GE Nuclear Energy

70-754
PDR

General Electric Company
Vallecitos Nuclear Center
P.O. Box 460, Vallecitos Road
Pleasanton, CA 94566

March 4, 1991

Mr. R. E. Cunningham, Director
Division of Industrial & Medical Nuclear Safety
Office of Nuclear Material Safety & Safeguards
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Reference: Docket 70-754

Dear Mr. Cunningham:

As is customary, copies of the General Electric Annual Report are forwarded to the Commission in order to provide updated General Electric corporate and financial information. Accordingly, copies of the 1990 Annual Report are enclosed for the referenced docket.

Sincerely,

G. E. Cunningham

G. E. Cunningham
Senior Licensing Engineer
(415) 862-4330

/ca

Enclosures

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General Electric Company

1990 Annual Report

From that pursuit of speed — from the understanding that it is the indispensable ingredient of success in this decade — came our vision for the 1990s:
a boundaryless Company.

do that anymore. Change is in the air. Newspapers and networks hammer it home daily. GE people today understand the pace of change, **the need for speed**, the absolute necessity of moving more quickly in everything we do, from inventory turnover, to product development cycles, to a faster response to customer needs. They understand that slow-and-steady is a ticket to the boneyard in the 1990s. What they need, and what we must provide, are the power, the freedom and the tools that will allow them to achieve that speed in everything we do.

From that pursuit of speed — from the understanding that it is the indispensable ingredient of success in this decade — came our vision for the 1990s: **a boundaryless Company.**

What that boundaryless vision means, and where we are headed with it, is something we'd like to share with you.

"Boundaryless" is an uncommon word — perhaps even an awkward one — but it has become a word we use constantly, one that describes a whole set of behaviors we believe are necessary to achieve speed.

In a boundaryless company, suppliers aren't "outsiders." They are drawn closer and become trusted partners in the total business process. Customers are seen for what they are — the lifeblood of a company. Customers' vision of their needs and the company's view become identical, and every effort of every man and woman in the company is focused on satisfying those needs.

In a boundaryless company, internal functions begin to blur. Engineering doesn't design a product and then "hand it off" to manufacturing. They form a team, along with marketing and sales, finance and the rest. Customer service? It's not somebody's job. It's everybody's job. Environmental protection in the plants? It's not the concern of some manager or department. Everyone's an environmentalist.

Perhaps the biggest stride we've made recently in boundary-busting has been our progress in wringing out not-invented-here — NIH — from our culture. Increasingly, GE people are now searching, around the world, for better ways of doing things.

For example, two years ago one of our people spotted a truly innovative method of compressing product cycle times in an appliance company in New Zealand and tested it successfully in our Canadian appliance affiliate.

The methodology has now been transferred to our largest appliance complex in Louisville, Kentucky, where it is revolutionizing processes, reducing the time it takes to produce products, increasing our responsiveness to customers and reducing inventory levels by hundreds of millions of dollars a year.

Teams from all of our manufacturing businesses are now living in Louisville and learning these techniques in real time. The objective: to take this New Zealand-to-Montreal-to-Louisville experience to every business in GE and, by doing so, to raise the bar of excellence yet another notch around this Company.

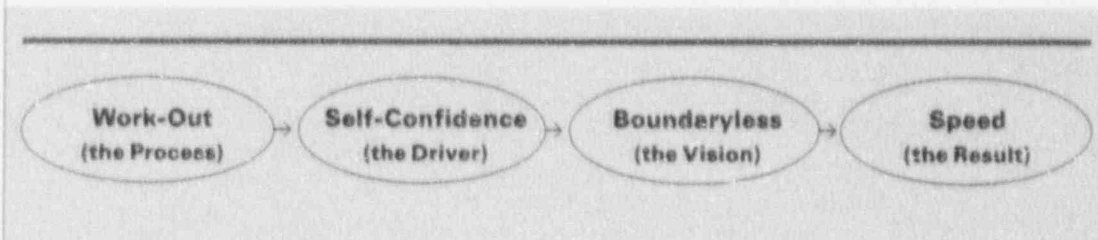
It is this elimination of boundaries between businesses and the transferring of ideas from one place in the Company to another that is at the heart of what we call **integrated diversity.** It is this concept that we believe sets us apart from both single-product companies and from conglomerates.

Integrated diversity, for us, means the drawing together of our 13 different businesses by sharing ideas, by finding multiple applications for technological advancements and by moving people across businesses to provide fresh perspectives and to develop broad-based experience. Integrated diversity gives us a Company that is considerably greater than the sum of its parts.

Integrating diversity only works when the elements of the diversity — in our case our 13 global businesses — are strong in their own right. A critical mass of competitive advantage cannot be achieved by leaning small businesses on large ones or weaklings on winners. That is why our work of the 1980s — creating strong, stand-alone businesses — was the indispensable forerunner of integrating them in the 1990s.

But the walls that separate our businesses from one another are not the only ones we are removing.

Even the barriers between GE work life and community life have come down. The GE management society, whose chapters for 63 years met and talked shop and discussed investment funds, has turned its face outward to the needs of the community, and the results are something of which we are more than proud. Hundreds of GE volunteers from the society are serving as mentors and tutors in inner city and rural school systems; and, as a result of their efforts, thousands of underprivileged but promising young men and women will attend college who otherwise would not have had the opportunity. Just a few months ago, Harvard University presented its prestigious Dively Award for Corporate Public Initiative to GE because of the efforts of these volunteers.



So we have knocked down a few boundaries inside the Company and around it, but the walls within a big, century-old Company don't come down like Jericho's when management makes some organizational changes — or gives a speech. There are too many persistent habits propping them up. Parochialism, turf battles, status, "functionalitis," and, most important, the biggest sin of a bureaucracy, the focus on itself and its inner workings, are always in the background. This is no reflection on people but simply a product of the way large organizations have evolved.

We've been pulling the dandelions of bureaucracy for a decade, but they don't come up easily and they'll be back next week if you don't keep after them. Yes, we've taken out a lot of structure — staff, span-breakers, planners, checkers, approvers — and yet we have by no means removed it all. Those who have ever cleaned out an attic and returned a year later are often shocked to see what they left as "essential" — the pairs of old pants that would never be worn for the painting that would never be done, the boxes of moldy *National Geographics* that would never again be read.

We feel the same way every time we revisit our management system — our processes — and see the barriers that insulate us from each other and from our only reason for existence as an institution — serving customers and winning in the marketplace.

For decades, business has been rewarding people with not only money and promotions — which is appropriate — but with titles as well, the most common of which is "manager" of this or that. Managers, logically enough, see their mandate as managing: controlling, measuring and getting on top of things. Often, by doing so, they unconsciously carve out fiefdoms and then feel compelled to defend them. By the end of this decade, we will have one-third fewer management positions than we have today — not necessarily fewer people, but fewer titles with their perceived mandates to "manage" rather than facilitate and contribute.

But the root cause of many of bureaucracy's ills — the turf battles, the parochialism and the rest — is deeper and more subtle. It is people's insecurity. Insecurity makes people resist change because they see it only as a threat, never an opportunity. It's that insecurity, that resistance to change, that must be dealt with.

