both increased 28% above their 1978 levels with all of the segment's major businesses contributing to the year's strong gains. Aircraft engine businesses produced good 1979 earnings increases on sharply higher sales while continuing a high level of expenditures for commercial engine development. Aerospace operations had substantial earnings gains that out-paced the year's sales increase. Engineered materials had sharply higher earnings and sales. Medical systems, information services and communications businesses all achieved substantial earnings increases on higher sales.

Technical systems and materials revenues and earnings were up 14% and 12%, respectively, in 1978, with engineered materials reporting substantially higher results and medical systems, information services, and communications businesses also having significant increases. Better aircraft engine earnings from higher 1978 sales were partially offset by the stepped-up level of commercial aircraft engine development expenditures. Aerospace earnings, reflecting development expenditures, were down somewhat on a modest sales increase.

Natural Resources

Natural Resources (primarily Utah International Inc.) 1979 revenues and earnings were 22% and 16% higher, respectively. A sharp improvement in earnings from Canadian copper operations was the major factor contributing to the earnings gain. Australian coking coal activities in 1979 achieved a modest earnings improvement on record shipments. Iron ore activities in Australia and New Zealand reported earnings gains and, although a loss was recorded, improvement was made by the Samarco project in Brazil. Steam coal mining operations showed an earnings gain. Oil and natural gas operations reported record revenues and earnings. Uranium operations recorded a small loss which reflected relatively low shipment levels, increased costs, and the need to deliver concentrate under low price contracts entered into in the early 1970s and scheduled to be fulfilled by 1981.

Natural resources revenues were 7% higher in 1978 than in 1977, but earnings were down 8%. Revenues were higher primarily because of the inclusion of revenues of Marcona Corporation, which was formerly 46%-owned by Utah and became a wholly-owned GE affiliate during 1978. Australian coking coal shipments were about the same as for 1977, despite generally poor world steel markets. However, coking coal earnings were lower, principally because of a miners' strike of nearly seven weeks and higher Australian taxes. Earnings in the form of dividends from nonconsolidated uranium operations were down from 1977 because the 1978 average realized price for uranium oxide was substantially lower than the previous year. This price decline was due to long-term contract commitments which reduced the proportion of production capacity available for spot sales (usually higher priced) compared to 1977. Iron ore operations resulted in a loss for 1978. This was primarily due to the first full year of operations at the Samarco project in Brazil, start-up of which coincided with reduced demand for iron ore products worldwide. Canadian copper activities showed a significant turn-around from the loss experienced in 1977. Higher average price realization for copper and principal by-products, combined with good mining and milling rates, accounted for the improved copper results. Oil and natural gas operations resulted in higher revenues and earnings in 1978 than 1977.

Foreign Multi-Industry Operations

Foreign Multi-industry Operations earnings for 1979 were down 14% on revenues that were up 5%. Lower earnings were due in part to 1978's nonrecurring gain from sale of GE's interest in the German lamp manufacturer, Osram GmbH. Canadian General Electric had strong sales and earnings improvements in 1979. Latin American operations experienced generally slower sales growth and had lower earnings. Affiliates in Italy and Spain operated at a loss. In Australia and the Philippines, improved performance resulted from transferring GE consumer goods affiliates to form larger operations in exchange for minority ownership positions. International construction operations achieved improved profitability on about the same sales level.

Foreign multi-industry operations earnings for 1978 were up 7% on 8% higher revenues, led by international construction operations and most Latin

American operations. Construction operations maintained their rapid growth in sales and earnings. Latin American manufacturing affiliates, overall, showed a strong performance with affiliates in Venezuela and Mexico reporting improved results that were partially offset by an off year in Brazil due to a decline in heavy goods manufacture. Canadian General Electric Company Ltd. improved its earnings despite a year of no sales growth resulting from the sluggishness of the Canadian economy. Manufacturing operations in Italy reported an increased loss in 1978. General Electric manufacturing affiliates in Australia again encountered depressed market conditions, while those in the Philippines were able to take advantage of strong market growth. Earnings in 1978 also included a nonrecurring gain from sale of investment in an associated company.

Item 3. Properties

Manufacturing operations are carried on at approximately 224 manufacturing plants located in 34 states in the United States and Puerto Rico and some 133 manufacturing plants located in 24 other countries.

Principal mining properties controlled by Utah International Inc. and its affiliates are situated at 5 locations in Australia, 6 locations in the United States and 1 location in Canada. Oil and natural gas production is carried on at numerous sites in the United States and Canada (See "Business-Natural Resources").

Item 4. Parents and Subsidiaries

Parents of Registrant - none.

Registrant - General Electric Company.

Affiliates of Registrant included in Registrant's Financial Statements.

General Electric's principal affiliates are listed below. All other affiliates, if considered in the aggregate as a single affiliate, would not constitute a significant affiliate.

	Percentage of voting securities owned by the immediate parent (1)	State or country of Incorporation or organization
Utah International Inc.	100.00	Delaware
Canadian General Electric Company Limited.......	(2)	Canada
Compagnia Generale di Elettricita S. p. A.......	79.96	Italy
General Electric Overseas Capital Corporation...	100.00	New York
General Electric International Sales Company....	100.00	Delaware
General Electric Plastics B.V...................	100.00	Netherlands
General Electric do Brazil S.A..................	100.00	Brazil

Affiliates not consolidated for which separate consolidated financial statements are incorporated herein by reference:

General Electric Credit Corporation (3).........	100.00	New York

Affiliates not consolidated for which statements are not filed:

Separate financial statements of a nonconsolidated finance affiliate and its affiliate owned 100% by Canadian General Electric Company Limited as well as those for Pathfinder Mines Corporation, a wholly-owned uranium mining affiliate, have been omitted because, if considered in the aggregate as a single subsidiary, they would not constitute a significant subsidiary.

NOTES

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

(2) General Electric Company owns 57.20% and General Electric Overseas Capital Corporation owns 34.72%.

(3) Consolidated statements of the General Electric Credit Corporation include twenty-one unnamed affiliates which, if considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary.

Item 5. Legal Proceedings

In May 1972 the United States Department of Justice filed a civil antitrust suit against General Electric in the United Sates District Court for the Northern District of New York. This suit claims that General Electric has used unlawful reciprocal purchasing arrangements since at least 1965, and seeks an injunction and related relief against continuation. Trial of the matter commenced on March 23, 1977, and after the close of the Government's case on April 1, 1977 General Electric moved to dismiss for failure of proof. The court has not yet ruled on that motion. Regardless of the outcome of the suit, it does not appear that it will have any materially adverse consequences for General Electric.

On October 15, 1976 a complaint was filed in the United States District Court for the Northern District of Illinois by Westinghouse Electric Corporation against Utah International Inc. and numerous other producers of uranium, both foreign and domestic. The complaint alleges that, in violation of the Sherman Antitrust and Wilson Tariff Acts, the defendants, commencing in 1972, conspired to fix and increase the prices of uranium in foreign and domestic commerce, allocated the markets for and curtailed the supply of uranium and refused to sell uranium to certain purchasers, including Westinghouse. The complaint seeks injunctive relief against further violations of the antitrust laws, an injunction requiring producers to sell uranium to Westinghouse at prices previously in effect and treble alleged damages. This case continues in the discovery stage and management believes that it can be successfully defended.

Following a fire on May 28, 1977 in the Beverly Hills Supper Club, Southgate, Kentucky, a number of actions were commenced in the Circuit Court of Campbell County, Kentucky, and in the U.S. District Court in the Eastern District of Kentucky on behalf of individuals who were injured, or the legal representatives for the decedents who were killed in the fire, against the owners of the club, the architects, the general contractor, numerous suppliers of components and furnishings, and many others. These multiple actions have been consolidated for pretrial purposes and are known in both Courts as "In re Beverly Hills Fire Litigation." The damages sought to be recovered in the various actions range from $12 million to over $2 billion. General Electric appears as a defendant in some of the cases as a manufacturer of insulation for electric wiring. In addition, in April 1978 the plaintiffs amended their complaints in order to add all manufacturers of aluminum building wire and wiring devices manufactured for use with such wire. General Electric was named as a defendant in five of the consolidated cases because it manufactures wiring devices. Trial was commenced in late 1979 against these manufacturers of aluminum building wire and wiring devices on the issue whether the fire was caused by an outlet box to which aluminum wire was connected. In February 1980 a jury returned a verdict for the defendent manufacturers on this issue. At this stage of the litigation the Company believes it can successfully defend the remaining actions.

In the Company's Form 10-Q for the quarter ended June 30, 1979 reference is made to a number of actions for damages commenced by the legal representatives of decedents killed in the crash of an American Airlines DC-10 near Chicago, Illinois on May 25, 1979. These actions have been filed against American Airlines, McDonnell Douglas, the builder of the airplane, against General Electric, the engine manufacturer, and against other suppliers of components. All but three of the cases in which General Electric was named as a defendant were removed to Federal Court and thereafter consolidated in the Federal District Court for the Northern District of Illinois. General Electric Company filed motions to dismiss in the consolidated proceeding and the pendency of these motions resulted in the voluntary discontinuance by the plaintiffs of all the Federal court actions against General Electric. Three cases in the State Court of California which are not subject to removal to the Federal Court remain pending. As noted in the Company's Form 10-Q report, there has been no indication whatsoever from any of the investigations of the causes of this crash that General Electric was at fault.

In January 1980 the Company was served with a complaint filed in the Supreme Court of the State of New York by Solargen Electronics, Ltd. and Solargen Electric Motor Car Corp. seeking judgment in the amount of approximately $1.6 billion for claimed compensatory and punitive damages for alleged breach of warranty, conspiracy, fraud and deceit in connection with the furnishing of electrical control systems and motors to convert conventional automobiles to electric cars. The Company believes it has no liability in this matter.

On March 13, 1976 the Attorney General of New Mexico filed suit in state court in San Juan County naming the United States, on behalf of itself and certain Indian Wards, Utah International and others as defendants. The suit seeks a determination of the relative rights of federally established reserves such as national forests and Indian reservations and all other public and private interests in the stream system which furnishes water for use by Utah in connection with the operation of its Navajo steam coal mines and for the operation of the Four Corners power plant. Utah holds its water rights in the stream system for its own benefit and for the benefit of existing and potential customers who would develop industrial facilities adjacent to Utah's Navajo mine. The Company believes that, because of the complexity of this litigation, a substantial number of years will elapse before there is a final determination on the merits, and the outcome cannot now be predicted.

An action was commenced on September 27, 1977 in the Superior Court for the State of Connecticut by two individuals and the "Housatonic River" alleging General Electric Company has discharged PCBs into the Housatonic River in violation of the law of the State of Connecticut. The plaintiffs, on behalf of themselves, and purportedly on behalf of a class of persons "comprised of all the people of the State of Connecticut" sought the following relief: (i) declaratory judgment determining whether General Electric has unreasonably polluted or impaired the waters and other natural resources in the State; (ii) an injunction restraining General Electric from further violations of the statutes; (iii) a mandatory injunction directing General Electric to restore the Housatonic River to the condition that existed before General Electric's alleged actions; (iv) compensatory damages to the plaintiffs in an unspecified amount; and (v) civil penalties as provided under the statutes. The Company removed the action to the Federal District Court in Connecticut and thereafter moved to dismiss the complaint for failure to state a cause of action. The Court dismissed all of the counts in the complaint except for two counts based on the Connecticut Environmental Protection Act and the Connecticut Inland Wetlands and Water Courses Act. The Court remanded those two counts to the State Court since the Connecticut Supreme Court had never ruled explicitly on the issue of standing on the part of any citizen to sue under the two statutes. A motion to dismiss by General Electric asserting that plaintiffs lack standing to sue has been argued in, but has not yet been decided by, the State Court.

On June 26, 1979 two other individuals filed suit in the Supreme Court for the State of Connecticut alleging that General Electric Company had discharged PCBs into the Housatonic River and had thereby caused pollution. The original plaintiffs in this action alleged that they were owners of real property abutting on a lake which is an impoundment of the Housatonic River. The complaint, seeking injunctive relief and damages, sought to have the action designated as a class action. The Company removed this action to the Federal District Court in Connecticut. Thereafter, in October 1979 the plaintiffs amended their complaint to include four counts based on alleged nuisance, trespass, violations of so-called Federal common law, and violations of a Connecticut statute relating to depositing materials in rivers of the state. In the same month a number of additional parties were granted leave to intervene as plaintiffs in the proceeding. In November 1979 the plaintiffs requested the court to certify the case as a class action on behalf of all owners of real property adjacent to and abutting upon the Housatonic River, including its impoundments, between Pittsfield, Massachusetts, where the Company has a plant facility, and Long Island Sound. In February 1980 a hearing was held with respect to class certification and the Court has the matter under consideration. While it is not possible at this time to express an opinion as to the outcome of this case or the case reported in the prior paragraph, it would not appear that either case involves a significant risk of a material financial impact on the Company.

On October 24, 1977 the Nuclear Regulatory Commission issued an order to show cause which directed General Electric to close down a test nuclear reactor licensed for many years for operation at Company facilities near Pleasanton, California. The order was based on alleged potential risks associated with claimed seismic conditions in the vicinity of the reactor site. The Advisory Committee on Reactor Safeguards is evaluating geologic and seismic data and is expected to make a recommendation by mid-1980. It is anticipated that, at the request of third party intervenors, there will be a hearing on this matter.

On August 1, 1978 the Federal Environmental Protection Agency issued a notice of violation and an order to show cause relating to discharges of chromium and cyanide by a General Electric subsidiary in the Commonwealth of Puerto Rico. Following receipt of that notice of violation and order there were several meetings with EPA officials and with officials of the Environmental Quality Board of Puerto Rico. The Company's subsidiary filed required data with respect to corrective action taken and is awaiting the issuance of appropriate amended discharge permits.

As reported in the Company's Form 10-Q for the quarter ended September 30, 1979, the Company was served on August 6, 1979 with a citation by the Circuit Court, Cook County, Illinois relating to smoke emissions from a Company plant in Cook County. Following a probationary period established by the court, a finding of not guilty was entered on February 15, 1980.

In a letter dated November 29, 1979 the California Department of Health informed the Company that analysis of soil samples collected at a Company facility in Oakland, California disclosed PCB contamination and directed the Company to take corrective action. The Company submitted a problem definition plan to the State on February 14, 1980, which will be followed by an appropriate plan for corrective action.

In November 1979 the Company was advised by the New York State Department of Environmental Conservation that the Company had constructed an air contamination source at one of its plants in the state without first obtaining a permit or provisional permit. On December 6, 1979 the Company and the New York State Department entered into a consent order which imposed a $3,000 penalty on the Company for the violation alleged.

On January 21, 1980 the Metropolitan Sanitary District of Greater Chicago issued a notice of violation to the Company claiming that the Company was in violation of applicable ordinances and state pollution statutes because of the alleged discharge of effluents with excessive concentrations of zinc, chrome, lead and mercury. The Company and the representatives of the Sanitary District held a conciliation meeting on February 8, 1980 wherein it was agreed that the Company would determine the cause of these excessive concentrations and submit a plan for compliance by May 6, 1980.

General Electric's license for the storage of spent nuclear fuel at its Morris, Illinois facility expired August 31, 1979. Application for renewal of the license has been filed and public hearings will be held before an Atomic

Safety and Licensing Board sometime in 1980. A number of parties, including the Attorney General for the State of Illinois, have intervened to oppose renewal of the license.

In November 1975 the United States Environmental Protection Agency, Region IV, issued a notice of violation and order requiring General Electric to comply with the provisions of its permit regulating the PCB content of waste water discharge from the Company's Apparatus Service Shop in Chamblee, Georgia. The order also required General Electric to show cause why the matter should not be forwarded to the U.S. Attorney for further action. General Electric Company met on a number of occasions with the staffs of the U.S. Environmental Protection Agency and the Georgia Environmental Protection Division to review the many corrective actions at the Service Shop. Compliance monitoring by the two government agencies to assess the effectiveness of these corrective actions continued for several years. The Company considers the matter resolved.

With respect to any of those proceedings as to which no opinion is expressed above, it is the view of management that such proceeding will not have a material effect on the financial position of the Company.

Item 6. Increases and Decreases in Outstanding Securities and Indebtedness

(a) Increase and decreases in equity securities during 1979:

	Shares Issued	Shares held by Company	Shares Outstanding
Common stock, par value $2.50 per share			
Balance at December 31, 1978.........	231,463,949	(3,427,717)	228,036,232
Changes at various dates during 1979:			
Shares issued:			
Employee savings plans:			
Savings and Security Program...	-	2,482,288	2,482,288
Savings and Stock Bonus Plan...	-	9,558	9,558
Employee Stock Ownership Plan.....	-	213,051	213,051
Incentive compensation plans......	-	152,048	152,048
Stock option plans...............	-	100,687	100,687
Purchases:			
Reacquired at current market prices pursuant to provisions of employee plans other than stock option plans..............	-	(855,933)	(855,933)
Reacquired through regular transactions in the securities market.........................	-	(2,299,400)	(2,299,400)
Balance at December 31, 1979...........	231,463,949	(3,625,418)	227,838,531

Item 7. Changes in Securities and Changes in Security for Registered Securities

None

Item 8. Defaults upon Senior Securities

None

Item 9. Approximate Number of Equity Security Holders

Title of Class	Number of record holders as of December 6, 1979
Common stock, par value $2.50 per share.........	527,586

Item 10. **Submission of Matters to a Vote of Security Holders**

None.

Item 11. **Indemnification of Directors and Officers**

ARTICLE XI of General Electric Company's By-Laws provides as follows:

"Directors and officers of the Company shall be indemnified to the fullest extent now or hereafter permitted by law in connection with any actual or threatened action or proceedings (including civil, criminal, administrative or investigative proceedings) arising out of their service to the Company or to another organization at the Company's request. Persons who are not directors or officers of the Company may be similarly indemnified in respect of such service to the extent authorized at any time by the Board of Directors. The provisions of this Article shall be applicable to actions or proceedings commenced after the adoption hereof, and to persons who have ceased to be directors, officers or employees and shall inure to the benefit of their heirs, executors and administrators".

The subject of indemnification of directors and officers is governed by Sections 721-727 of the New York Business Corporation Law.

General Electric has directors' and officers' liability insurance. Lloyd's London and International Insurance Company are the principal underwriters. General Electric also has fiduciary liability insurance, underwritten by National Union Fire Insurance Company and other underwriters, covering fiduciaries of General Electric's employee benefit plans.

The directors' and officers' liability insurance covers directors, officers, division general managers of General Electric, the president of General Electric Credit Corporation, and several other General Electric managers. The fiduciary liability insurance covers, among others, directors, officers and employees of General Electric who may be fiduciaries of any of General Electric's employee benefit plans.

Executive Officers of the Registrant

Name	Position	Age	Date assumed present position
Reginald H. Jones.........	Chairman of the Board and Chief Executive Officer	62	December 1972
John F. Burlingame........	Vice Chairman of the Board and Executive Officer	57	October 1979
Edward E Hood, Jr.........	Vice Chairman of the Board and Executive Officer	49	October 1979
John F. Welch, Jr.........	Vice Chairman of the Board and Executive Officer	44	October 1979
Arthur M. Bueche..........	Senior Vice President-Corporate Technology	59	September 1978
Daniel J. Fink............	Senior Vice President-Corporate Planning and Development	53	October 1979
Robert B. Kurtz...........	Senior Vice President-Corporate Production and Operating Services	62	December 1977
Leonard C. Maier, Jr......	Senior Vice President-Corporate Relations	55	December 1977
Walter A. Schlotterbeck...	Senior Vice President, General Counsel and Secretary	53	December 1977
Thomas O. Thorsen.........	Senior Vice President-Finance	48	November 1979
James A. Baker............	Executive Vice President and Sector Executive	52	October 1979
Robert R. Frederick.......	Executive Vice President and Sector Executive	54	October 1979
Herman R. Hill............	Executive Vice President and Sector Executive	61	November 1979
Christopher T. Kastner....	Executive Vice President and Sector Executive	54	October 1979
Paul W. Van Orden.........	Executive Vice President and Sector Executive	52	October 1979
James J. Costello.........	Vice President and Comptroller	50	November 1979
Russell E. Whitmyer.......	Vice President and Treasurer	64	July 1973

All officers are elected by the Board of Directors for an initial term which continues until the first Board meeting following the next annual statutory meeting of share owners and thereafter are elected for one-year terms or until their successors have been elected.

All officers have been executives of General Electric Company for the last five years.

Item 12. Financial Statements and Exhibits Filed

(a) Financial Statements

(1) Applicable to General Electric Company and Consolidated Affiliates

(a) **Financial Statements** (cont'd.)

(1) (cont'd.)

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* The financial statements for General Electric Company and consolidated affiliates appear on pages 32 through 44 of the General Electric Investor - 1979 Annual Report to share owners and are incorporated into this annual report (Form 10-K) as pages F-1 through F-13. Supplementary information - effect of changing prices (unaudited) appears on pages 28-30 of the General Electric Investor 1979 Annual Report to share owners and is incorporated into this annual report (Form 10K) as pages F-17-F-19. With the exception of the aforementioned information no other data appearing in the 1979 Annual Report to share owners is deemed to be filed as part of this annual report (Form 10-K). The additional financial information on pages F-14 through F-16 and the following schedules should be read in conjunction with the financial statements in the 1979 Annual Report to share owners.

The schedules listed in Reg. 210.5-04, except those shown below, have been omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

(2) Applicable to General Electric Credit Corporation

Consolidated Balance Sheet at December 31, 1979 and 1978

Consolidated Statement of Current and Retained Earnings for the years ended December 31, 1979 and 1978

Consolidated Statement of Changes in Financial Position for the years ended December 31, 1979 and 1978

Notes to Financial Statements

Report of Independent Certified Public Accountants

The financial statements of General Electric Credit Corporation are included in the annual report (Form 10-K) for 1979 filed with the Securities and Exchange Commission by General Electric Credit Corporation and are hereby incorporated in and made a part of this annual report (Form 10-K) by reference.

The financial statements of the registrant are omitted because the registrant is primarily an operating company and all affiliates included in the consolidated financial statements being filed, in the aggregate, do not have minority equity interest and/or indebtedness to any person other than the registrant or its consolidated affiliates in amounts which together exceed 5% of the total assets as shown by the most recent year-end statement of financial position.

(b) Exhibits

Annual Report on Form 11-K, General Electric Savings and Security Program (Exhibit 1).

Accountant's consent in connection with material referenced in Exhibit 1 (Exhibit 2).

Amendments to General Electric Supplementary Pension Plan (Exhibit 3)

PART II

Part II is omitted from this report since a definitive proxy statement was filed with the Securities and Exchange Commission pursuant to regulation 14A on March 6, 1980.

SIGNATURE

Pursuant to the requirements of Section 13 of the Securities and Exchange Act of 1934, the registrant has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized.

General Electric Company
(Registrant)

By.../s/ James J. Costello...
James J. Costello-Vice President and Comptroller

Date: March 26, 1980

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors
General Electric Company:

We have examined the financial statements, the other financial information, and the related schedules of General Electric Company and consolidated affiliates as listed in the index on pages 33 and 34. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of General Electric Company and consolidated affiliates at December 31, 1979 and 1978, and the results of their operations and the changes in their financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis; and the other financial information and supporting schedules, in our opinion, present fairly the information set forth therein.

PEAT, MARWICK, MITCHELL & CO.

New York, N.Y.
February 15, 1980

Statement of earnings

General Electric Company and consolidated affiliates

For the years ended December 31 (In millions)		1979	1978
Sales	Sales of products and services to customers (note 1)	$22,460.6	$19,653.8
Operating costs	Cost of goods sold	15,990.7	13,915.1
	Selling, general and administrative expense	3,715.9	3,204.4
	Depreciation, depletion and amortization	624.1	576.4
	Operating costs (notes 2 and 3)	20,330.7	17,695.9
	Operating margin	2,129.9	1,957.9
	Other income (note 4)	519.4	419.0
	Interest and other financial charges (note 5)	(258.6)	(224.4)
Earnings	Earnings before income taxes and minority interest	2,390.7	2,152.5
	Provision for income taxes (note 6)	(953.4)	(893.9)
	Minority interest in earnings of consolidated affiliates	(28.5)	(28.9)
	Net earnings applicable to common stock	$ 1,408.8	$ 1,229.7
	Earnings per common share (in dollars) (note 7)	$6.20	$5.39
	Dividends declared per common share (in dollars)	$2.75	$2.50
	Operating margin as a percentage of sales	9.5%	10.0%
	Net earnings as a percentage of sales	6.3%	6.3%

The information on pages F5-F13 is an integral part of this statement.

Statement of financial position

General Electric Company and consolidated affiliates

At December 31 (In millions)		1979	1978
Assets	Cash (note 8)	$ 1,904.3	$ 1,992.3
	Marketable securities (note 8)	672.3	470.3
	Current receivables (note 9)	3,646.6	3,288.5
	Inventories (note 10)	3,161.3	3,003.4
	Current assets	9,384.5	8,755.0
	Property, plant and equipment (note 11)	9,365.2	8,328.2
	Accumulated depreciation, depletion and amortization (note 11)	(4,752.4)	(4,305.6)
		4,612.8	4,022.6
	Investments (note 12)	1,691.5	1,410.5
	Other assets (note 13)	955.7	847.9
	Total assets	$16,644.5	$15,036.0
Liabilities and equity	Short-term borrowings (note 14)	$ 871.0	$ 960.3
	Accounts payable	1,476.7	1,217.2
	Progress collections and price adjustments accrued	1,957.0	1,667.3
	Dividends payable	158.8	147.6
	Taxes accrued	655.6	532.6
	Other costs and expenses accrued (note 15)	1,752.7	1,650.2
	Current liabilities	6,871.8	6,175.2
	Long-term borrowings (note 16)	946.8	993.8
	Other liabilities	1,311.9	1,129.5
	Total liabilities	9,130.5	8,298.5
	Minority interest in equity of consolidated affiliates	151.7	150.8
	Preferred stock ($1 par value; 2,000,000 shares authorized; none issued)	—	—
	Common stock ($2.50 par value; 251,500,000 shares authorized; 231,463,949 shares issued 1979 and 1978)	578.7	578.7
	Amounts received for stock in excess of par value	656.3	658.0
	Retained earnings	6,307.6	5,522.4
		7,542.6	6,759.1
	Deduct common stock held in treasury	(180.3)	(172.4)
	Total share owners' equity (notes 17 and 18)	7,362.3	6,586.7
	Total liabilities and equity	$16,644.5	$15,036.0

Commitments and contingent liabilities (note 19)

The information on pages F5-F13 is an integral part of this statement.

Statement of changes in financial position

General Electric Company and consolidated affiliates

For the years ended December 31 (in millions)		1979	1978
Source of funds	From operations		
	Net earnings	$1,408.8	$1,229.7
	Less earnings retained by nonconsolidated finance affiliates	(16.8)	(15.7)
	Depreciation, depletion and amortization	624.1	576.4
	Income tax timing differences	(37.2)	31.9
	Minority interest in earnings of consolidated affiliates	28.5	28.9
		2,007.4	1,851.2
	Increases in long-term borrowings	49.7	95.5
	Newly issued common stock	—	2.6
	Disposition of treasury shares	147.5	189.8
	Increase in current payables other than short-term borrowings	785.9	570.0
	Decrease in investments	—	22.8
	Other — net	147.3	176.3
	Total source of funds	3,137.8	2,908.2
Application of funds	Additions to property, plant and equipment	1,262.3	1,055.1
	Dividends declared on common stock	623.6	569.8
	Increase in investments	281.0	—
	Reduction in long-term borrowings	96.7	386.0
	Purchase of treasury shares	155.4	195.7
	Increase in current receivables	358.1	305.8
	Increase in inventories	157.9	399.1
	Total application of funds	2,935.0	2,911.5
Net change	Net change in cash, marketable securities and short-term borrowings	$ 202.8	$ (3.3)
Analysis of net change	Increase in cash and marketable securities	$ 113.5	$ 184.9
	Decrease (increase) in short-term borrowings	89.3	(188.2)
		$ 202.8	$ (3.3)

The information on pages F5-F13 is an integral part of this statement.

Statement of changes in share owners' equity

General Electric Company and consolidated affiliates

For the years ended December 31		1979	1978	1979	1978
		(In millions)		(Thousands of shares)	
Common stock issued	Balance January 1	$ 578.7	$ 578.5	231,464	231,410
	New shares issued:				
	Employee savings plans	—	0.2	—	54
	Balance December 31	578.7	578.7	231,464	231,464
Amounts received for stock in excess of par value	Balance January 1	658.0	668.4		
	Excess over par value of amounts received for newly issued shares	—	2.4		
	Loss on disposition of treasury stock	(1.7)	(12.8)		
	Balance December 31	656.3	658.0		
Retained earnings	Balance January 1	5,522.4	4,862.5		
	Net earnings	1,408.8	1,229.7		
	Dividends declared on common stock	(623.6)	(569.8)		
	Balance December 31	6,307.6	5,522.4		
Common stock held in treasury	Balance January 1	(172.4)	(166.5)	(3,428)	(3,249)
	Purchases	(155.4)	(195.7)	(3,155)	(3,838)
	Dispositions:				
	Employee savings plans	124.1	116.1	2,492	2,223
	Employee Stock Ownership Plan	10.6	—	213	—
	Incentive compensation plans	7.8	8.0	152	147
	Stock options and appreciation rights	5.0	7.0	101	134
	Business acquisitions	—	58.7	—	1,155
	Balance December 31	(180.3)	(172.4)	(3,625)	(3,428)
	Total share owners' equity December 31	$7,362.3	$6,586.7	227,839	228,036

The information on pages F5-F13 is an integral part of this statement.