The antidote to insecurity is **self-confidence**. Some people get it at their mother's knee, others through scholastic, athletic or other achievement. Some tiptoe through life without it. If we are to create this boundaryless Company, we have to create an atmosphere where self-confidence can grow in each of the 298,000 of us.

So how do we grow self-confidence, not just at the top, or in the middle, but everywhere in the Company?

We designed a process to give people a voice, a say, to get them talking to one another and trusting one another, a process we believe will eventually lead to widespread self-confidence across the Company.

"Work-Out" is the name of the process. As we've described it to you before, Work-Out began around the Company with assemblies patterned after the New England town meeting — the ultimate boundaryless event. They are attended by a disparate group of people — hourly, salaried, managers, union leaders — people who often had no occasion to speak to one another during the workday.

The sessions quickly became a shooting gallery, with the more egregious manifestations of bureaucracy as targets — 10 signatures on a minor requisition, nonsensical paperwork, wasteful work practices, artificial dress codes, pomposity. Most of these were abolished or reformed on the spot, not put "in channels."

For the first time in their work lives, people began seeing action match rhetoric — their trust in the process grew — and the ideas began to come in waves. People who had never been asked for anything other than their time and their hands now saw their minds, their views sought after. And in listening to their ideas, it became even more clear to everyone that the people who are closest to the work really do know it better.

Work-Out is two years old now and it's moving steadily up the learning curve. Today, suppliers and customers are part of many of the sessions, exploring new ways of working together. Sessions are becoming more complex as cross-functional teams map the most complicated business processes and compare them with the very best we can find from companies around the world. Work-Out, incidentally, has proved indispensable to the implementation of the revolutionary cycle-time reduction effort in our appliance business.

Work-Out is building trust, teamwork and self-confidence around this Company.

Now, as we write this, we are conscious that across the Company there are still too many people for whom much of this bears little resemblance to the reality of their lives — people who are still trapped in the web of bureaucracy or work in a place where measurement and reward systems still run counter to the very concept of boundarylessness.

There are others as well who say, "You can talk all you want about Work-Out and boundaryless, but the boss still calls the shots." And they are right. Yes, after all the dialogue and input and debate, priorities must be set, resources allocated and final decisions made by the leadership at every level. The difference — a very big difference — is that the input and ideas upon which those decisions are based will come from many, not a few.

Leaders in the 1990s must delegate more, facilitate more and listen more. They must trust and be trusted. Leadership will always have responsibility for the final call, but it will have an equal responsibility to make the decision rational to those who provided the input. The successful leaders of the 1990s will be those whose decisions, however difficult, will be understood, accepted and rallied around by a highly involved work force.

Work-Out is allowing self-confidence to flourish around our Company. As that self-confidence grows, the boundaries are beginning to fall; and as they fall, GE is picking up speed, and with that speed a competitive advantage.

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Some people are uncomfertable with this soft stuff and press us to quantify it, to measure its progress. It would be easy to quote numbers of Work-Out sessions, best-practice teams, suggestions implemented, money spent on training, and the like; but we've resisted because the last thing this effort needs is its own bureaucracy and measurement systems. But we can tell you it is working. We see it working in people's faces and we hear it in the confidence in their voices. And we are beginning to see its results in some of those numbers we gave you at the beginning of our letter: working capital turnover, operating margins and, above all, productivity growth.

These are numbers that couldn't be improved as significantly as they have been by the actions of the top one hundred, or one thousand, or even five thousand people in a company our size. They can only be moved by the contributions of tens of thousands of people who are coming to work every day looking for a better way.

We enter a year fraught with global uncertainty, but we do so confidently, with 13 globally positioned businesses and an increasingly clear vision of what we can become — a boundaryless Company with a boundless future.

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

Lawrence A. Bossidy
Vice Chairman of the Board
and Executive Officer

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

February 15, 1991

Worldwide Business Profile

GE is committed to enhancing the global competitiveness of its 13 key businesses through internal growth, acquisitions and joint ventures and by eliminating the boundaries that exist among its businesses, customers, suppliers and employees.

Aerospace 6

A leading U.S. provider of satellites, radar systems, integrated software systems and other advanced technologies for use in defense, space and aviation.

Aircraft Engines 7

The world's leading manufacturer of large jet engines for commercial and military aircraft, and the supplier of both large and small engines powering nearly 18,000 aircraft in service today.

Appliances 8

A world leader in major appliances for the home, providing high-quality products under the GE, Monogram, RCA and Hotpoint brand names.

Financial Services 9

One of the largest and most diversified finance companies in the United States, providing financial products and services tailored to customer needs through GE Capital, Employers Reinsurance and Kidder, Peabody.

Industrial and Power Systems 10

A global leader in providing utilities and other customers with products that generate and deliver electricity as well as systems that improve air quality.

Lighting 11

Not only the originator of the incandescent lamp but also now the world's biggest supplier of light bulbs and a global leader in lighting technology.

Medical Systems 12

The global leader in diagnostic imaging systems used by hospitals, clinics and health care professionals to provide the best health care possible for their patients.

NBC 13

The top-ranked television network in the United States in 1990 in terms of viewer ratings and advertising revenues.

Plastics 14

A world leader in high-performance engineering plastics that can be used in innovative ways to replace metal, glass and other traditional materials.

Communications and Services 15

Helping customers worldwide to be more productive through the use of computers, teleprocessing networks, satellites, cellular phones and other information technologies.

Electrical Distribution and Control 15

An industry leader in products that distribute, control and protect electrical power and a supplier of factory automation equipment.

Motors 16

The U.S. market leader in energy-efficient motors and one of the largest suppliers of AC and DC electric motors in the world.

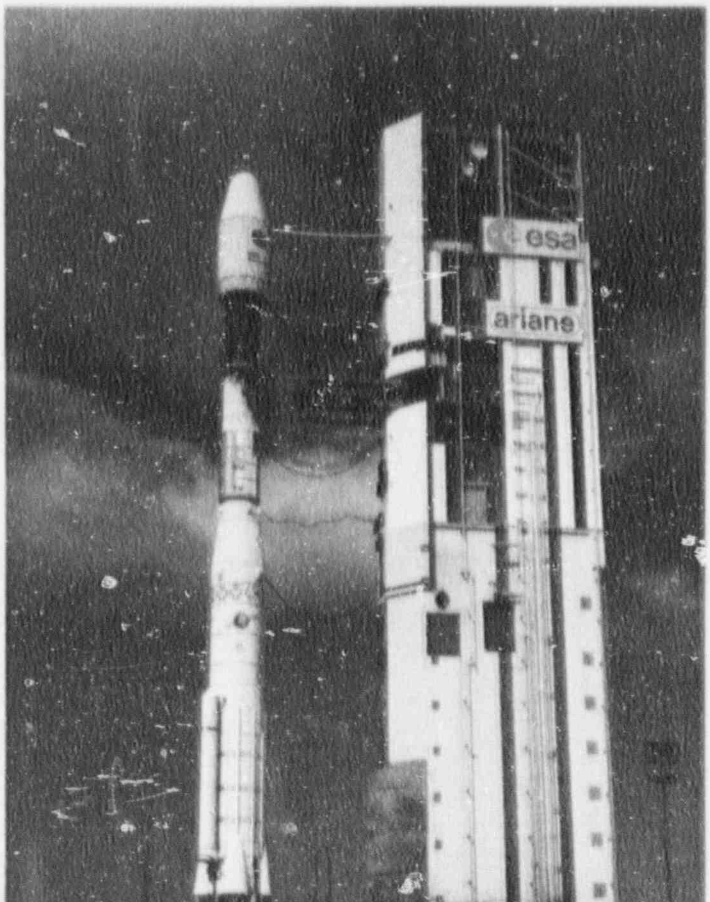
Transportation Systems 16

One of the world's largest manufacturers of diesel electric locomotives and a leading supplier of propulsion systems for rapid transit cars and electric wheels for off-highway vehicles.