Summary of significant accounting policies

Basis of consolidation
The financial statements consolidate the accounts of the parent General Electric Company and those of all majority-owned and controlled companies ("affiliated companies"), except finance companies whose operations are not similar to those of the consolidated group. All significant items relating to transactions among the parent and affiliated companies are eliminated from the consolidated statements.

The nonconsolidated finance companies are included in the statement of financial position under investments and are valued at equity plus advances. In addition, companies in which GE and/or its consolidated affiliates own 20% to 50% of the voting stock ("associated companies") are included under investments, valued at the appropriate share of equity plus advances. After-tax earnings of nonconsolidated finance companies and associated companies are included in the statement of earnings under other income.

A nonconsolidated uranium mining company (see note 12) is also included under investments and is valued at lower of cost or equity, plus advances.

Sales
The Company and its consolidated affiliates record a transaction as a sale only when title to products passes to the customer or when services are performed in accordance with contract terms.

Vacation expense
Most employees earn credits during the current year for vacations to be taken in the following year. The expense for this liability is accrued during the year vacations are earned rather than in the year vacations are taken.

Pensions
Investments of the General Electric Pension Trust, which funds the obligations of the General Electric Pension Plan, are carried at amortized cost plus programmed appreciation in the common stock portfolio. Recognition of programmed appreciation is carried out on a systematic basis which does not give undue weight to short-term market fluctuations. Programmed appreciation will not be recognized if average book value exceeds average market value, calculated on a moving basis over a multiyear period.

The funding program for the Pension Plan uses 6% as the estimated rate of future Trust income. This rate includes systematic recognition of appreciation in the common stock portfolio.

Unfunded prior service liabilities of the Plan are amortized over 20 years. Net actuarial gains and losses are amortized over 15 years.

Costs of a separate, supplementary pension plan, primarily affecting long-service professional and managerial employees, are not funded. Current service costs and amortization of prior service costs over a period of 20 years are being charged to operating expenses currently.

Investment tax credit
The investment tax credit is recorded by the "deferral method" and is amortized as a reduction of the provision for taxes over the lives of the facilities to which the credit applies, rather than being "flowed through" to income in the year the asset is acquired.

Inventories
Substantially all manufacturing inventories located in the U.S. are valued on a last-in first-out, or LIFO, basis. Most manufacturing inventories outside the U.S. are generally valued on a first-in first-out, or FIFO, basis. Valuations are based on the cost of material, direct labor and manufacturing overhead, and do not exceed net realizable values. Certain indirect manufacturing expenses are charged directly to operating costs during the period incurred, rather than being inventoried.

Mining inventories, which include principally mined ore and coal, metal concentrates and mining supplies, are stated at the lower of average cost or market. The cost of mining inventories includes both direct and indirect costs consisting of labor, purchased supplies and services, and depreciation, depletion and amortization of property, plant and equipment.

Property, plant and equipment
Manufacturing plant and equipment includes the original cost of land, buildings and equipment less depreciation, which is the estimated cost consumed by wear and obsolescence. An accelerated depreciation method, based principally on a sum-of-the-years digits formula, is used to record depreciation of the original cost of manufacturing plant and equipment purchased and installed in the U.S. subsequent to 1960. Acquisitions prior to 1961, and most manufacturing plant and equipment located outside the U.S., are depreciated on a straight-line basis. If manufacturing plant and equipment is subject to abnormal economic conditions or obsolescence, additional depreciation is provided. Expenditures for maintenance and repairs of manufacturing plant and equipment are charged to operations as incurred.

The cost of mining properties includes initial expenditures and cost of major rebuilding projects which substantially increase the useful lives of existing assets. The cost of mining properties is depreciated, depleted or amortized over the useful lives of the related assets by use of unit-of-production, straight-line or declining-balance methods.

Mining exploration costs are expensed until it is determined that the development of a mineral deposit is likely to be economically feasible. After this determination is made, all costs related to further development, including financing costs of identifiable new borrowings associated with the development of new mining projects, are capitalized. Amortization of such costs begins upon commencement of production and is over ten years or the productive life of the property, whichever is less.

Oil and gas properties are accounted for by use of the full-cost method.

Notes to financial statements

1. Sales

Approximately one-eighth of sales were to agencies of the U.S. government, which is the Company's largest single customer. The principal source of these sales was the Technical Systems and Materials segment of the Company's business.

2. Operating costs

Operating costs by major expense categories are shown below:

(In millions)	1979	1978
Employee compensation, including benefits	$ 8,285.4	$ 7,401.3
Materials, supplies, services and other costs	11,320.0	9,866.7
Depreciation, depletion and amortization	624.1	576.4
Taxes, except Social Security and those on income	259.1	250.6
Increase in inventories during the year	(157.9)	(399.1)
	$20,330.7	$17,695.9

Supplemental details are as follows:

(In millions)	1979	1978
Maintenance and repairs	$774.6	$671.5
Company-funded research and development	640.0	520.8
Social Security taxes	471.3	397.0
Advertising	281.9	247.4
Rent	221.8	198.0
Mineral royalties and export duties	81.5	78.8

Foreign currency translation gains, after recognizing related income tax effects and minority interest share, were $11.8 million in 1979 and $12.1 million in 1978.

3. Employee benefits

General Electric and its affiliates have a number of pension plans, the total Company cost of which was $412.9 million in 1979 and $381.4 million in 1978. The most significant of these plans is the General Electric Pension Plan, in which substantially all employees in the U.S. are participating. Individuals receiving benefits under the Pension Plan totaled 75,700 and 72,100 at December 31, 1979 and 1978, respectively, and obligations of the Plan are funded through the GE Pension Trust.

Earnings of the Trust, including the programmed recognition of appreciation, as a percentage of book value of the portfolio, were 8.4% for 1979 and 7.8% for 1978.

Unfunded liabilities of the Pension Plan were estimated to be $815 million at December 31, 1979, compared with $639 million at the end of 1978, the increase resulting primarily from amendments to the Pension Plan which were effective in 1979. Unfunded vested liabilities included in these amounts were $706 million and $534 million at December 31, 1979 and 1978, respectively. Estimated market value of Trust assets at the end of 1979 was $4,968 million and $4,202 million at the end of 1978.

It is estimated that amendments to the Pension Plan effective January 1, 1980, will result in increases of $90 million in the Plan's unfunded liabilities.

Financial statements of the Pension Trust appear below:

General Electric Pension Trust

(In millions)	1979	1978
Operating statement		
Total assets at January 1	$4,328.9	$3,818.7
Company contributions	340.7	316.6
Employee contributions	94.3	83.3
	435.0	399.9
Dividends, interest and sundry income	294.3	234.9
Common stock appreciation:		
Realized	21.1	0.7
Accrued	67.1	75.9
Total programmed	88.2	76.6
Pensions paid	(224.9)	(201.2)
Total assets at December 31	$4,921.5	$4,328.9
Financial position — December 31		
U.S. government obligations and guarantees	$ 133.0	$ 103.5
Corporate bonds and notes	547.0	356.0
Real estate and mortgages	819.0	770.0
Common stocks and convertibles	2,974.4	2,781.5
	4,473.4	4,011.0
Cash and short-term investments	371.5	240.2
Other assets — net	76.6	77.7
Total assets	$4,921.5	$4,328.9
Funded liabilities:		
Liability to pensioners	$1,874.5	$1,638.7
Liability for pensions to participants not yet retired	3,047.0	2,690.2
Total funded liabilities	$4,921.5	$4,328.9

Costs of the separate supplementary pension plan were $39.1 million in 1979 and $35.3 million in 1978. Unamortized costs for this supplementary plan were $267 million and $243 million at December 31, 1979 and 1978, respectively.

Utah has separate pension plans which are substantially fully funded and the costs of which are included in the total Company costs reported above.

Incentive compensation plans were participated in by over 4,000 key employees. Amounts included in costs and expenses for incentive compensation were $56.0 million in 1979 and $47.8 million in 1978.

4. Other income

(In millions)	1979	1978
Net earnings of GE Credit Corporation	$ 89.9	$ 77.3
Income from:		
Marketable securities and bank deposits	228.8	140.4
Customer financing	70.3	48.6
Royalty and technical agreements	49.7	44.3
Associated companies and nonconsolidated uranium mining affiliate	11.2	33.7
Other investments:		
Interest	20.5	18.6
Dividends	10.8	10.5
Other sundry items	38.2	45.6
	$519.4	$419.0

Other sundry items include gains from sales of marketable equity securities of $6.5 million in 1978.

5. Interest and other financial charges

Amounts applicable to principal items of long-term borrowings were $97.6 million in 1979 and $98.0 million in 1978.

6. Provision for income taxes

(In millions)	1979	1978
U.S. federal income taxes:		
Estimated amount payable	$598.9	$590.4
Effect of timing differences	(31.3)	(13.5)
Investment credit deferred — net	45.4	24.9
	613.0	601.8
Foreign income taxes:		
Estimated amount payable	323.2	221.1
Effect of timing differences	(5.9)	45.4
	317.3	266.5
Other (principally state and local income taxes)	23.1	25.6
	$953.4	$893.9

All U.S. federal income tax returns have been closed through 1971.

Provision has been made for federal income taxes to be paid on that portion of the undistributed earnings of affiliates and associated companies expected to be remitted to the parent company. Undistributed earnings intended to be reinvested indefinitely in affiliates and associated companies totaled $944 million at the end of 1979 and $815 million at the end of 1978.

Changes in estimated foreign income taxes payable and in the effect of timing differences result principally from increased foreign earnings and tax rates, and from recognizing in 1979 for tax payment purposes the results of transactions in Australia recorded for financial reporting purposes in other periods.

Investment credit amounted to $75.9 million in 1979, compared with $50.7 million in the prior year. In 1979, $30.5 million was added to net earnings, compared with $25.8 million in 1978. At the end of 1979, the amount still deferred and to be included in net earnings in future years was $206.7 million.

Effect of timing differences on U.S. federal income taxes

(In millions) Increase (decrease) in provision for income taxes	1979	1978
Tax over book depreciation	$ 22.7	$ 25.5
Undistributed earnings of affiliates and associated companies	(2.1)	8.0
Margin on installment sales	(9.9)	(10.1)
Provision for warranties	(36.1)	(31.1)
Other — net	(5.9)	(5.8)
	$(31.3)	$(13.5)

The cumulative net effect of timing differences has resulted in a deferred-tax asset which is shown under other assets.

Reconciliation from statutory to effective income tax rates

	1979	1978
U.S. federal statutory rate	46.0%	48.0%
Reduction in taxes resulting from:		
Varying tax rates of consolidated affiliates (including DISC)	(3.3)	(3.4)
Inclusion of earnings of the Credit Corporation in before-tax income on an after-tax basis	(1.7)	(1.7)
Investment credit	(1.3)	(1.2)
Income tax at capital gains rate	—	(0.6)
Other — net	0.2	0.4
Effective tax rate	39.9%	41.5%

7. Earnings per common share

Earnings per share are based on the average number of shares outstanding. Any dilution which would result from the potential exercise or conversion of such items as stock options or convertible debt outstanding is insignificant (less than 1% in 1979 and 1978).

8. Cash and marketable securities

Time deposits and certificates of deposit aggregated $1,675.1 million at December 31, 1979, and $1,746.8 million at December 31, 1978. Deposits restricted as to usage and withdrawal or used as partial compensation for short-term borrowing arrangements were not material.

Marketable securities (none of which are equity securities) are carried at the lower of amortized cost or market value. Carrying value was substantially the same as market value at year-end 1979 and 1978. Included at year-end 1979 were U.S. treasury obligations of $470.3 million ($393.7 million in 1978).

9. Current receivables

(In millions) December 31	1979	1978
Customers' accounts and notes	$3,254.6	$2,922.3
Associated companies	35.8	27.8
Nonconsolidated affiliates	6.9	2.8
Other	438.7	414.1
	3,736.0	3,367.0
Less allowance for losses	(89.4)	(78.5)
	$3,646.6	$3,288.5

10. Inventories

(In millions) December 31	1979	1978
Raw materials and work in process	$1,943.5	$1,802.3
Finished goods	965.7	943.0
Unbilled shipments	252.1	258.1
	$3,161.3	$3,003.4

About 80% of total inventories are in the United States.

If the FIFO method of inventory accounting had been used by the Company, inventories would have been $1,949.8 million higher than reported at December 31, 1979 ($1,519.0 million higher than reported at December 31, 1978).

11. Property, plant and equipment

(In millions)	1979	1978
Major classes at December 31:		
Manufacturing plant and equipment		
Land and improvements	$ 124.7	$ 123.5
Buildings, structures and related equipment	2,098.5	1,983.8
Machinery and equipment	5,314.2	4,737.0
Leasehold costs and manufacturing plant under construction	371.8	232.4
Mineral property, plant and equipment	1,456.0	1,251.5
	$9,365.2	$8,328.2
Cost at January 1	$8,328.2	$7,514.5
Additions	1,262.3	1,055.1
Dispositions	(225.3)	(241.4)
Cost at December 31	$9,365.2	$8,328.2
Accumulated depreciation, depletion and amortization		
Balance at January 1	$4,305.6	$3,930.4
Current-year provision	624.1	576.4
Dispositions	(188.2)	(191.1)
Other changes	10.9	(10.1)
Balance at December 31	$4,752.4	$4,305.6
Property, plant and equipment less depreciation, depletion and amortization at December 31	$4,612.8	$4,022.6

12. Investments

(In millions) December 31	1979	1978
Nonconsolidated finance affiliates	$ 824.0	$ 683.6
Nonconsolidated uranium mining affiliate	157.5	86.7
Miscellaneous investments (at cost):		
Government and government-guaranteed securities	233.1	241.4
Other	147.5	119.1
	380.6	360.5
Marketable equity securities	44.0	37.4
Associated companies	301.3	257.1
Less allowance for losses	(15.9)	(14.8)
	$1,691.5	$1,410.5

Condensed consolidated financial statements for the General Electric Credit Corporation (the principal nonconsolidated finance affiliate) are shown below. More detailed information is available in General Electric Credit Corporation's 1979 Annual Report, copies of which may be obtained by writing to: General Electric Credit Corporation, P.O. Box 8300, Stamford, Connecticut 06904.

General Electric Credit Corporation
Financial position

(In millions) December 31	1979	1978
Cash and marketable securities	$ 373.8	$ 367.5
Receivables:		
Time sales and loans	7,480.3	6,052.7
Deferred income	(1,124.1)	(843.9)
	6,356.2	5,208.8
Investment in leases	1,207.1	1,031.7
Sundry receivables	140.6	78.1
Total receivables	7,703.9	6,318.6
Allowance for losses	(231.2)	(199.3)
Net receivables	7,472.7	6,119.3
Other assets	321.3	171.9
Total assets	$8,167.8	$6,658.7
Notes payable:		
Due within one year	$3,921.0	$2,953.0
Long-term — senior	1,743.0	1,571.1
— subordinated	324.8	325.5
Other liabilities	631.3	513.7
Total liabilities	6,620.1	5,363.3
Deferred income taxes	718.0	615.7
Deferred investment tax credit	13.3	3.2
Capital stock	566.4	443.7
Additional paid-in capital	11.5	11.5
Retained earnings	238.5	221.3
Equity	816.4	676.5
Total liabilities, deferred tax items and equity	$8,167.8	$6,658.7

Current and retained earnings

(In millions) For the year	1979	1978
Earned income	$1,102.4	$ 813.6
Expenses:		
Interest and discount	528.2	336.7
Operating and administrative	395.6	315.1
Provision for losses — receivables	69.4	56.4
— other assets	(1.8)	8.0
Provision for income taxes	21.1	20.1
	1,012.5	736.3
Net earnings	89.9	77.3
Less dividends	(72.7)	(61.8)
Retained earnings at January 1	221.3	205.8
Retained earnings at December 31	$ 238.5	$ 221.3

Investment in the nonconsolidated uranium mining affiliate consists of investment in a wholly owned affiliate (established in the course of obtaining a U.S. Department of Justice Business Advisory Clearance Procedure Letter in connection with the 1976 Utah merger) to which all of the then existing uranium business of Utah has been transferred. All common stock of this affiliate has been placed in a voting trust controlled by independent voting trustees. Prior to the year 2000, General Electric and its affiliates may not withdraw the common stock from the voting trust except for sale to unaffiliated third parties. Directors and officers of the affiliate may not be directors, officers, or employees of General Electric, Utah or of any of their affiliates. Uranium may not be sold by this affiliate, in any state or form, to, or at the direction of, General Electric or its affiliates.

All outstanding shares of preferred stock of the uranium affiliate are retained by Utah as an affiliate of General Electric. Payment of cumulative quarterly dividends out of legally available funds on this preferred stock is mandatory in amounts equal to 85% of the affiliate's net after-tax income for the previous quarter (without taking account of any deduction for exploration expense as defined). Utah, as holder of the preferred stock, must make loans with up to ten-year maturities when requested by the affiliate, although the aggregate amount of such loans need not at any time exceed preferred dividend payments for the immediately preceding two calendar years.

The estimated realizable value of miscellaneous investments was $350 million at December 31, 1979 and 1978.

Marketable equity securities are valued at the lower of cost or market. Aggregate market value of marketable equity securities was $181 million and $173 million at year-end 1979 and 1978, respectively. At December 31, 1979, gross unrealized gains on marketable equity securities were $137 million.

Investments in nonconsolidated affiliates and associated companies included advances of $122.6 million at December 31,1979 ($51.0 million at December 31, 1978).

13. Other assets

(In millions) December 31	1979	1978
Long-term receivables	$307.2	$286.6
Deferred charges	144.8	128.7
Recoverable engineering costs on government contracts	121.4	98.9
Customer financing	106.7	101.7
Deferred income taxes	98.0	75.3
Real estate development projects	80.8	79.0
Licenses and other intangibles — net	52.2	40.9
Other	44.6	36.8
	$955.7	$847.9

Licenses and other intangibles acquired after October 1970 are being amortized over appropriate periods of time.

14. Short-term borrowings

The average balance of short-term borrowings, excluding the current portion of long-term borrowings, was $705.2 million during 1979 (calculated by averaging all month-end balances for the year) compared with an average balance of $714.8 million in 1978. The maximum balance included in these calculations was $726.9 million and $747.6 million at the end of March 1979 and August 1978, respectively. The average effective interest rate for the year 1979 was 17.6% and for 1978 was 14.3%. These average rates represent total short-term interest expense divided by the average balance outstanding. A summary of short-term borrowings and the applicable interest rates is shown above at right.

Short-term borrowings

(In millions) December 31	1979		1978	
	Amount	Average rate at Dec. 31	Amount	Average rate at Dec. 31
Parent notes with trust departments	$289.7	12.62%	$302.4	10.24%
Consolidated affiliate bank borrowings	389.4	27.10	362.4	20.56
Other, including current portion of long-term borrowings	191.9		295.5	
	$871.0		$960.3	

Parent borrowings are from U.S. sources. Borrowings of consolidated affiliated companies are primarily from foreign sources. Current portion of long-term borrowings for 1978 includes General Electric 6¼% Debentures ($125.0 million) retired in July 1979, and Utah 7½% Guaranteed Notes ($20.0 million) retired in March 1979. Other borrowings include amounts from nonconsolidated affiliates of $64.8 million in 1979 ($59.4 million in 1978).

Although the total unused credit available to the Company through banks and commercial credit markets is not readily quantifiable, informal credit lines in excess of $1 billion had been extended by approximately 100 U.S. banks at year end.

15. Other costs and expenses accrued

The balance at the end of 1979 included compensation and benefit costs accrued of $640.9 million and interest expense accrued of $35.2 million. At the end of 1978, compensation and benefit costs accrued were $572.8 million and interest expense accrued was $35.2 million.

16. Long-term borrowings

(In millions) Outstanding December 31	1979	1978	Due date	Sinking fund/ prepayment period
General Electric Company:				
5¼% Notes	$ 68.8	$ 75.0	1991	1972-90
5.30% Debentures	80.5	100.9	1992	1973-91
7½% Debentures	149.3	156.5	1996	1977-95
8½% Debentures	295.0	300.0	2004	1985-03
Utah International Inc.:				
Notes with banks	4.9	22.7	1981	1978-81
8% Guaranteed Sinking Fund Debentures	16.6	17.8	1987	1977-87
7.6% Notes	32.0	36.0	1988	1974-88
Other	24.8	26.2		
General Electric Overseas Capital Corporation:				
4¼% Bonds	23.9	26.9	1985	1976-84
4¼% Debentures	50.0	50.0	1987	None
5½% Sterling/ Dollar Guaranteed Loan Stock	7.9	7.4	1993	None
Other	37.4	37.0		
All other	155.7	137.4		
	$946.3	$993.8		

The amounts shown above are after deduction of the face value of securities held in treasury as shown above right.

Face value of long-term borrowings in treasury

(In millions) December 31	1979	1978
General Electric Company:		
5.30% Debentures	$49.5	$39.1
7½% Debentures	29.0	29.0
8½% Debentures	5.0	—
General Electric Overseas Capital Corporation:		
4¼% Bonds	7.1	6.0

General Electric 5.30% Debentures having a face value of $10.0 million in 1979 and 1978, and a reacquired cost of $7.8 million in 1979 and $7.6 million in 1978, and General Electric 7½% Debentures having a face value of $7.3 million in 1979 and 1978, and a reacquired cost of $7.0 million in 1979 and $6.6 million in 1978, were retired in accordance with sinking fund provisions. General Electric 5¾% Notes having a face value of $6.2 million ($6.3 million in 1978) were retired in accordance with prepayment provisions.

Utah International Inc. notes with banks are payable in varying installments to 1981 and were subject to average interest rates at year-end 1979 and 1978 of 7.9% and 8.4%, respectively.

Borrowings of General Electric Overseas Capital Corporation are unconditionally guaranteed by General Electric as to payment of principal, premium if any, and interest. This Corporation primarily assists in financing capital requirements of foreign companies in which General Electric has an equity interest, as well as financing certain customer purchases.

Borrowings include 4¼% Guaranteed Debentures due in 1987, which are convertible until June 15, 1987, into General Electric common stock at $80.75 a share, and 5½% Sterling/Dollar Guaranteed Loan Stock due in 1993 in the amount of £3.6 million ($7.9 million), convertible into GE common stock at $73.50 a share. During 1979 and 1978, General Electric Overseas Capital Corporation 4¼% Guaranteed Bonds having a face value of $1.9 million and a reacquired cost of $1.5 million were retired in accordance with sinking fund provisions.

All other long-term borrowings were largely by foreign and real estate development affiliates with various interest rates and maturities.

Long-term borrowing maturities during the next five years, including the portion classified as current, are $124.9 million in 1980, $92.6 million in 1981, $46.3 million in 1982, $31.2 million in 1983, and $45.6 million in 1984. These amounts are after deducting reacquired debentures held in treasury for sinking fund requirements.

17. Share owners' equity

Common stock held in treasury at December 31, 1979, included 1,785,656 shares for the deferred compensation provisions of incentive compensation plans (1,629,911 shares at December 31, 1978). These shares are carried at market value at the time of allotment, which amounted to $87.6 million and $80.0 million at December 31, 1979 and 1978, respectively. The liability is recorded under other liabilities. Other common stock in treasury, which is carried at cost, aggregated 1,839,762 and 1,797,806 shares at December 31, 1979 and 1978, respectively. These shares are held for future corporate requirements, including distributions under employee savings plans, incentive compensation awards and possible conversion of General Electric Overseas Capital Corporation convertible indebtedness. The maximum number of shares required for conversions was 737,725 at December 31, 1979 and 1978. Corporate requirements of shares for benefit plans and conversions may be met either from unissued shares or from shares in treasury.

Retained earnings at year-end 1979 included approximately $246.2 million ($232.4 million at December 31, 1978) representing the excess of earnings of nonconsolidated affiliates over dividends received since their formation. In addition, retained earnings have been reduced by $4.6 million ($4.0 million at December 31, 1978), which represents the change in equity in associated companies since acquisition.

18. Stock option plans and performance units

The plan approved by the share owners in 1978, and previous plans under which options remain outstanding, provide continuing incentives for more than 600 employees. Option price under these plans is the full market value of GE common stock on date of grant. Employees can only exercise options to the extent that installments have matured, normally annually, over a period of four years under the 1978 plan and nine years under prior plans.

The 1973 plan provided, and the 1978 plan provides, for granting stock appreciation rights to holders of options under present and past plans, which permit them to surrender exercisable options or a portion of an option in exchange for an amount equal to the excess of the market price of the common stock on the date the right is exercised over the option price. The Management Development and Compensation Committee (Committee) of the Board of Directors determines whether this amount will be distributed in GE shares, cash or both.

The 1978 plan provides for granting performance units as a means of awarding incentive remuneration to plan participants in lieu of options and stock appreciation rights. Performance units are granted for award periods not exceeding five calendar years, with an achievable value fixed by the Committee at the date of grant which does not exceed 90% of the fair market value of GE common stock on that date. The Committee also sets principal and minimum targets to be achieved and determines the value actually assigned to performance units at the end of the award period in relation to the degree to which the principal target has been achieved. Failure to achieve the minimum target renders the performance unit valueless. Even if the targets are achieved, performance units will only be paid when, if, and to the extent the Committee determines to make payment. No performance units have been paid to date.

At the end of 1979, there were 3,684,472 shares available for the 1978 plan and 2,905,912 shares covered by outstanding options granted under prior plans, for a total of 6,590,384 shares. Of this total amount, 1,997,734 shares were subject to exercisable options, 2,761,194 shares were under options not yet exercisable, and

1,831,456 shares were available for granting options in the future. Appreciation rights relating to unexpired options for 1,957,903 and 1,652,494 shares were outstanding at December 31, 1979 and 1978, respectively. Performance units with an average per-unit maximum achievable value of $29.01 relating on a one-to-one basis to unexpired options for 1,839,304 shares were outstanding at December 31, 1979. The number of shares available for granting options at the end of 1978 was 2,706,577. A summary of stock option transactions during the last two years is shown below:

Stock options	Shares subject to option	Average per share Option price	Average per share Market price
Balance at Jan. 1, 1978	3,388,933	$51.26	$49.75
Options granted	1,123,107	50.60	50.60
Options exercised	(132,921)	43.93	53.21
Options surrendered on exercise of appreciation rights	(71,325)	43.64	51.35
Options terminated	(218,941)	52.87	—
Balance at Dec. 31, 1978	4,088,853	51.37	47.13
Options granted	1,023,122	46.25	46.25
Options exercised	(98,145)	40.63	50.14
Options surrendered on exercise of appreciation rights	(68,834)	40.52	49.17
Options terminated	(186,068)	50.77	—
Balance at Dec. 31, 1979	4,758,928	50.67	50.63

19. Commitments and contingent liabilities

Lease commitments and contingent liabilities, consisting of guarantees, pending litigation, taxes and other claims, in the opinion of management, are not considered to be material in relation to the Company's financial position.