International 17

Helping GE businesses to achieve leadership positions in established world markets as well as to open doors into new and emerging markets.

Aerospace



Two GE-built communications satellites were launched into orbit from French Guiana aboard this Ariane rocket in November.

John D. Rittenhouse
Senior Vice President,
GE Aerospace

GE Aerospace is a leading developer of the advanced technologies required for the use and exploration of space as well as for the nation's defense.

In an increasingly uncertain defense market, GE Aerospace closed 1990 with an orders backlog of $6.9 billion while restructuring to reduce its costs and to improve customer satisfaction.

The business, which had $5.6 billion in revenues for the year, sustained leadership positions in its key markets despite a sixth straight federal budget with a real decline in U.S. defense appropriations.

New production contracts awarded to GE Aerospace during the year included an infrared search and track system for the U.S. Navy's F-14D fighter aircraft. In addition, the Seawolf submarine combat system being developed by the business passed a critical design review required for production start-up.

GE Aerospace finished 1990 with a firm backlog of 47 satellites plus options for an additional 18. Joint development of communications satellites for a 51-member international consortium and sole responsibility for a second direct broadcasting satellite for Japan were among the new orders.

The business intensified its efforts aimed at continued growth in the global marketplace. Key alliance moves during the year included the creation of a four-company, four-nation consortium to develop a new battlefield radar system and an agreement with an international partner to develop flight control systems for the Euro-Apache helicopter.

Other significant events included the formation of an alliance to complete the development of a new airborne radar system and a partnership to pursue commercial satellite business in Europe and other areas.

More than 20 Aegis fleet air defense systems were in various stages of production during 1990. In addition, the U.S. Navy's 16th cruiser equipped with an Aegis system was commissioned, and the first Aegis-equipped destroyer began its sea trials.

In response to marketplace uncertainties, aggressive action was taken in 1990 to eliminate excess capacity through consolidation of manufacturing operations.

For example, plans were announced to close two facilities and consolidate certain operations into existing plants. Simultaneously, steps were taken to accelerate implementation of common information systems and to improve engineering processes across GE Aerospace.

In addition, the work force was reduced by 3,100 in 1990, bringing to 13,500 the total number of job reductions in the business since its employment peak of 51,500 in 1986.

Aircraft Engines

Around the world, GE Aircraft Engines made headlines in 1990 while achieving substantial growth in revenues and earnings.

In the Soviet Union, for example, a long-standing barrier was broken when Aeroflot, the Soviet national airline, selected CF6-80C2 engines from GE for a new fleet of aircraft. These will be Aeroflot's first Western-built high-bypass turbofans.

Other big international customers got bigger. Japan Air Lines, Lufthansa and All Nippon Airlines each placed significant follow-on orders in 1990, helping GE retain its commercial leadership.

In addition, the first GE-powered McDonnell Douglas MD-11 trijets were delivered and placed into service.

The best-selling CFM56 engine family also entered the 1990s in stellar fashion. Marketed by CFM International, a joint company of GE and SNECMA of France, these engines are the exclusive power plant for Boeing's current line of 737s.

Two advanced engines, the CF6-80E1 and the CFM56-5C, were tested successfully in 1990. They will power Airbus A330s and A340s, respectively.

Annual sales of CFM56 and CF6 engines, parts and services exceeded $3 billion for the first time. Commercial engine sales likely will account for 60% or more of the business this decade.

Always focused on its customers' future needs, GE Aircraft Engines unveiled the new super-thrust GE90 to the world. SNECMA, Fiat-Avio of Italy and IHI of Japan are major revenue-sharing participants.

Designed for tomorrow's widebody airliners, the GE90 will address growing demands for greater thrust, better fuel efficiency, and quieter, cleaner operation.

Another 1990 highlight was the agreement with Pratt & Whitney to study a supersonic engine for future high-speed transports.

In small commercial engines, GE made inroads in Eastern Europe by signing an agreement to power a Czechoslovakian aircraft with CT7-9 turboprops.

Reduced U.S. military spending was a reality in 1990, yet GE Aircraft Engines fared well. Several developments should help cushion the impact of anticipated future spending cuts.

For example, the reliable F110 engine again became the U.S. Air Force's overwhelming choice for its next round of single-engine F-16 fighters. The F110 also was selected by Japan to power its new FS-X jets.

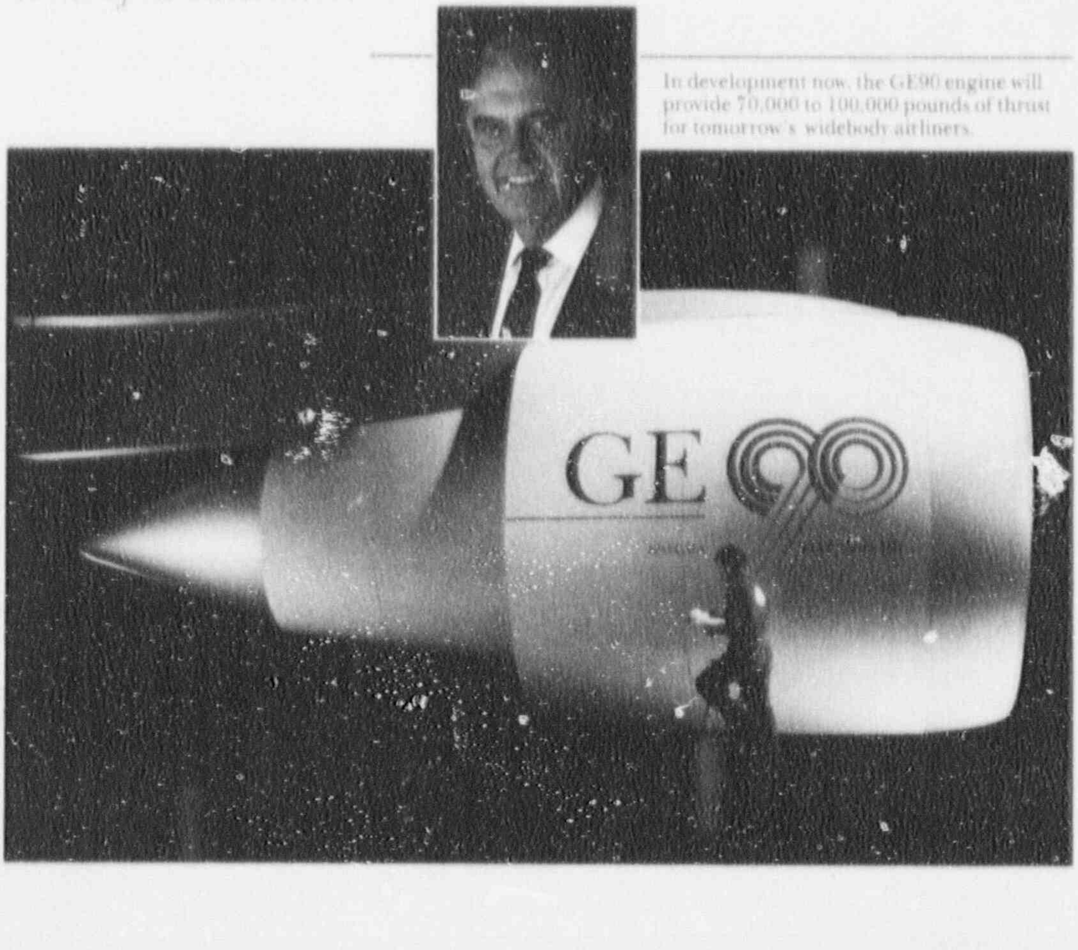
In addition, the F120 engine performed well on both the Lockheed and Northrop prototypes of the Air Force's Advanced Tactical Fighter, and the F118 engine performed well on the second production B-2 bomber.