20. Operations by quarter for 1979 and 1978 (unaudited)

(Dollar amounts in millions; per-share amounts in dollars)	First quarter	Second quarter	Third quarter	Fourth quarter
1979:				
Sales of products and services to customers	$5,081.6	$5,642.3	$5,608.8	$6,127.9
Operating margin	470.5	597.9	510.7	550.8
Net earnings	303.4	382.1	340.8	382.5
Net earnings per common share	1.33	1.69	1.50	1.68
1978:				
Sales of products and services to customers	$4,443.4	$4,963.8	$4,842.9	$5,403.7
Operating margin	413.4	520.3	464.1	560.1
Net earnings	247.8	319.4	298.9	363.6
Net earnings per common share	1.09	1.40	1.31	1.59

Industry segment information

Revenues (In millions)
For the years ended December 31

Revenues	Total revenues 1979	Total revenues 1978	Total revenues 1977	Intersegment sales 1979	Intersegment sales 1978	Intersegment sales 1977	External sales and other income 1979	External sales and other income 1978	External sales and other income 1977
Consumer products and services	$ 5,357.8	$ 4,787.8	$ 4,148.1	$ 199.1	$ 188.6	$181.9	$ 5,158.7	$ 4,599.2	$ 3,966.2
Net earnings of GE Credit Corporation	89.9	77.3	67.2	—	—	—	89.9	77.3	67.2
Total consumer products and services	5,447.7	4,865.1	4,215.3	199.1	188.6	181.9	5,248.6	4,676.5	4,033.4
Industrial products and components	4,802.8	4,123.8	3,698.1	507.8	468.5	431.5	4,295.0	3,655.3	3,266.6
Power systems	3,564.4	3,485.7	3,217.6	209.9	174.4	153.9	3,354.5	3,311.3	3,063.7
Technical systems and materials	6,060.8	4,744.6	4,144.6	255.0	189.0	148.0	5,805.8	4,555.6	3,996.6
Natural resources	1,260.3	1,032.2	965.1	—	—	—	1,260.3	1,032.2	965.1
Foreign multi-industry operations	2,900.5	2,767.3	2,562.1	63.5	55.3	49.4	2,837.0	2,712.0	2,512.7
General corporate items and eliminations	(1,056.5)	(945.9)	(893.9)	(1,235.3)	(1,075.9)	(964.7)	178.8	129.9	70.8
Total	$22,980.0	$20,072.8	$17,908.9	$ —	$ —	$ —	$22,980.0	$20,072.8	$17,908.9

Segment operating profit / **Net earnings**
For the years ended December 31

Segment operating profit and net earnings	Segment operating profit 1979	Segment operating profit 1978	Segment operating profit 1977	Net earnings 1979	Net earnings 1978	Net earnings 1977
Consumer products and services	$ 567.7	$ 573.3	$ 482.8	$ 310.8	$ 300.2	$ 255.9
Net earnings of GE Credit Corporation	89.9	77.3	67.2	89.9	77.3	67.2
Total consumer products and services	657.6	650.6	550.0	400.7	377.5	323.1
Industrial products and components	484.9	426.3	366.7	271.8	222.5	191.1
Power systems	173.7	196.3	162.7	113.9	93.2*	75.5
Technical systems and materials	672.1	545.3	473.7	356.2	277.8	247.5
Natural resources	431.1	371.5	389.2	207.5	180.1	196.2
Foreign multi-industry operations	240.8	244.9	210.8	64.6	75.5*	70.6
Total segment operating profit	2,660.2	2,434.9	2,153.1			
General corporate items and eliminations	(10.9)	(58.0)	(64.8)	(5.9)	3.1*	(15.8)
Interest and other financial charges	(258.6)	(224.4)	(199.5)	—	—	—
Total	$2,390.7	$2,152.5	$1,888.8	$1,408.8	$1,229.7	$1,088.2

*Restated — See page 44

Assets At December 31 / **Property, plant and equipment** For the years ended December 31

Assets and property, plant and equipment	Assets 1979	Assets 1978	Assets 1977	Additions 1979	Additions 1978	Additions 1977	Depreciation, depletion and amortization 1979	Depreciation, depletion and amortization 1978	Depreciation, depletion and amortization 1977
Consumer products and services	$ 2,156.8	$ 2,018.5	$ 1,791.9	$ 207.6	$ 169.0	$127.0	$114.9	$104.2	$101.0
Investment in GE Credit Corporation	817.2	677.3	600.0	—	—	—	—	—	—
Total consumer products and services	2,974.0	2,695.8	2,391.9	207.6	169.0	127.0	114.9	104.2	101.0
Industrial products and components	2,328.9	2,125.1	1,925.1	176.3	165.6	147.7	105.5	91.1	83.8
Power systems	2,135.0	2,104.6	2,152.8	101.1	84.3	81.6	83.6	78.7	73.2
Technical systems and materials	3,422.1	2,682.7	2,128.3	443.7	289.2	203.8	163.4	149.6	126.3
Natural resources	1,679.4	1,489.3	1,386.0	201.2	212.5	131.6	83.4	77.5	69.9
Foreign multi-industry operations	2,258.8	2,099.6	1,849.0	108.9	118.9	115.9	61.4	63.8	52.7
General corporate items and eliminations	1,846.3	1,838.9	1,863.7	23.5	15.6	14.9	11.9	11.5	15.2
Total	$16,644.5	$15,036.0	$13,696.8	$1,262.3	$1,055.1	$822.5	$624.1	$576.4	$522.1

Consumer Products and Services consists of major appliances, air conditioning equipment, lighting products, housewares and audio products and services, television receivers, and broadcasting and cablevision services. It also includes service operations for major appliances, air conditioners, GE TV receivers, and housewares and audio products.

General Electric Credit Corporation, a wholly owned nonconsolidated finance affiliate, engages primarily in consumer, commercial and industrial financing, principally in the U.S. It also participates, to a lesser degree, in life insurance and fire and casualty insurance activities. Products of companies other than General Electric constitute a major portion of products financed by GECC.

Industrial Products and Components includes components (appliance controls, small motors and electronic components), industrial capital equipment (construction, automation and transportation), maintenance, inspection, repair and rebuilding of electric, electronic and mechanical apparatus, and a network of supply houses offering products of General Electric and other manufacturers.

Power Systems includes steam turbine-generators, gas turbines, nuclear power reactors and nuclear fuel assemblies, transformers, switchgear, meters, and installation and maintenance engineering services.

Technical Systems and Materials consists of jet engines for aircraft, industrial and marine applications; electronic and other high-technology products and services primarily for aerospace applications and defense; materials (engineered plastics, silicones, industrial cutting materials, laminated and insulating materials, and batteries); medical and communications equipment; and time sharing, computing, and remote data processing.

Natural Resources includes the mining of coking coal (principally in Australia), uranium, steam coal, iron, and copper. In addition, it includes oil and natural gas production, ocean shipping (primarily in support of mining operations) and land acquisition and development.

Foreign Multi-industry Operations consists principally of foreign affiliates which manufacture products primarily for sale in their respective home markets.

Net earnings for industry segments in prior Annual Reports included allocation of corporate interest income, expense and other financial charges to parent company components based principally on cash flow. Commencing in 1979, the allocation of these items to parent company components has been changed for internal corporate purposes, and also for industry segment reporting purposes, to a method based on change in individual component average nonfixed investment. Net earnings amounts by industry segment for 1979 reflect the revised method. For comparative purposes, 1978 amounts have been restated downward for Power Systems and Foreign Multi-industry Operations by $8.9 million and $1.9 million, respectively, with an offsetting increase in general corporate items and eliminations. The impact of the change would not be material to the amount of, or trend in, earnings of other industry segments for 1978 or to amounts and trends reported for years prior to 1978 for any industry segment. Therefore, no other restatements have been made.

Other allocation procedures for computing net earnings are unchanged. Interest and other financial charges of affiliated companies recognize that such companies generally service their own debt. General corporate expenses are allocated principally on the basis of cost of operations, with certain exceptions and reductions which recognize the varying degrees to which affiliated companies maintain their own corporate structures. In addition, provision for income taxes ($953.4 million in 1979, $893.9 million in 1978) is allocated based on the total corporate effective tax rate, except for GECC and Natural Resources, whose income taxes are calculated separately. Minority interest ($28.5 million in 1979, $28.9 million in 1978) is allocated to operating components having responsibility for investments in consolidated affiliates.

In general, it is GE's policy to price internal sales as nearly as practicable to equivalent commercial selling prices.

Geographic segment information

Revenues
For the years ended December 31

(In millions)	Total revenues			Intersegment sales			External sales and other income		
	1979	1978	1977	1979	1978	1977	1979	1978	1977
United States	$18,859.2	$16,443.1	$14,560.4	$466.9	$362.6	$340.3	$18,392.3	$16,080.5	$14,220.1
Far East including Australia	1,182.8	1,108.8	1,056.2	279.5	241.8	204.0	903.3	867.0	852.2
Other areas of the world	3,813.8	3,270.4	2,916.7	129.4	145.1	80.1	3,684.4	3,125.3	2,836.6
Elimination of intracompany transactions	(875.8)	(749.5)	(624.4)	(875.8)	(749.5)	(624.4)	—	—	—
Total	$22,980.0	$20,072.8	$17,908.9	$ —	$ —	$ —	$22,980.0	$20,072.8	$17,908.9

Geographic segment information is based on the location of the operation furnishing goods or services. Included in United States revenues were export sales to unaffiliated customers of $2,772.1 million in 1979, $2,570.7 million in 1978 and $2,101.2 million in 1977. Of such sales, $1,581.3 million in 1979 ($1,661.9 million in 1978 and $1,216.9 million in 1977) were to customers in Europe, Africa and the Middle East; and $741.2 million in 1979 ($498.1 million in 1978 and $574.2 million in 1977) were to customers in the Far East including Australia. U.S. revenues also include royalty and licensing income from unaffiliated foreign sources.

	Net earnings (For the years ended December 31)			Assets (At December 31)		
	1979	1978	1977	1979	1978	1977
United States	$1,119.8	$ 960.6	$ 846.3	$12,693.1	$11,410.4	$10,491.5
Far East including Australia	173.9	170.1	161.6	842.1	888.5	871.2
Other areas of the world	119.5	103.6	83.5	3,207.2	2,826.8	2,414.8
Elimination of intracompany transactions	(4.4)	(4.6)	(3.2)	(97.9)	(89.7)	(80.7)
Total	$1,408.8	$1,229.7	$1,088.2	$16,644.5	$15,036.0	$13,696.8

Revenues, net earnings and assets associated with foreign operations are shown in the tabulations above. At December 31, 1979, foreign operation liabilities, minority interest in equity and GE interest in equity were $2,101.1 million, $139.0 million and $1,809.1 million, respectively. On a comparable basis, the amounts were $1,909.4 million, $150.3 million and $1,655.6 million, respectively, at December 31, 1978, and $1,798.7 million, $131.3 million and $1,356.0 million, respectively, at December 31, 1977.

GENERAL ELECTRIC COMPANY AND CONSOLIDATED AFFILIATES

ADDITIONAL FINANCIAL INFORMATION

THE GENERAL ELECTRIC PENSION PLAN, a trusteed pension plan, became effective September 1, 1946. The Plan was most recently amended effective July 1, 1979. Pensions are related to length of service and earnings, with guaranateed minimums for retirees having 10 or more years of pension qualification service. Participants contribute 3 per cent on compensation in excess of $9,000 a year. The normal retirement age under the Plan is 65, with optional retirement permitted up to five years earlier. Accrued pension benefits payable to participants who retire optionally at or after age 60 are not reduced for early retirement. A closed group of long-service employees may retire optionally as early as age 55 on a reduced pension. There is also provision for a pension in case of total and permanent disability after 15 years of pension qualification service. The Plan also provides for vested rights after 10 years of pension qualification service, survivorship options, and pre-retirement death benefits.

Effective July 1, 1973, a SUPPLEMENTARY PENSION PLAN was approved by the Company's Board of Directors, the purpose of which is to ensure that the pension benefits of long-service professional and managerial employees, when combined with their social security benefits, bear a reasonable relationship to their final average earnings. The plan was most recently amended effective January 1, 1980. The Plan as amended provides that if a specified percentage of final average earnings multiplied by years of pension benefit service is greater than the sum of an employee's pension under the Pension Plan and the estimated age 65 Social Security Benefit, the Company will pay a supplementary pension equal to 90% of that difference. The Supplementary Pension Plan contains the same options as to retirement (except the prior to age 60 option) as the General Electric Pension Plan, and also applies to persons who retired directly from the Company who would have been eligible to receive benefits under the Supplementary Plan if they had retired subsequent to its effective date of July 1, 1973.

Accounting for manufacturing PLANT AND EQUIPMENT retirements and dispositions varies according to the types of facility involved. Cost and accumulated depreciation on facilities valuable enough to warrant maintenance of detailed records are removed from the asset and accumulated depreciation accounts when physically retired or otherwise disposed of. Profit or loss realized from the retirement or disposition of such facilities is included in operations. Costs and accumulated depreciation of facilities for which detailed records are not maintained are removed from the asset and accumulated depreciation accounts when these facilities become fully depreciated. Proceeds realized upon disposition of such facilities are treated as reductions of current year depreciation expense.

GENERAL ELECTRIC COMPANY AND CONSOLIDATED AFFILIATES

ADDITIONAL FINANCIAL INFORMATION-(Continued)

ACCOUNTS PAYABLE consisted of the following:

	December 31 1979	December 31 1978
	(in millions)	
Trade..................................	$1,258.9	$1,066.0
Collected for the account of others....	172.0	136.7
Nonconsolidated affiliates......	45.8	14.5
	$1,476.7	$1,217.2

The STOCK OPTION-PERFORMANCE UNIT PLAN approved by General Electric share owners in 1978, and previous plans under which options remain outstanding, provide that the option price shall be the full market value of General Electric common stock on date of grant. Market value is based on the reported closing price of the stock on the Consolidated Tape of New York Stock Exchange listed shares, in the case of the 1978 Plan, and, in the case of previous plans, on the reported closing price of the stock on the New York Stock Exchange. There were no charges to income with respect to stock options.

The 1973 plan provided, and the 1978 plan provides, for granting stock appreciation rights to holders of options under present and past plans which permit them to surrender exercisable options or a portion of an option in exchange for an amount equal to the excess of the market price of the common stock on the date the right is exercised over the option price. The Management Development and Compensation Committee (Committee) of the Board of Directors determines whether this amount will be distributed in GE shares, cash or both.

The 1978 plan provides for granting performance units as a means of awarding incentive remuneration to plan participants in lieu of options and stock appreciation rights. Performance units are granted for award periods not exceeding five calendar years with an achievable value fixed by the Committee at the date of grant which does not exceed 90% of the fair market value of GE common stock on that date. The Committee also sets principal and minimum targets to be achieved and determines the value actually assigned to performance units at the end of the award period in relation to the degree to which the principal target has been achieved. Failure to achieve the minimum target makes the performance unit valueless. Even if the targets are achieved, performance units will only be paid when, if, and to the extent the Committee determines to make payment. No performance units have been paid to date.

(1)

	Shares under option December 31						Stock appreciation rights related to shares under option at December 31 (Number of Shares)	
	1979		1978		Aggregate value at date of grant			
	Number of Shares	Average option price per share	Number of Shares	Average option price per share	1979 (In millions)	1978 (In millions)	1979	1978
1969 grants.......	-	$ -	118,982	$40.44	$ -	$ 4.8	-	30,573
1970 grants.......	25[illegible],725	43.13	294,378	43.13	10.9	12.7	85,503	103,896
1971 grants.......	149,099	56.50	154,815	56.50	8.4	8.7	34,760	36,144
1972 grants.......	294,325	67.63	306,277	67.63	19.9	20.7	135,713	144,541
1973 grants.......	383,023	64.75	400,617	64.75	24.8	25.9	170,264	179,986
1974 grants.......	520,092	39.85	560,629	39.69	20.7	22.3	224,838	241,968
1975 grants.......	136,617	47.79	150,849	47.80	6.5	7.2	51,508	62,572
1976 grants.......	295,549	52.70	312,211	52.64	15.6	16.4	102,888	89,231
1977 grants.......	633,527	51.60	671,737	51.57	32.7	34.7	237,366	236,657
1978 grants.......	1,069,849	50.68	1,118,358	50.60	54.2	56.6	492,624	526,926
1979 grants.......	1,023,122	46.25	-	-	47.4	-	422,439	-
	4,758,928(a)		4,088,853(a)		$241.1	$210.0	1,957,903	1,652,494

(a) Performance units with an average per unit maximum achievable value of $29.01 per unit relating on a one to one basis to unexpired options for 1,839,304 shares were outstanding at December 31, 1979. Performance units with per unit maximum achievable value of $28.00 per unit relating on a one to one basis to unexpired options for 854,449 shares were outstanding at December 31, 1978.