Elsewhere, the LM6000 became the fastest-selling gas turbine GE ever introduced into the marine and industrial engine market.

GE Aircraft Engines has become the world's leading manufacturer of large jet engines by concentrating on the present – and future – needs of its customers.

Brian H. Rowe
Senior Vice President,
GE Aircraft Engines

In development now, the GE90 engine will provide 70,000 to 100,000 pounds of thrust for tomorrow's widebody airliners.



GE Appliances provides consumers with high-quality, high-value refrigerators, ranges and other major appliances.

Gary L. Rogers
Senior Vice President,
GE Appliances

GE's new line of top-quality XL44™ gas ranges is being produced in this ultramodern facility in central Mexico.

Driven by its mission to work with customers and suppliers to provide the highest-quality, highest-value products and services to consumers, GE Appliances outperformed the industry in 1990, gaining market share in a soft U.S. market.

Higher earnings reflected strong productivity gains, a result of focused investments in its factories and an emphasis on product quality.

In Decatur, Ala., a $190 million refrigerator plant expansion became fully operational. Major production, cost and quality targets were met, due in part to innovative work teams that give employees a say in how the plant is run. Consumer response to its redesigned models, which have energy efficiency ratings 15% better than mandated levels, has the plant at full capacity.

Another state-of-the-art facility producing high-quality products came on stream in 1990 as a result of a joint venture with MABE, Mexico's leading appliance manufacturer. The plant in San Luis Potosí produces gas ranges for the Mexican and American markets. Its first offering provides 30% more usable oven capacity than comparable gas ranges.

Productivity also was the reason for consolidating electric range production into two plants, which was completed during 1990, and for turning to outside sources for components for some products.

In addition to these internal efforts, GE Appliances is working with suppliers and customers to carry out its mission.

One successful effort is the "Value-Added Supplier" program. As part of this initiative, GE is reducing its supplier base while building strong relationships with select companies willing to invest for the long term. Today, GE and its value-added suppliers are working together on win-win ideas to enhance productivity in GE and supplier plants.

GE Appliances is building stronger relationships with its customers too. Several "Work-Out" sessions were held with customers, both large and small, to help identify ways to improve effectiveness in serving consumers. And to better serve all of its customers, GE Appliances reorganized its sales force to focus on retail and contract accounts.

GE Appliances also continued to expand distribution of its four brands — GE, Hotpoint, RCA and Monogram — through its retail dealers.

Commitment to the customer goes beyond GE's dealer and builder base. The GE Answer Center® service, which is available toll-free (800-626-2000) 24 hours a day, helped its 21-millionth caller in 1990. GE Consumer Service, a nationwide factory service network, expanded its service hours in many regions to meet the needs of today's busy families.

Financial Services

Another good performance was turned in by GE Financial Services (GEFS) during 1990 as earnings grew 18% to $1.1 billion.

The earnings growth was led by GE Capital, which preserved its earning power at a time when many financial institutions were buffeted by industry changes and a flagging economy. Nineteen of its 21 businesses contributed to solid earnings gains due to increased U.S. and global lending activity.

Transportation and industrial funding, for example, successfully applied its expertise to new markets in the United States and overseas.

Retailer financial services also established a major European presence with the $316 million purchase of the private label credit card operations of The Burton Group, Britain's largest specialty apparel retailer.

The mortgage insurance business had a very strong year as more home buyers needing insurance took advantage of home ownership opportunities. It also acquired a Travelers Corp. unit that services some $14 billion in home mortgages.

Container leasing, one of GE Capital's most international businesses, furthered its position with the early 1991 purchase of the assets of Itel Corporation's cargo container leasing business.

Acquisitions strengthened other GE Capital businesses in 1990. Equipment financing added Wang Laboratories' international lease financing operations and the ELLCO high-technology leasing business; fleet services added the 50,000-vehicle fleet of McCullagh Leasing; and auto leasing added the auto loan assets of Empire Federal Savings.

While GE Capital's diversified portfolio showed strong performance overall, two businesses were affected by weakness in their markets.

In commercial real estate, earnings declined although asset growth continued. GE Capital also continued its conservative policy of financing properties based on cash flow.

Significantly lower earnings were recorded in corporate finance. With fewer opportunities to finance management buyouts, the focus shifted to recapitalizing leveraged companies and maximizing the current portfolio's value.

A more complete discussion of GE Capital's portfolio quality is given on page 36.

The down cycle in property and casualty insurance continued through 1990. Despite this environment, Employers Reinsurance Corporation improved earnings over 1989's record level on a modest increase in net written premiums.

Kidder, Peabody became 100% owned by GEFS in 1990. Despite turbulent markets, Kidder increased revenues and gained market share in many areas. It raised its industry rankings, particularly in underwriting and mortgage-backed securities.

An innovative mortgage insurance program from GE Capital is helping thousands of people become first-time home buyers.

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

GE Financial Services offers the creative financing solutions that can help companies and individuals achieve their dreams.

Industrial and Power Systems

Strong growth in global power generation markets propelled GE Industrial and Power Systems to a significant earnings increase on revenues of $5.8 billion during 1990.

Demand was particularly strong for gas turbine and combined-cycle applications, areas where the Company has the commanding worldwide position.

GE leadership in gas turbine technology was demonstrated by the successful operation of the first advanced "F" gas turbine at Virginia Power's Chesterfield Station. This unit, featuring several advancements derived from GE's aircraft engine technology, is the world's most efficient gas turbine in commercial operation.

GE received the major share of all advanced gas turbine opportunities in 1990, with large U.S. orders for the "F"-technology from Florida Power & Light and Baltimore Gas & Electric.