(2) Shares for which options first became exercisable and option price and market value at dates options became exercisable:

		Option price		Market value	
Period	Number of Shares	Average per share	Aggregate (in millions)	Average per share	Aggregate (in millions)
1979...............	573,332	$51.42	$29.5	$46.73	$26.8
1978...............	600,215	$51.21	$30.7	$49.32	$29.6

(3) Shares for which options were exercised and option price and market value at dates options were exercised:

		Option price		Market value	
Period	Number of Shares	Average per share	Aggregate (in millions)	Average per share	Aggregate (in millions)
1979...............	98,145	$40.63	$4.0	$50.14	$4.9
1978...............	132,921	$43.93	$5.8	$53.21	$7.1

In 1979 there were 68,834 shares subject to options surrendered on exercise of appreciation rights. In 1978 there were 71,325 shares surrendered.

Financial issues: the impact of inflation

Inflation is commonly defined as a loss in value of money due to an increase in the volume of money and credit relative to available goods and services, resulting in a rise in the level of prices. Inflation in the U.S. is generally recognized to be caused by a combination of factors, including government deficits, sharp increases in energy costs, and low productivity gains including the effect of proliferating government regulations.

Although loss of purchasing power of the dollar impacts all areas of the economy, it is particularly onerous in its effect on savings — of both individuals in forms such as savings accounts, securities and pensions, and of corporations in the form of retained earnings.

For the individual, with inflation of 6% a year, the dollar saved by a person at age 50 will have lost three-fifths of its value by the time the person is age 65. With a 10% inflation rate, almost four-fifths of the dollar's value is lost in 15 years. This problem affects almost everyone, including those presently working and especially those who are on fixed incomes.

The situation is rendered even more difficult by the progressive income tax system. A Congressional staff study reports that a family of four with an income of $8,132 in 1964 would need a 1979 income of $18,918 to have kept pace with the increase in the Consumer Price Index over the years. However, the 1979 income of $18,918 puts the family into a higher tax bracket which, when coupled with increased Social Security taxes, reduces real after-tax income $1,068 below the equivalent 1964 level.

Your Company and all U.S. businesses face a similar problem. Business savings are in the form of retained earnings — the earnings a company keeps after paying employees, suppliers and vendors, and after payment of taxes to government and dividends to share owners. If a company is to continue in business, much less grow, it must be able to save or retain sufficient earnings, after providing a return to its share owners, to fund the cost of replacing — at today's inflated prices — the productive assets used up. Retention of capital in these inflationary times under existing tax laws is a challenge facing all businesses.

U.S. tax regulations permit recognition of the impact of inflation on a company's inventory costs by use of the LIFO (last-in, first-out) inventory method. In general, under the LIFO method, a company charges off to operations the current cost of inventories consumed during the year. With inflation averaging over 11% last year, the negative impact on operations of using current costs with respect to a supply of goods is substantial. Financial results are portrayed more accurately when the LIFO method is used in periods of high inflation, and GE has used LIFO for most of its U.S. manufacturing inventories for a quarter-century. The Statement of Earnings on page 32 is on that basis. As supplementary information to that Statement of Earnings: use of the LIFO method increased 1979 and 1978 operating costs by $430.8 million and $224.1 million (to $20,330.7 million and $17,695.9 million), respectively, with a corresponding reduction of reported pre-tax profits.

Unfortunately, U.S. tax regulations fail to provide an equivalent to LIFO for the impact of inflation on a company's costs of property, plant and equipment. Instead, deductions for wear and tear on these assets are based on original purchase costs rather than today's replacement costs. In general, the resulting shortfall must be funded from after-tax earnings.

The supplementary information shown in Table 1 restates operating results to eliminate the major effects of inflation discussed above. Table 1 compares GE operating results as reported on page 32 with results adjusted in two ways. First, results are restated to show the effects of general inflation — the loss of the dollar's purchasing power — on inventories and fixed assets. The second restatement shows results restated for changes in specific prices — the current costs of replacing those assets. Your management feels that the last column in Table 1 is the more meaningful and has therefore shown, in Table 2 on page 30, five years of results on that basis, also adjusted to equivalent 1979 dollars to make the years comparable. While the techniques used are not precise, they do produce reasonable approximations.

In these earnings statements, specific adjustments are made to (1) *cost of goods sold* for the current cost of replacing inventories and (2) *depreciation* for the current costs of plant and equipment. The restatements for inventories are relatively small because GE's extensive use of LIFO accounting already largely reflects current costs in the traditional statements. However, a substantial restatement is made for the impact of inflation on fixed assets, which have relatively long lives. The $624 million of depreciation as traditionally reported, when restated for general inflation, increases to a total of $880 million. But the restatement necessary to reflect replacement of these assets at current costs grows to $980 million. The net effect of these restatements lowers reported income of $6.20 a share to $4.68 on a general inflation-adjusted basis and $4.34 on a specific current cost basis.

It is significant to note that for the five years 1975-1979, even after adjustment for inflation, your Company has shown real growth in earnings and a steady increase in share owners' equity over the entire period. After adjusting earnings for current costs and restating all years to equivalent 1979 dollars, your Company's average annual growth rate in real earnings was 21% since 1975 and 8% since 1976. This means that the growth in GE's earnings has been real, not just the product of inflation.

An important insight from these data is depicted in the pie charts at right. These show that, over the five years 1975-1979, because of inflation 10% more of GE's earnings were taxed away than appeared to have been the case using traditional financial statements. While the traditional earnings statements indicated an effective tax rate of 41% over this period, the "real" tax rate averaged 51% of profits before taxes. Consequently, earnings

Table 1: supplementary information – effect of changing prices (a)

(In millions, except per share amounts)

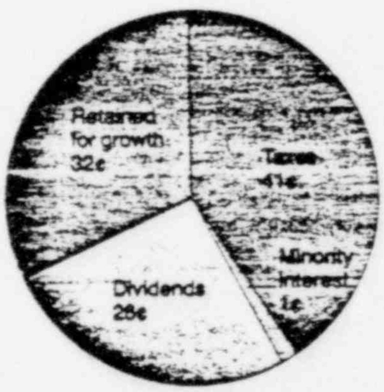
The notes on page 30 are an integral part of this statement.

For the year ended December 31, 1979	As reported in the traditional statements	Adjusted for general inflation	Adjusted for changes in specific prices (current costs) (b)
Sales of products and services to customers	$22,461	$22,461	$22,461
Cost of goods sold	15,991	16,093	16,074
Selling, general and administrative expense	3,716	3,716	3,716
Depreciation, depletion and amortization	624	880	980
Interest and other financial charges	258	258	258
Other income	(519)	(519)	(519)
Earnings before income taxes and minority interest	2,391	2,033	1,952
Provision for income taxes	953	953	953
Minority interest in earnings of consolidated affiliates	29	16	13
Net earnings applicable to common stock	$ 1,409	$ 1,064	$ 986
Earnings per common share	$ 6.20	$ 4.68	$ 4.34
Share owners' equity at year end (net assets) (c)	$ 7,362	$10,436	$11,153

Use of each dollar of earnings

Based on total earnings before taxes 1975-1979

As reported



Adjusted for changes in specific prices (current costs)

retained for growth were cut in half to 16% of income before tax, not 32% as reflected in the traditional financial statements. Over the period, share owners received a measure of protection against inflation's impact as about two-thirds of after-tax earnings were distributed — equivalent to an average annual growth rate of about 8% in *real* dividends.

An area receiving special attention by management is experimentation with the use of inflation-adjusted measurements at the individual business and project level for capital budgeting. Since 1973, your Company has been experimenting with various techniques to measure the impact of inflation, to incorporate the perspectives provided by such measurements into decision-making, and to stimulate awareness by all levels of management of the need to develop constructive business strategies to deal with inflation. The objective is to ensure that investments needed for new business growth, productivity improvements and capacity expansions earn appropriate *real rates of return* commensurate with the risks involved. Such supplemental measurements can assist in the entire resource allocation process, starting with initial project approval, implementation and subsequent review.

Improving productivity to offset inflationary forces is a primary goal established by top management that is being stressed throughout General Electric. As discussed on the back cover of this Annual Report, the Company has committed significant levels of resources to research and development activities to accelerate innovation and increase productivity. In addition, General Electric's production base continues to be expanded and modernized through increasing investments in plant and equipment. For example, $1,262 million and $1,055 million were spent on strengthening General Electric's production base in 1979 and 1978, respectively. Imaginative and diligent coupling of production techniques and equipment is critical to the maintenance and improvement of your Company's profitability.

Table 2: supplementary information – effect of changing prices (a)

(In millions, except per-share amounts)

Current cost information in dollars of 1979 purchasing power (b) (All amounts expressed in average 1979 dollars)	1979	1978	1977	1976	1975
Sales of products and services to customers	$22,461	$21,867	$20,984	$20,015	$19,022
Cost of goods sold	16,074	15,548	14,793	14,145	13,914
Selling, general and administrative expense	3,716	3,566	3,606	3,360	3,018
Depreciation, depletion and amortization	980	1,000	986	979	1,006
Interest and other financial charges	258	249	238	222	251
Other income	(519)	(466)	(467)	(350)	(235)
Earnings before income taxes and minority interest	1,952	1,970	1,828	1,659	1,068
Provision for income taxes	953	995	926	853	620
Minority interest in earnings of consolidated affiliates	13	13	20	26	26
Net earnings applicable to common stock	$ 986	$ 962	$ 882	$ 780	$ 422
Earnings per common share	$ 4.34	$ 4.22	$ 3.88	$ 3.45	$ 1.88
Share owners' equity at year end (net assets) (c)	$11,153	$11,020	$10,656	$10,526	$10,056
Other inflation information					
Average Consumer Price Index (1967 = 100)	217.4	195.4	181.5	170.5	161.2
(Loss) gain in general purchasing power of net monetary items	$(209)	$(128)	$ (61)	$ (20)	$ 19
Dividends declared per common share	2.75	2.78	2.52	2.17	2.16
Market price per common share at year end	47⅞	50½	58¼	69⅜	60¼

Notes to supplementary information — Tables 1 and 2

(a) This information has been prepared in accordance with requirements of the Financial Accounting Standards Board (FASB). Proper use of this information requires an understanding of certain basic concepts and definitions.

The heading "As reported in the traditional statements" refers to information drawn directly from the financial statements presented on pages 32 to 44. This information is prepared using the set of generally accepted accounting principles which renders an accounting based on the number of actual dollars involved in transactions, with no recognition given to the fact that the value of the dollar changes over time.

The heading "Adjusted for general inflation" refers to information prepared using a different approach to transactions involving inventory and property, plant and equipment assets. Under this procedure, the number of dollars involved in transactions at different dates are all restated to equivalent amounts in terms of the general purchasing power of the dollar as it is measured by the Consumer Price Index for all Urban Consumers (CPI-U). For example, $1,000 invested in a building asset in 1967 would be restated to its 1979 dollar purchasing power equivalent of $2,174 to value the asset and calculate depreciation charges. Similarly, 1978 purchases of non-LIFO inventory sold in 1979 would be accounted for at their equivalent in terms of 1979 dollars, rather than in terms of the actual number of dollars spent.

The heading "Adjusted for changes in specific prices (current costs)" refers to information prepared using yet another approach to transactions involving inventory and property, plant and equipment assets. In this case, rather than restating to dollars of the same general purchasing power, estimates of current costs of the assets are used.

In presenting results of either of the supplementary accounting methods for more than one year, "real" trends are more evident when results for all years are expressed in terms of the general purchasing power of the dollar for a designated period. Results of such restatements are generally called "constant dollar" presentations. In the five-year presentations shown above, dollar results for earlier periods have been restated to their equivalent number of constant dollars of 1979 general purchasing power (CPI-U basis).

Since none of these restatements is allowable for tax purposes under existing regulations, income tax amounts are the same as in the traditional statements (but expressed in constant dollars in the five-year summary).

There are a number of other terms and concepts which may be of interest in assessing the significance of the supplementary information shown in Tables 1 and 2. However, it is management's opinion that the basic concepts discussed above are the most significant for the reader to have in mind while reviewing this information.

(b) Principal types of information used to adjust for changes in specific prices (current costs) are (1) for inventory costs, GE-generated indices of price changes for specific goods and services, and (2) for property, plant and equipment, externally generated indices of price changes for major classes of assets.

(c) At December 31, 1979, the current cost of inventory was $5,251 million, and of property, plant and equipment was $7,004 million. Estimated current costs applicable to the sum of such amounts held during all or part of 1979 increased by approximately $1,111 million, which was $329 million less than the $1,440-million increase which could be expected because of general inflation.

GENERAL ELECTRIC COMPANY AND CONSOLIDATED AFFILIATES

SCHEDULE II - AMOUNTS RECEIVABLE FROM UNDERWRITERS, PROMOTERS, DIRECTORS OFFICERS, EMPLOYEES, AND PRINCIPAL HOLDERS (OTHER THAN AFFILIATES) OF EQUITY SECURITIES OF THE PERSON AND ITS AFFILIATES

	Balance at Beginning of Period	Additions	Deductions—Amounts Collected	Balance at End of Period	
				Current	Noncurrent
	(Amounts in thousands)				
1979					
J.B. Ladd(1)(2)(3)(4)...................	$ 53	$ -	$ 53	$ -	$ -
K.R. Whiting(1)(2)(4)...................	6	-	6	-	-
L.E. Barrett(1)(4)......................	14	-	1	1	12
1978					
J.B. Ladd(1)(2)(3)(4)...................	55	-	2	2	51
K.R. Whiting(1)(2)(4)...................	162	-	156	1	5
J.H. Moore(1)(4)........................	27	-	27	-	-
L.E. Barrett(1)(4)......................	33	-	19	1	13
C.O. Thomas(1)(4).......................	48	-	48	-	-

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(1) Officer of Ladd Petroleum Corporation a wholly-owned subsidiary of Utah International.

(2) Director of Ladd Petroleum Corporation.

(3) Director of Utah International Inc.

(4) The major portion of the current receivables due in 1980 is secured by pledge agreements covering shares of common stock of General Electric Company. Remaining balances are secured by first mortgages on real estate. Prior to the acquisition of Ladd by Utah the above-named employees purchased lots in a real estate subdivision owned by one of Ladd's subsidiaries on the same terms as those offered to the general public.