Success in South Korea dominated international activity. GE won more than 4.1 gigawatts of power generation equipment orders from that country in 1990, highlighted by an order exceeding $400 million from the Korea Electric Power Company for eight combined-cycle units driven by "F" technology gas turbines.

Global concern over the environment is creating another growth area. GE Environmental Systems, a world leader in emissions reduction technology for power plants, had a significant increase in orders in 1990.

Going forward, technology leadership is key to sustaining current market positions for all GE Industrial and Power Systems businesses. GE continues to reinvest in R&D programs aimed at achieving further advances in power system efficiency and emissions reductions and at developing the next generation of simplified boiling water reactors.

Technology advancements in 1990 included the introduction of advanced electronic meter and control products that improve utility efficiency and productivity. New drive systems products and processes that reduce start-up time in paper and steel mills also were introduced, as were improved nuclear fuel and service technologies.

GE's commitment to technology and market leadership includes investment of more than $1 billion during the past five years. The business also has begun a major expansion of its gas turbine facility in Greenville, S.C., to keep pace with market forecasts.

Another 1990 initiative was a push for enhanced customer satisfaction through joint employee/customer programs. Several "Best Practices" sessions were held with major customers, resulting in streamlined procedures, enhanced communications and significant improvement in overall business productivity.

GE Industrial and Power Systems is meeting the worldwide demand for more electric power, better power system efficiency and a cleaner environment.

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

"F" technology units such as this one being built in Greenville, S.C., are the world's most powerful and efficient gas turbines.

Lighting

Earnings were up somewhat on flat revenues in a soft market for GE Lighting, which will become number one in the world lamp market in 1991 as a result of its recent acquisition of the THORN Light Source business from THORN EMI of the United Kingdom.

GE has a 51% interest in and management control of the newly formed company, called GE-THO[illegible] Lamps, Ltd. The minority interest will be transferred to GE after three years.

This action doubles GE Lighting's market share in Europe, making GE number three in the European lighting market, and should provide the business with an additional $360 million in annual sales.

It also gives GE Lighting two lamp manufacturing plants in the United Kingdom, 100% interest in an automotive lamp company in Germany and majority interest in an Italian company that manufactures incandescent lamps.

Equally important, a strong sourcing agreement with THORN, a world leader in the manufacture of lighting fixtures, will provide opportunities to sell GE lamps in combination with the development of fixtures for a "go to market" fixture/lamp approach — the preferred way of doing business in the European lighting market.

This alliance comes less than 12 months after GE Lighting's acquisition of a majority interest in Tungsram, the long-established Hungarian lamp manufacturer. The integration of Tungsram into GE Lighting's global manufacturing, sales and distribution organization is ahead of schedule.

Tungsram — subject of a spirited TV commercial that focuses attention on GE's Hungarian investment — and the new GE-THORN venture are supported by a European sales organization that will market GE, Tungsram and THORN products.

While achieving this success, GE Lighting simultaneously strengthened its leadership in the North American lighting market through its continued emphasis on customer service and on the development and introduction of energy-efficient lighting products.

In the commercial and industrial market, for example, the new Halogen-IR™ lamps gained outstanding acceptance. Inn[illegible]ative coating technology from the Company's R&D Center enables these lamps to recycle energy that otherwise would be wasted.

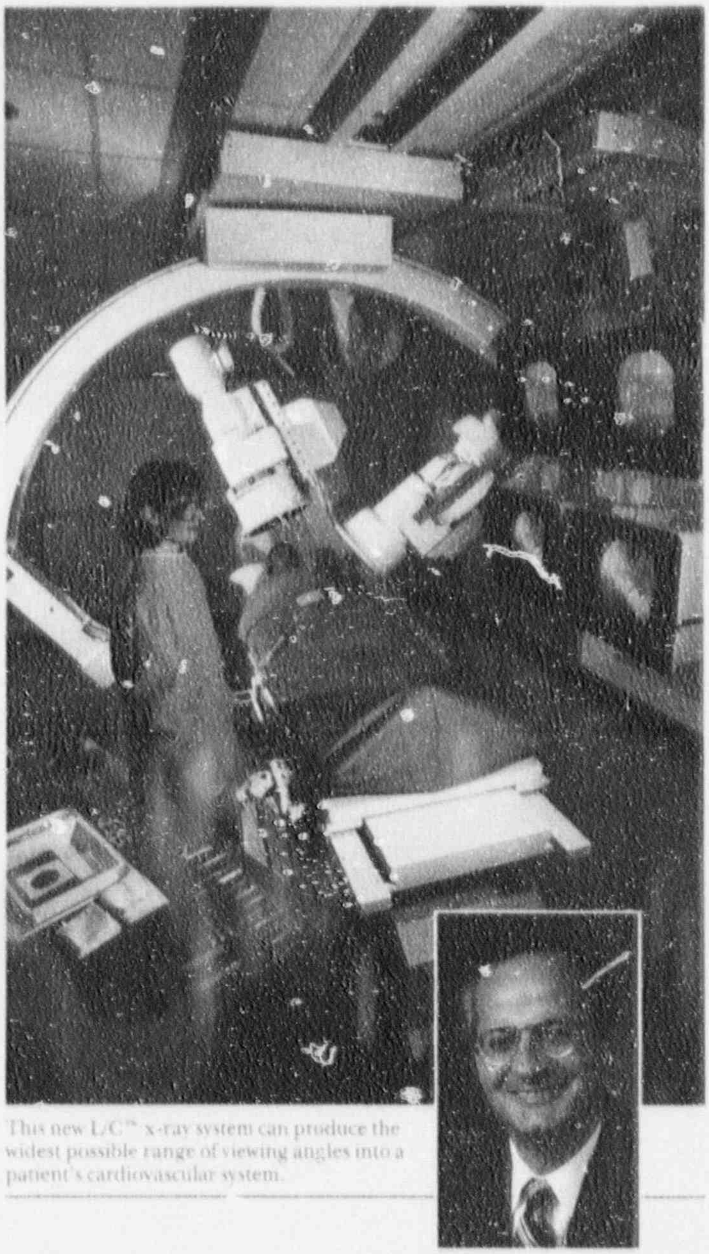
For the consumer market, GE Lighting developed a broad line of energy-efficient incandescent and fluorescent lamps, which were introduced in early 1991 as Energy Choice™ products. They are designed to use less wattage and will contribute to the protection of the world's environment.

GE Lighting is one of the world's leading suppliers of lighting products for consumer, commercial and industrial markets.

John D. Opie
Senior Vice President,
GE Lighting

Consumers can save energy by using GE's new broad line of Energy Choice™ light bulbs, which come in recycled packages.

Medical Systems



This new L/C™ x-ray system can produce the widest possible range of viewing angles into a patient's cardiovascular system.

John M. Trani
Senior Vice President,
GE Medical Systems

GE Medical Systems provides the modern medical technology for peering inside th[illegible]man body to diagnose and t[illegible] disease.

Strong growth in orders, revenues and earnings made it another record year for GE Medical Systems.

The world leader in diagnostic imaging, the business achieved strong results in magnetic resonance (MR), computed tomography (CT), x-ray, equipment service and financing.

Implementing "Work-Out" throughout the business helped productivity increase at a high rate and contributed to this excellent progress. So did an array of new products and services for the global health care market, which GE serves through major manufacturing bases in the United States, Europe and Japan.

In magnetic resonance, the worldwide installed base of Signa®, MR Max™ and Resona systems is far ahead of all competitors. Record investments continue to generate new clinical capabilities, positioning MR for further growth.

In x-ray, the largest diagnostic imaging segment, a key development was the new L/C™ cardiac positioner. This innovative system features unique 3-axis rotation for unrestricted views into the human body. It captured a major part of the year's U.S. cardiology orders, establishing GE as the leader in this prestigious market area.

Excellent gains also were made by GE's mammography systems while its mobile x-ray units and radiographic and fluoroscopic systems — the workhorses of the hospital imaging department — continued to be strong.

The Sytec™ 2000 system adds a strong new upgradeable offering for the "value" segment of the CT market, complementing GE's strength in premium CT. Added to 1989's introduction of the enhanced CT Pace™ Plus system, it gives GE leadership products at all key performance and price points.

Similarly, in ultrasound, the RT 3200 Advantage system was successfully introduced into the OB/GYN market. In nuclear imaging, the new CamStar™ digital system gives the business a fully integrated line.

Elsewhere, GE Medical Systems completed its first U.S. clinical installation of the compact Saturne 41 linear accelerator for cancer therapy. In positron emission tomography (PET), GE continues to evaluate future clinical needs so its PET systems will satisfy anticipated demand.

To better position itself for winning in tomorrow's constrained health care market, the business accelerated customer satisfaction efforts. Substantial investments in the "Make It Right" program and InSite, GE's remote diagnostic center, will help resolve customer issues promptly and fairly. In addition, sales and service coverage expanded during the year.

NBC

The National Broadcasting Company maintained its leadership in network television, winning its sixth straight year in prime-time ratings despite greatly intensified competition.

NBC earnings and revenues were down, however, due to a combination of lower ratings and a decline in advertising spending as the U.S. economy weakened.

Broadcast ratings for all three major U.S. networks continued to fall, putting increased pressure on the performance of stronger shows. At the end of 1990, NBC was locked in one of the closest ratings races ever.

For the broadcast year that runs September to September, NBC-TV was in first place for 48 of the 52 weeks. "Cheers" was the top-rated series for that period. "The Cosby Show" and "A Different World" were third and fourth, respectively. (Audience ratings determine how much broadcasters can charge advertisers.)

In addition, NBC received 33 Emmy Awards for prime-time, news, sports and daytime programs.

NBC Productions proved to be a valuable resource for in-house programs. NBC-produced shows such as the movie "Kaleidoscope" and the miniseries "Lucky/Chances" were hits.

NBC News also made significant advances. Two weekly prime-time news series, "Real Life with Jane Pauley" and "Exposé," will begin in 1991. NBC also will launch NBC News Channel, a 24-hour news service for affiliated stations.

"The NBC Nightly News with Tom Brokaw" kept viewers abreast of fast-breaking events from the Persian Gulf and elsewhere.

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

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

NBC Sports acquired exclusive five-year rights to televise all Notre Dame home football games beginning in 1991 and entered into long-term arrangements for NFL football and the PGA golf tour. NBA basketball games began a four-year run on NBC in 1990.

NBC strengthened its initiatives in cable and other new business sectors.

The Consumer News and Business Channel (CNBC) reached more than 17 million subscribers by the end of 1990. A joint venture with Cablevision Systems, it had one of cable's most successful launches ever in 1989.

Progress continued on the NBC-Cablevision plan for 540 hours of live pay-per-view coverage of the 1992 Summer Olympics. NBC also will have 161 hours of free broadcast coverage.

NBC International pushed NBC's expansion in the global market. In addition to distributing NBC programming worldwide, it formed new alliances in Europe and Japan.

During the year, "Work-Out" suggestions resulted in new efficiencies in sports coverage, station-network operations and marketing.

NBC also sold a majority interest in its Cleveland TV station, which remains one of its 209 affiliates. NBC now owns and operates six TV stations, each located in a major U.S. market.

A Heavy Valox® resin introduced in 1990 can have the feel and aesthetic qualities of glass, ceramic, porcelain, metal or ivory.

Glen H. Hiner
Senior Vice President,
GE Plastics

GE Plastics creates innovative materials that are changing the very way products are designed and manufactured.

A softening economy resulting in declining sales to key markets had its effect on GE Plastics, which experienced reduced earnings in 1990.

In response, the business undertook a major restructuring to focus on improved customer satisfaction. It consolidated field sales and marketing, moved technology support closer to the customer and created a new organization to concentrate on total quality.

One emerging market where GE did enjoy particular success in 1990 was in building and construction. Roofing panels made with GE materials are one of the first commercial applications to evolve from the Living Environments Concept House that opened in 1989. The panels are designed to replace cedar shakes.

GE also made strides in materials management. A concrete aggregate containing recycled engineering polymers is being used for restaurant countertops and hotel flooring. Shipping containers made from reground water bottles made of Lexan® polycarbonate are another recycled product.

In addition to developing applications for recycled material, GE Plastics is helping to design products for disassembly, a key factor in making large-scale recycling possible.

Also in the environmental area, GE Plastics is investing heavily in reducing plant emissions, enhancing water quality and improving the workplace environment.

Investments also are being made for worldwide capacity, quality and productivity. For example, investments in new processing facilities for specialty chemicals and silicones will improve product quality and GE's ability to increase worldwide share of additives, modifiers, sealants, adhesives, gels, coatings and other products.

1990 also was a year of significant improvements in product technology for the business. It introduced Heavy Valox® resin, a mineral-filled polymer with the density of steel or brass. The material can have the touch, feel and aesthetic qualities of glass, ceramic, porcelain, metal or ivory, yet it provides the productivity and design advantages of engineering thermoplastics.

In addition, the superabrasives component introduced the isotopically pure carbon 12 diamond invented at GE's R&D Center. The new crystals offer far better thermal conductivity than conventional diamonds — of special importance to the electronics industry.

Despite softness in the automotive market, GE Plastics continues to be a leading material supplier to that industry worldwide. GM's new Saturn vehicles, for example, feature fenders molded of Noryl GTX® resin and cowl vents made of Geloy® resin, the first automotive application for this product.

Communications and Services

Improved revenues and earnings were recorded by GE Communications and Services.

GE Information Services, a leading supplier of network-based information management services, expanded its client base to nearly 13,000. It operates one of the world's largest commercially available teleprocessing networks, which services worldwide leaders in financial, retail, transportation and other industries.

The year-old mobile communications joint venture between GE and Ericsson of Sweden was selected to rebuild cellular telephone networks in Seattle, Portland, Spokane and New York City.

Another component, GE Government Services, remained a leading provider of technical, scientific and engineering services to federal, state and foreign governments. Its areas of expertise include space, defense and research.

GE Consulting Services offers consulting and software services while GE Computer Service provides electronic equipment service, rental and repair to many Fortune 500 companies.