GENERAL ELECTRIC COMPANY AND CONSOLIDATED AFFILIATES

SCHEDULE III - INVESTMENTS IN, EQUITY IN EARNINGS OF, AND DIVIDENDS RECEIVED FROM OTHER PERSONS

	Nonconsolidated Finance Affiliates						
	General Electric Credit Corporation						Associated Companies
	Preferred Shares	Common Shares	Amount	Other Amount(1)	Total Amount	Nonconsolidated Uranium Mining Affiliate	Amount(2)
				(Dollar amounts in millions)			
Balance, January 1, 1978........	450,000	1,459,500	$600.0	$5.2	$605.2	$ 86.7	$322.8 (3)
Additions:							
Investments..................	-	309,000	61.8	0.9	62.7	-	27.3 (4)
Advances.....................	-	-	-	-	-	-	2.5
Equity in earnings (Loss)....	-	-	77.3	0.2	77.5	-	(3.8)
Deductions:							
Dividends....................	-	-	(61.8)	-	(61.8)	- (5)	(0.5)
Dispositions.................	-	-	-	-	-	-	(86.7)(6)
Repayments on advances.......	-	-	-	-	-	-	(4.5)
Balance, December 31, 1978......	450,000	1,768,500	677.3	6.3	683.6	86.7	257.1 (3)
Additions:							
Investments..................	-	613,500	122.7	0.9	123.6	(4.1)	48.8 (4)
Advances.....................	-	-	-	-	-	74.9	7.6
Equity in earnings (Loss)....	-	-	89.9	(0.4)	89.5		1.0
Deductions:							
Dividends....................	-	-	(72.7)	-	(72.7)	- (5)	(4.9)
Dispositions.................	-	-	-	-	-	-	(0.7)(6)
Repayments on advances.......	-	-	-	-	-	-	(7.6)
Balance, December 31, 1979......	450,000	2,382,000	$817.2	$6.8	$824.0	$157.5	$301.3 (3)

(1) Represents investment in one company at December 31, 1979 and December 31, 1978.

(2) Includes advances of $46.9 million, $50.2 million and $52.2 million at December 31, 1979, December 31, 1978 and January 1, 1978, respectively.

(3) Represents investments in 59 companies at December 31, 1979 (55 at December 31, 1978) which are not consolidated but in which the Company owns 20% or more of the voting stock and are valued by the equity method.

(4) Includes acquisition of 8 new companies in 1979 and 7 in 1978.

(5) This wholly owned affiliate is valued at the lower of cost or equity, plus advances. Dividends were $19.6 million in 1978 and $1.0 million in 1979. See Note 12 to financial statements for additional information.

(6) Represents the disposition of 4 companies in 1979 and 5 in 1978; and includes in 1978 the effect of the change in status of Marcona Corporation from an Associated Company to a wholly owned consolidated affiliate.

GENERAL ELECTRIC COMPANY AND CONSOLIDATED AFFILIATES

SCHEDULE V - PROPERTY, PLANT AND EQUIPMENT

	Land and improvements	Buildings, structures and related equipment	Machinery and equipment	Leasehold costs and manufacturing plant under construction	Mineral property plant and equipment	Total
	(Amounts in millions)					
Balance, January 1, 1978........	$121.0	$1,878.5	$4,305.4	$166.5	$1,043.1	$7,514.5
Additions(1)................	4.2	134.1	629.2	74.0	213.6	1,055.1
Retirements or sales........	(1.5)	(29.5)	(190.4)	(4.9)	(5.2)	(231.5)
Other changes(2)............	(0.2)	0.7	(7.2)	(3.1)	-	(9.8)
Balance, December 31, 1978......	123.5	1,983.8	4,737.0	232.5	1,251.5	8,328.3
Additions(1)................	4.5	142.3	754.7	145.6	215.2	1,262.3
Retirements or sales........	(4.1)	(30.2)	(197.8)	(4.2)	(10.7)	(247.0)
Other changes(2)............	0.8	2.6	20.3	(2.1)	-	21.6
Balance, December 31, 1979......	$124.7	$2,098.5	$5,314.2	$371.8	$1,456.0	$9,365.2

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(1) Includes transfers between plant and equipment classifications.

(2) Includes transfers to and from other accounts.

GENERAL ELECTRIC COMPANY AND CONSOLIDATED AFFILIATES

SCHEDULE VI - ACCUMULATED DEPRECIATION, DEPLETION AND AMORTIZATION OF PROPERTY, PLANT AND EQUIPMENT

	Land and improvements	Buildings, structures and related equipment	Machinery and equipment (4)	Leasehold costs	Mineral property plant and equipment	Total
	(Amounts in millions)					
Balance, January 1, 1978........	$12.6	$ 917.0	$2,660.4	$40.8	$299.6	$3,930.4
Additions(1)................	0.4	94.5	396.4	7.3	77.8	576.4(3)
Retirements or sales........	-	(20.4)	(164.1)	(4.9)	(1.6)	(191.0)
Other changes(2)............	-	(0.6)	(9.6)	-	-	(10.2)
Balance, December 31, 1978......	13.0	990.5	2,883.1	43.2	375.8	4,305.6
Additions(1)................	0.7	101.6	429.1	9.2	83.5	624.1(3)
Retirements or sales........	-	(23.1)	(155.2)	(3.6)	(6.3)	(188.2)
Other changes(2)............	-	(0.4)	10.6	0.7	-	10.9
Balance, December 31, 1979......	$13.7	$1,068.6	$3,167.6	$49.5	$453.0	$4,752.4

(1) Includes transfers between plant and equipment classifications.

(2) Includes transfers to and from other accounts.

(3) All charged to current earnings

(4) Includes elimination of intercompany profits as follows:

January 1, 1978..	$13.8
Provision credited to operations..................	1.4
December 31, 1978......................................	15.2
Provision credited to operations..................	1.1
December 31, 1979......................................	$16.3

GENERAL ELECTRIC COMPANY AND CONSOLIDATED AFFILIATES

SCHEDULE XII - VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

	Allowance for losses deducted from assets	
	Accounts and notes receivable	Investments
	(Amounts in millions)	
Balance, January 1, 1978......................	$ 95.5	$14.6
Charged (credited) to profit and loss......	15.0	(0.9)
Charged to other accounts.................	-	4.2
Deductions(1).............................	(12.7)	(3.1)
Balance, December 31, 1978....................	97.8(2)	14.8
Charged to profit and loss................	15.8	1.1
Charged (credited) to other accounts.......	(0.1)	-
Deductions(1).............................	(11.5)	-
Balance, December 31, 1979....................	$102.0(2)	$15.9

---

(1) Represents write-offs and related charges net of recoveries.

(2) The year-end balance is segregated on the Statement of Financial Position as follows:

	1979	1978
Current receivables	$ 89.4	$78.5
Other assets (long-term receivables, customer financing, etc.)............	12.6	19.3
	$102.0	$97.8

Form 11-K

Annual Report

For the Fiscal Year ended December 31, 1979

GENERAL ELECTRIC SAVINGS AND SECURITY PROGRAM

Item 1. Changes in the Plan.................

The changes which may be deemed material that were made in the provisions of the General Electric Savings & Security Program (the "Program") during 1979 are as follows (and reference is made to the Prospectus, the Program booklet and the Rules of the Funds referred to in Notes (a), (b), and (c), respectively, below, for additional information):

1. Participants may invest in the General Electric S&S Program Interest Funds consisting of the General Electric S&S Holding Period Interest Fund (the "HP Fund") through units of participation during the Holding Period, and the General Electric S&S Long Term Interest Fund (the "LI Fund") through units of participation outside the Holding Period (in the Retirement Option Account or upon distribution from a Holding Period). See "Description of the Program" (a); "The Trust and the Fund Agreements" (Section XIII) (b); and "Rules of the Funds" (c).

2. A non-forfeitable withdrawal can be made from the Program to make a downpayment toward the purchase of a primary residence. See "Withdrawals and Payments" (Section VIII) (b); and "Retirement Option Account" (Section IX) (b).

3. The provision of the Program regarding withdrawals and payments were modified (i) to permit repayment of amounts withdrawn and reinstatement of amounts forfeited under the terms and conditions of the Program (see "Description of the Program" (a); "Holding Period - Duration" (Section VII-A)(b); and "Withdrawals and Payments - Other Withdrawals" (Section VIII-A-8)(b)); (ii) to provide that the forfeiture provisions for withdrawal prior to completion of the applicable Holding Period under the Program shall not apply to a participant making a withdrawal after attaining age 65 while in the employment of a Participating Company in the Program, but that the participant shall be subject to the penalty provisions of the Program (see "Withdrawals and Payments - Other Withdrawals" (Section VIII-A-8)(b)); and (iii) to revise the order in which withdrawals are made from a participant's account in certain cases (see "Withdrawals and Payments - Method of Payment" (Section VIII-C-3)(b)).

4. In the case of a participant dying after normal retirement age while remaining in the service of the Company, as defined in the Program, provision is made for the purchase of a joint and 50% surviving spouse annuity under the terms and conditions of the Program. See "Retirement Option Account - Types of Distribution - Automatic Joint and 50% Surviving Spouse Annuity Distribution for Certain Participants" (Section IX-G-4)(b).

5. Participants with a Retirement Option Account under the Program may elect, under the terms and conditions of the Program, to switch their investments. See "Retirement Option Account - Investment Switching" (Section IX-D)(b).

6. A participant who receives a "qualifying rollover distribution" described in Section 402(a)(5)(D) of the Internal Revenue Code from another employee plan, from an employee annuity, or from certain other sources, in accordance with the terms and conditions of the Program, may transfer all or part of the distribution to his Retirement Option Account. See "Retirement Option Account - Rollovers From Other Qualified Plans" (Section IX-B)(b).

Item 2. Changes in Investment Policy.......	See Item 1 above with respect to the General Electric S&S Program Interest Funds.
Item 3. Participating Employees............	"Participation in Program" (a)
Item 4. Administration of the Plan..........	"Administration of the Program" (a)
Item 5. Custodian of Investments	
A)............................	Bankers Trust Company, 16 Wall Street, New York, NY 10005, a commercial bank, acts as custodian for securities in the LT Fund. Morgan Guaranty Trust Company of New York, 9 West 57th St., New York, N.Y. 10017 ("Morgan") and the Bank of New York, 90 Washington St., New York, N.Y. 10015, commercial banks, act as custodian for securities in the General Electric S&S Program Mutual Fund and Morgan acts as custodian for all other securities, other than U.S. Savings Bonds. See also "Administration of the Program" (a).
B)............................	For the compensation paid to Morgan in all capacities during the last fiscal year, see "Administration of the Program" (a). The Bank of New York was paid $21,975 for services as custodian during the last fiscal year.

C)............................ General Electric employees administer the Trust and are covered by a corporate fidelity bond. The custodian banks referred to in Item 5(A) above provide the following blanket fidelity bonds covering their respective employees who perform functions for the program: Morgan Guaranty Trust Company of New York, $50 million plus excess coverage of $25 million, The Bank of New York, $25 million; and Bankers Trust Company, $40 million.

Item 6. Reports to Participating Employees.. "Description of the Program" (a); "General Provisions" (Section XVII) (b); "Accounting Records, Audits, Financial Reports" (Section IV) (c).

Item 7. Financial Statements and Exhibits

A)............................ "Financial Statements - General Electric Savings and Security Trust, General Electric S&S Program Mutual Fund" (a).

B)............................ (d)

(a) Location in Prospectus titled "General Electric Savings and Security Program". Such Prospectus is included as part of Post-Effective Amendment No. 1 to Registration Statement No. 2-65573 of General Electric Company with respect to the Program (which Registration Statement also constitutes Post-Effective Amendment No. 3 to Registration Statement No. 2-63986, Post-Effective Amendment No. 4 to Registration Statement 2-61148, Post-Effective Amendment No. 11 to Registration Statement No. 2-53187, Post-Effective Amendment No. 12 to Registration Statement No. 2-50572, Post-Effective Amendment No. 15 to Registration Statement No. 2-43465 and Post-Effective Amendment No. 17 to Registration Statement No. 2-36793); such Prospectus is hereby incorporated in this Annual Report by reference and specifically made a part hereof.

(b) Set forth in Program booklet ERB-799.8 as amended through January 1, 1980, included in the Prospectus referred to in note (a) above.

(c) Set forth in the Appendix to Program booklet ERB-799.8 entitled "Rules of the Funds."

(d) Incorporated by reference to the Exhibits to the Registration Statement of General Electric Company on Form S-8 filed with respect to the Program (See Note (a) above).

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

We hereby consent to the incorporation by reference in this annual report (Form 10-K) of our reports dated January 25, 1980 and February 15, 1980 on the financial statements of General Electric S&S Program Mutual Fund and General Electric Savings and Security Trust forming part of the registration statement referred to in note (a) of Exhibit 1 of this annual report (Form 10-K).

PEAT, MARWICK, MITCHELL & CO.

White Plains, New York
March 26, 1980

AMENDMENTS
TO
GENERAL ELECTRIC SUPPLEMENTARY PENSION PLAN

The General Electric Supplementary Pension Plan was amended effective May 1, 1979, July 1, 1979 and January 1, 1980, as follows:

A. Effective May 1, 1979, Section XIII was amended by adding new paragraph (d) as follows:

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

B. Effective July 1, 1979:

(1) The heading of Section III was amended to read as follows:

"SECTION III. Amount of Supplementary Pension at or after Normal Retirement"

(2) SECTION III (a) was amended to read as follows:

"(a) The annual Supplementary Pension payable to an eligible employee who retires on or after his normal retirement date under the General Electric Pension Plan shall be equal to the excess, if any, of:

(i) the employee's Total Annual Retirement Income, over

(ii) the sum of the employee's Annual Pension Payable under the General Electric Pension Plan plus his Annual Estimated Social Security Benefit."

(3) SECTION III (c) was amended to read as follows:

"(c) If an employee continues in the service of the Company after attainment of age 70, his Supplementary Pension and any death benefits related thereto shall be determined in accordance with paragraphs (a) and (b) above as though the employee had retired on the first day of the month following the second to occur of (i) his attainment of age 70 and (ii) his youngest mandatory retirement age permitted by law. In any event, commencement of the employee's Supplementary Pension shall be deferred until his actual retirement."

(4) SECTION IV (a) Amount of Supplementary Pension at Optional Retirement was amended to read as follows:

"(a) The annual Supplementary Pension payable to an eligible employee who following attainment of age 60 retires on an optional retirement date under the General Electric Pension Plan shall be computed in the manner provided by Section III (a) (for an employee retiring on his normal retirement date) but taking into account only Pension Benefit Service and Average Annual Compensation to the actual date of optional retirement."

(5) SECTION V (a) Amount of Supplementary Pension at Disability Retirement was amended to read as follows:

"(a) The annual Supplementary Pension payable to an eligibl employee who retires on or after July 1, 1979 on a Disability Pension under the General Electric Pension Plan shall first be computed in the manner provided by Section III (a) (for an employee retiring on his normal retirement date) taking into account only Pension Benefit Service and Average Annual Compensation to the actual date of disability retirement but in the case of an eligible employee whose date of retirement precedes the first day of the month followi his attainment of age 60 such Supplementary Pension shall then be reduced by 12%.