GE Americom, which reports financially through GE Capital, improved its leadership position in domestic satellite communications services by launching the first of a new generation of satellites.

More than 1,300 bookstores are using the PUBNET™ ordering system from GE Information Services to speed up book deliveries.

Eugene F. Murphy
Senior Vice President,
GE Communications
and Services

GE Communications and Services helps individuals, businesses and governments take advantage of the information age.

Electrical Distribution and Control

GE Electrical Distribution and Control puts electricity to work safely and efficiently in the home, in the office or on the factory floor.

At the new national service center in Charlotte, N.C., all employees receive hands-on instruction so they can give the best customer service.

Renewing its commitment to customer satisfaction and productivity improvement helped GE Electrical Distribution and Control enhance its position as a world leader in 1990.

The business, which had increased revenues and earnings due to productivity gains and a full year of European joint venture operations, strengthened itself with a new global product strategy. Customers around the world can now obtain world-class GE products with a common core technology that can be equipped with localized features.

Together with its European joint venture partner, GE introduced into Europe the new Spectra Series™ circuit breaker and control components products that offer significant improvements in service, performance and productivity.

In addition, the business launched an Asia-Pacific operation to support its successful joint venture with Fuji Electric of Japan.

Self-directed employee work teams have reshaped the business by making process improvements that dramatically reduce the time it takes to deliver products and service to customers.

U.S. customers also benefited from the opening of a state-of-the-art national service and training center and the debut of the FASTECH™ service. This online service gives original equipment manufacturers the fast answers and technical assistance they need.

The GE Fanuc Automation joint venture with FANUC Ltd. of Japan grew share in its served markets. Its leadership role as the supplier of automation control systems to the Saturn facility contributed significantly to the debut of the new GM cars. New operations in East Germany and Luxembourg will help enhance GE Fanuc's competitiveness in Europe.

Motors

GE Motors is the largest supplier of energy-efficient electric motors that run everything from appliances to steel mills.

Significant declines in its appliance and air conditioning markets led to lower revenues and earnings for GE Motors in 1990.

The industrial market remained strong, however, and helped push industrial drive motor sales to record levels.

To better position itself for the 1990s, GE Motors completed several major plant rationalization and restructuring programs.

The business also made strides in building a world-class level of customer satisfaction, its primary focus entering the decade. Significant cycle-time reductions have been achieved and inventory levels have improved, both making a positive impact on customers.

At the core of this effort are customer/employee "Work-Out" activities to improve communications, set mutual goals and share best practices. One "Work-Out" team developed a vision statement for the business that incorporated ideas from more than 4,000 employees.

These Energy $aver® motors from GE's Owensboro, Ky., plant not only cost less to operate but also last longer than standard models.

Market and product innovations also are giving customers greater value and are contributing to new business.

The computerized Motorvision™ system provides information to help distributors develop and service new markets, thus increasing their market share and GE's.

The use of GE's industry-leading Energy $aver® motors is expanding due to the renewed emphasis on energy conservation and a redesign of the motors that provides even greater efficiency. Investment in DC motor and emerging AC variable speed technologies also provides a solid platform for the future.

Also in 1990, GE Motors responded to environmental concerns by making major improvements in air emissions at its facilities.

Transportation Systems

Two building blocks for the future of the locomotive business were set in place during 1990 when GE Transportation Systems received a multiyear contract for 150 Dash 8 locomotives from CSX and an order for 100 Super 7 locomotives for Ferrocarriles Nacionales de Mexico.

Another building block came in early 1991 when Amtrak agreed to purchase 52 new passenger locomotives, giving GE a strong entry back into the passenger locomotive business.

The business, which had strong revenues and earnings growth in 1990, also celebrated the production of the 1,000th Dash 8, which was delivered to the Union Pacific Railroad. The first Dash 8 was delivered to Norfolk Southern in 1985.

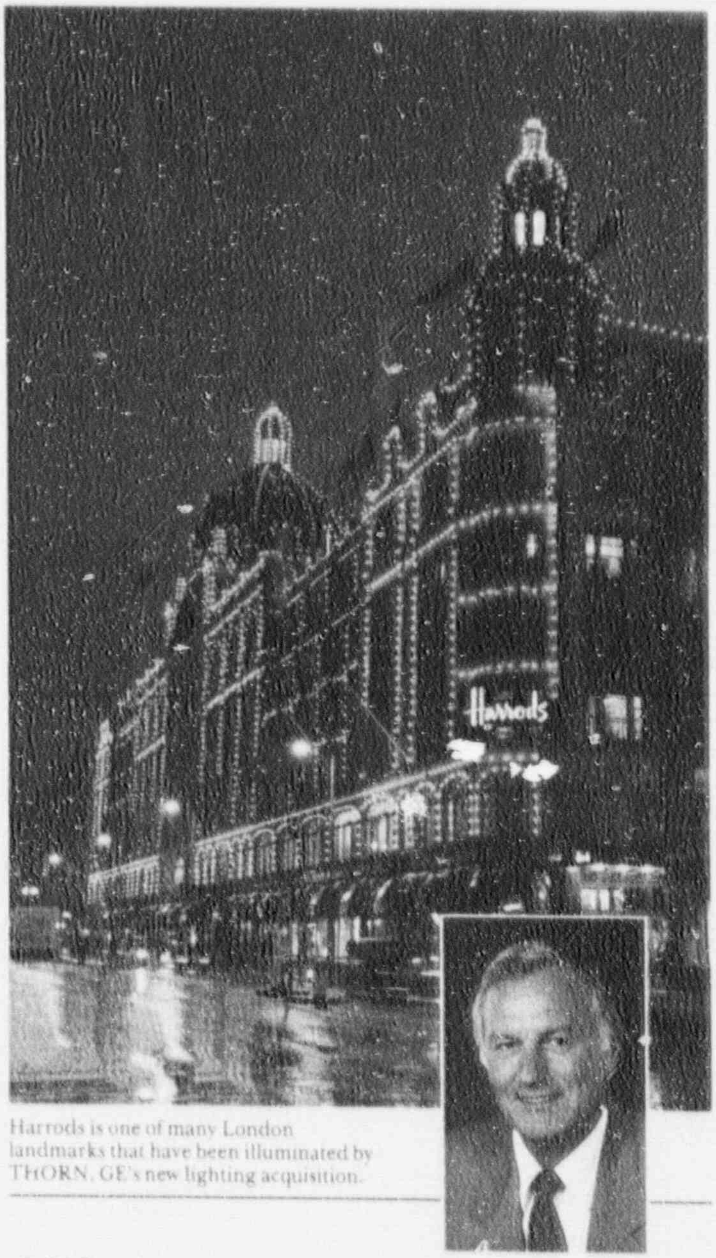
The success of "Work-Out" in GE Transportation Systems is best evidenced by the improved reliability of new Dash 8s, whose component failures are expected to be less than 50% of the current fleet average. On-time parts delivery also improved substantially.

GE continued to win major DC transit propulsion orders, including a multiyear contract from the Chicago Transit Authority, and captured its first production AC transit order — for trolley buses in San Francisco.