(6) SECTION XIII Adjustment in Supplementary Pension Following Retirement is amended to add the following paragraph (e):

"(e) If the pension benefit or service credits under the General Electric Pension Plan are increased for a retired employee in accordance with paragraph 27. or 28. of Section XIV of that Plan, or in accordance with the opportunity made available under that Plan effective January 1, 1980 to make up employee contributions plus interest for periods during which the employee was otherwise eligible but failed to participate because of late enrollment or voluntary suspension, the Supplementary

Pension payable to the employee under this Plan shall be recalculated to take any such increase into account. For this purpose, Section III of this Plan as amended effective July 1, 1979 shall apply. Any change in the employee's Supplementary Pension shall take effect on the same date as the corresponding change under the General Electric Pension Plan."

C. Effective January 1, 1980

(1) Section II(b) was amended in its entirety to read as follows:

"Annual Retirement Income - For employees who retire on or after January 1, 1980, or who die in active service on or after such date, an employee's Annual Retirement Income for each year of Pension Benefit Service shall mean the sum of the amounts determined by multiplying the relevant portion of the employee's Average Annual Compensation by the percentage shown below.

Portion of Average Annual Compensation	Percentage
Up to and including $25,000	1.50%
Above $250,000 up to and including $350,000	1.45
Above $350,000 up to and including $500,000	1.40
Portion over $500,000	1.30

The employee's Total Annual Retirement Income shall be determined by multiplying the sum determined above by the number of years of Pension Benefit Service completed by the employee at the date of his retirement or death, whichever is earlier."

(2) Section IX(a) was amended in its entirety to read as follows:

"Notwithstanding any provision of this Plan to the contrary, if the sum of:

(i) the Supplementary Pension (before application of any reduction factor for optional or disability retirement or a Survivorship Option, but after the 10% reduction in lieu of employee contributions) otherwise payable to an employee hereunder;

(ii) the employee's Annual Pension payable under the General Electric Pension Plan; and

(iii) his Annual Estimated Social Security Benefit

exceeds 55% of his Annual Average Compensation, such Supplementary Pension shall be reduced by the amount of the excess."

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OF
THE SECURITIES EXCHANGE ACT OF 1934

For the quarter ended September 30, 1980 Commission file number 1-35

GENERAL ELECTRIC COMPANY
(Exact name of registrant as specified in charter)

As used herein the terms "Company" and "General Electric" refer to General Electric Company and its consolidated affiliates unless otherwise indicated by the context.

New York	14-0689340
(State of incorporation or organization)	(I. R. S. Employer Identification No.)

3135 Easton Turnpike, Fairfield, Conn.	06431	203/373-2459
(Address of principal Executive Offices)	(Zip Code)	(Telephone No.)

At September 30, 1980 226,662,119 shares of common stock par value of $2.50 were outstanding.

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 X No ____

PART I. FINANCIAL INFORMATION

Condensed Statement of Current Earnings

General Electric Company and consolidated affiliates

(Dollars in millions; per share amounts in dollars)	(Unaudited)			
	Third quarter ended September 30		Nine months ended September 30	
	1980	1979	1980	1979
Sales of products and services to customers	$5 962.6	$5 608.8	$18 040.7	$16 332.
Operating costs:				
Cost of goods sold	4 307.3	4 144.9	13 148.7	11 908.
Selling, general and administrative expenses	1 142.6	953.2	3 296.4	2 845.
	5 449.9	5 098.1	16 445.1	14 753.
Operating margin	512.7	510.7	1 595.6	1 579.
Other income	135.4	121.0	432.6	370.
Interest and other financial charges	(77.9)	(64.4)	(225.4)	(186.5
Earnings before income taxes and minority interest	570.2	567.3	1 802.8	1 762.9
Provision for income taxes	(209.8)	(222.6)	(693.7)	(719.7
Minority interest in earnings of consolidated affiliates	(2.0)	(3.9)	(6.6)	(16.9
Net earnings applicable to common stock	$ 358.4	$ 340.8	$ 1 102.5	$ 1 026.3
Earnings per common share	$ 1.58	$ 1.50	$ 4.85	$ 4.52
Dividends declared per common share	$ 0.75	$ 0.70	$ 2.20	$ 2.05
Average number of shares outstanding (in millions)			227.5	227.0

See Notes to Condensed Financial Statements

Condensed Statement of Financial Position

General Electric Company and consolidated affiliates

(Dollars in millions)	(Unaudited) At September 30 1980		1979	
Assets				
Cash		$ 1 287.4		$ 1 791.4
Marketable securities		610.4		584.4
Current receivables		4 452.0		3 831.5
Inventories				
Raw materials and work in process	$ 2 127.4		$ 1 904.7	
Finished goods	937.3		916.2	
Unbilled shipments	260.9	3 325.6	305.5	3 126.4
Current assets		9 675.4		9 333.7
Investments		1 774.9		1 524.5
Property, plant and equipment				
Cost	10 387.1		8 940.7	
Accumulated depreciation	(5 178.8)	5 208.3	(4 683.2)	4 257.5
Other assets		1 221.4		1 003.0
Total assets		$17 880.0		$16 118.7
Liabilities and equity				
Short-term borrowings		$ 1 137.1		$ 909.3
Accounts payable		1 248.6		1 201.2
Other current liabilities		5 011.6		4 637.1
Current liabilities		7 397.3		6 747.6
Long-term borrowings		1 024.9		955.1
Other liabilities		1 415.5		1 203.0
Total liabilities		9 837.7		8 905.7
Minority interest in equity of consolidated affiliates		144.7		149.6
Preferred stock ($1 par value, 2 000 000 shares authorized; none issued)		-		-
Common stock ($2.50 par value; 251 500 000 shares authorized; 231 463 949 shares issued in 1980 and 1979)		578.7		578.7
Amounts received for stock in excess of par value		656.2		656.5
Retained earnings		6 909.7		6 083.8
		8 144.6		7 319.0
Deduct common stock held in Treasury		(247.0)		(255.6)
Total share owners' equity		7 897.6		7 063.4
Total liabilities and equity		$17 880.0		$16 118.7

See Notes to Condensed Financial Statements

Condensed Statement of Changes in Financial Position

General Electric Company and consolidated affiliates

(Dollars in millions)	(Unaudited) Nine months ended September 30 1980	1979
Source of funds:		
From operations	$1 561.1	$1 445.7
Increase in current payables other than short-term borrowings	259.4	623.4
Increase in long-term borrowings	111.8	10.4
Total source of funds	1 932.3	2 079.5
Application of funds:		
Additions to property, plant and equipment	1 147.8	737.1
Increase in current receivables	805.4	543.0
Dividends declared	500.4	464.9
Increase in inventories	164.3	123.0
Increase in investments	83.4	114.0
Reduction in long-term borrowings	33.7	49.1
Other - net	142.2	84.7
Total application of funds	2 877.2	2 115.8
Net increase/(decrease) in cash, marketable securities and short-term borrowings	$ (944.9)	$ (36.3)
Analysis of net increase/(decrease) in cash, marketable securities, and short-term borrowings		
Increase/(decrease) in cash and marketable securities	$ (678.8)	$ (87.3)
(Increase)/decrease in short-term borrowings	(266.1)	51.0
	$ (944.9)	$ (36.3)

See Notes to Condensed Financial Statements

Notes to Condensed Financial Statements

The accompanying consolidated financial statements are unaudited but include all adjustments (consisting of normal recurring accruals) considered necessary by the Company to present a fair statement of the results of operations, financial position and changes in financial position. The condensed statements have been prepared in accordance with the instructions for form 10-Q and therefore do not include some information and footnotes necessary to constitute a complete and detailed presentation in conformity with annual reporting requirements.

The results of operations reported in the Condensed Statement of Current Earnings should not be regarded as necessarily indicative of the results that may be expected for the entire year.

Management's Analysis of Statement of Current Earnings
Third quarter 1980 compared with third quarter 1979

Third quarter performance, despite a period of adverse U.S. economic conditions and a ten-week strike in Australian coal production, emphasized the strength achieved through the great diversity of the Company's operations. Strong earnings in export-related and longer-cycle businesses -- particularly Power Systems and Industrial Products -- and in the General Electric Credit Corporation more than offset some softness in shorter-cycle operations.

Overall, operating margin dollars were slightly ahead of last year's third quarter, although the ratio to sales was depressed largely because of lower Australian coking coal shipments. The effective tax rate continued to be somewhat lower than a year ago because of the diverse mix of sources of income, as well as the impact of higher General Electric Credit Corporation earnings which are reported on an after-tax basis.

Consumer Products and Services earnings for the third quarter of 1980, including those of General Electric Credit Corporation, were up slightly from the third quarter of 1979. In the consumer products area, earnings were down somewhat from a year ago on reduced shipments, particularly in major appliances and lighting products. Air conditioning products sales and earnings were well ahead of a year ago because of the extended heat wave in many parts of the nation. General Electric Credit Corporation, the Company's nonconsolidated finance affiliate, reported considerably higher earned income on receivables, with an increase of 40% in net earnings to $33.4 million, compared with $23.9 million for the third quarter of 1979.

Industrial Products and Components earnings were substantially ahead of the third quarter a year ago on somewhat higher sales. The improved earnings were led by operations serving industrial motor, non-residential construction, mining, and transportation markets.

Power Systems earnings were up sharply from the 1979 third quarter on good sales increases. Strong earnings improvements in steam turbine and gas turbine operations more than offset a decline in power delivery operations.

Techn'cal Systems and Materials earnings were down from the 1979 third period on higher sales. Aircraft engines and information and communication systems sales and earnings were well ahead of last year, but engineered materials earnings were substantially lower than a year ago primarily as the result of depressed automotive and other consumer-related markets.

Foreign Multi-Industry Operations earnings and sales were up from last year's third quarter. Although not classified in this segment, export sales from the United States continued to be significantly higher than in 1979.

Natural Resources third quarter earnings were $42.4 million, down 22% from $54.1 million in the third quarter of 1979 because of reduced Australian coking coal shipments. An industry-wide dispute by workers over Australian government tax policies caused a ten-week work stoppage in coking coal operations during the quarter. These results were partially offset by improved earnings from copper, oil and gas, and Brazilian iron ore operations.

First n e months 1980 compared with first nine months 1979

Strong earnings in export-related and longer-cycle businesses - particularly Power Systems and Industrial Products and Components -- and in the General Electric Credit Corporation more than offset some softness in shorter-cycle operations. Overall, the operating margin rate was lower than a year ago, reflecting unsettled economic conditions and the cost-price squeeze. The effect of this lower margin rate was more than offset by somewhat higher operating margin dollars from higher sales, increased Other Income from both operating and non-operating sources, and by a lower effective tax rate.

Consumer Products and Services sales were somewhat higher but earnings were down principally because of inflation-driven cost increases and lower volume in some product lines. However, housewares and audio products sales and earnings were higher. In addition, General Electric Credit Corporation reported earnings for the first nine months of 1980 of $86.0 million, 32% ahead of the $65.3 million for the first nine months of last year.

Industrial Products and Components earnings were well ahead of the first nine months a year ago on higher sales. The improved earnings were paced by operations serving transportation systems and contractor equipment markets.

Power Systems earnings were up considerably from the first nine months of 1979 and sales were higher. Good earnings in steam turbine operations more than offset a decline in gas turbine and power delivery operations.

Technical Systems and Materials sales and earnings were ahead of the first nine months of 1979. Aircraft engines and information and communications systems sales and earnings were well ahead of last year, but engineered materials earnings were lower than a year ago primarily as the result of depressed automotive and other consumer-related markets.

Foreign Multi-Industry Operations earnings and sales were improved from last year's first nine months. Although not classified in this segment, export sales from the United States were significantly higher than in 1979.

Natural Resources earnings for the first nine months of 1980 were \$169.2 million, up 4% from the \$162.1 million for the comparable 1979 period.

Third quarter 1980 compared with second quarter 1980

Third quarter 1980 sales and earnings were \$235 million and \$44 million lower, respectively, than sales and earnings in the second quarter. Consumer Products and Services sales were up slightly and sales in all other sectors were down. Sales decreases were primarily due to plant vacation shutdowns, the ten-week Australian coking coal work stoppage and depressed engineered materials markets. Consumer Products and Services earnings were up primarily because of somewhat higher major appliance and television sales and increased earnings of the General Electric Credit Corporation. The earnings of all other sectors were down due primarily to lower sales.

General Electric Credit Corporation

Required financial information of General Electric Credit Corporation, a wholly-owned nonconsolidated finance affiliate, is included in the Quarterly Report (Form 10-Q) for the quarter ended September 30, 1980 filed with the Securities and Exchange Commission by General Electric Credit Corporation and is hereby incorporated in and made a part of this report by reference.

PART II. OTHER INFORMATION

Item 1. Legal proceedings

On October 9, 1980, the United States Environmental Protection Agency filed an administrative action against General Electric Company alleging that Company transformer repair operations in Denver, Colorado did not comply with regulations under the Toxic Substances Control Act relating to the storage or disposal of PCBs. The complaint seeks to impose a penalty of $10,000 for the alleged violations. The Company has filed an answer denying the substantive provisions of the complaint and has requested a hearing.

On October 17, 1980, General Electric received a letter from the United States Attorney for the Southern District of Indiana advising that the Federal Government had brought a law suit against the owners and operators of a chemical dump site at Seymour Indiana in order to compel a cleanup of the site, which it is claimed presents an imminent and substantial endangerment to the health and environment in violation of Section 7003 of the Resource Conservation and Recovery Act. The letter asserts that under this statute generators of the waste material at this site, including General Electric, face legal liability for the cost of the site cleanup which is stated in the letter to be approximately $12 million. The letter solicits General Electric's voluntary contribution to the cost of the cleanup. The Company is studying the matter.

General Electric Company and the Department of Environmental Conservation of the State of New York (DEC) executed an Agreement on September 23, 1980, under which General Electric Company has agreed to fund certain remedial actions at seven landfills in the upper Hudson River valley which had received industrial wastes from General Electric plants. At four of the sites General Electric will perform engineering evaluations and propose a remedial plan to address environmental problems at the site. If the plan is approved by the DEC, it will be implemented at the expense of General Electric, and General Electric will monitor the site for thirty years. General Electric will also have responsibilities for any necessary supplementary remedial programs and for additional monitoring. With regard to three other sites which received industrial wastes from a number of companies, General Electric will perform an engineering evaluation and propose an appropriate remedial plan, with General Electric assuming a proportionate share of the cost of the remedial plan and of subsequent monitoring of the site. In connection with this matter General Electric has also agreed to reimburse the State of New York in the amount of $320,000 for costs incurred in the removal at another site of soil containing PCBs.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

General Electric Company
(Registrant)

11-11-80	/s/ Thomas O. Thorsen
Date	Thomas O. Thorsen, Senior Vice President - Finance
11-11-80	/s/ James J. Costello
Date	James J. Costello, Vice President and Comptroller