In the mining truck market, GE's electric drives won the majority of orders for equipment to power heavy off-highway vehicles.

The first set of 100 new Super 7 locomotives purchased from GE for use by Ferrocarriles Nacionales de Mexico crosses the Rio Grande.

GE Transportation Systems provides customers worldwide with the horsepower to haul passengers and freight.



Harrods is one of many London landmarks that have been illuminated by THORN, GE's new lighting acquisition.

Paolo Fresco
Senior Vice President,
GE International

GE businesses continue to expand their global competitiveness through strategic alliances and increased direct presence in established and emerging markets.

Total GE revenues from international customers served through U.S. exports or from local sources aggregated $15.4 billion in 1990.

Led by sales of aircraft engines, plastics, medical systems and power systems, this new high is evidence of GE's continuing success and growth in the highly competitive global market. Revenues from outside the United States increased by 23% to $9.2 billion in 1990.

These gains reflect the boundaryless team effort of GE's business and regional operations in pursuing and capturing global opportunities.

Major emphasis continues on building leadership positions in the established markets of Western Europe, Asia-Pacific and Canada. At the same time, GE is laying the groundwork for long-term participation in emerging or newly opened markets such as India, the Soviet Union, Eastern Europe and Mexico.

In Western Europe, soon to be the world's most important single market, GE growth is accelerating. For example, GE Lighting is now a major factor in the European lamp market through its 1991 joint venture with THORN EMI of the United Kingdom and its majority interest in Tungsram of Hungary.

In the Asia-Pacific region, 1990 was another year of significant progress. A key element was GE Power Generation's allia[illegible] with Korea Heavy Industries and Construction Company, resulting in major steam and gas turbine orders.

Despite a poor Canadian economy, GE Canada invested near 1989's record level, focusing on capacity increases and productivity programs. Camco Inc., the GE Appliances subsidiary in Canada, gained market share, and power generation had improved results.

In India, GE is pursuing long-term opportunities by establishing new joint ventures in medical systems, factory automation and plastics. GE also broadened its power systems alliance with BHEL of India and started sourcing software development services from Indian suppliers.

In the Soviet Union, where GE obtained a historic order for aircraft engines in 1990, the Company is adding resources to its Moscow operations. It also is actively pursuing alliances with local partners.

In Eastern Europe, a new area operation and office in Prague will strengthen GE's renewed efforts in Czechoslovakia as well as in Hungary and other markets.

In Mexico, aggressive economic reforms present new opportunities. During 1990, GE expanded its total presence there by winning an order for 100 locomotives, modernizing a major steel mill and completing a new plant for gas ranges.

Board of Directors

H. Brewster Atwater, Jr.
[illegible]

Richard T. Baker
[illegible]

Lawrence A. Bossidy
[illegible]

Silas S. Cathcart
Director and retired Chairman of the Board, [illegible] Chicago, Ill. Director [illegible]

Charles D. Dickey, Jr.
Retired Chairman of the Board and Director, Scott Paper Company, Philadelphia, Pa. Director since 1972

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

David C. Jones
[illegible]

Robert E. Mercer
[illegible]

Gertrude G. Michelson
[illegible]

Barbara Scott Preiskel
[illegible] New York, N.Y. Director since 1982

Lewis T. Preston
Director and former Chairman of the Board, J.P. Morgan & Co. [illegible] and Morgan Guaranty Trust Company, New York, N.Y. Director since [illegible]

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

The GE Board of Directors was saddened in October by the death of William French Smith, a Director since 1986. A former attorney general of the United States, Mr. Smith had been a Director of the RCA Corporation before being elected to the GE Board.

A new Director — Paolo Fresco — joined the Board in December. A senior vice president of GE, Mr. Fresco joined the Company in Italy in 1962 and has held increasingly senior positions in GE's international operations. Adding his broad global perspective to the Board represents another key step in GE's progress in becoming a truly global company.

In 1991, the Board will be losing the valuable services of Richard T. Baker and Charles D. Dickey, Jr., who are retiring from the Board after [illegible] combined years of service to GE.

Mr. Baker chaired the Audit Committee for 10 years and provided highly valued financial counsel during a period of considerable acquisition and disposition activity. Mr. Dickey chaired the Nominating Committee. His interest in manufacturing operations and his frequent visits to Company plants gave him a special insight into the Company's workings.

During 1990, the Directors held 10 regular meetings and participated on the following committees that aid the Board in its duties.

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

Paolo Fresco
Senior Vice President and Director, General Electric Company, London, England. Director since 1990.

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

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

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

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

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

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

The *Finance Committee* met four times. It concentrated on GE's pension funding and trust operations, foreign exchange exposure and other matters involving large-scale use of Company funds.

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

The *Nominating Committee* held three meetings during which it reviewed Board candidates and recommended the committee structure and membership for the ensuing year.

The *Operations Committee* met five times, including two joint sessions with the Technology and Science Committee. Its activities included a review of GE International operations.

The *Public Responsibilities Committee* evaluated environmental issues and the activities of the General Electric Foundations at its two meetings.

The *Technology and Science Committee* met twice. One of its joint sessions with the Operations Committee included a review of the GE Lighting business.

Committees of the Board

Audit Committee
Richard T. Baker, Chairman
Lawrence E. Fouraker
Gertrude G. Michelson
Barbara Scott Preiskel
Lewis T. Preston
Frank H.T. Rhodes

Finance Committee
Robert E. Mercer, Chairman
John F. Welch, Jr., Vice Chairman
Richard T. Baker
Silas S. Cathcart
Charles D. Dickey, Jr.
Henry H. Henley, Jr.
David C. Jones
Frank H.T. Rhodes
Walter B. Wriston

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

Nominating Committee
Charles D. Dickey, Jr., Chairman
Silas S. Cathcart
Henry H. Henley, Jr.
Gertrude G. Michelson
Lewis T. Preston
Andrew C. Sigler

Operations Committee
Henry L. Hillman, Chairman
Lawrence A. Bossidy, Vice Chairman
H. Brewster Atwater, Jr.
Silas S. Cathcart
Robert E. Mercer
Barbara Scott Preiskel
Lewis T. Preston
Andrew C. Sigler

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

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

Management (As of February 15, 1991)

Corporate Executive Officers

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

Lawrence A. Bossidy
Vice Chairman of the Board and Executive Officer

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

James R. Bunt
Vice President

Senior Corporate Officers

Dennis D. Dammerman
Senior Vice President, Finance

Jack O. Peiffer
Senior Vice President, Human Resources

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

Walter L. Robb
Senior Vice President, Research and Development

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

Corporate Staff Officers

James J. Costello
Vice President and Comptroller

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

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

Joyce Hergenhan
Vice President, Public Relations

Richard U. Jelinek
Vice President, Compensation and Benefits

Teresa M. LeGrand
Vice President, Audit Staff

Phillips S. Peter
Vice President, Government Relations

Arthur V. Puccini
Vice President, Industrial Relations

Gary M. Reiner
Vice President, Business Development

John M. Samuels
Vice President and Senior Counsel, Taxes

Edward J. Skiko
Vice President, Information Technology

Susan M. Walter
Vice President, State Government Relations

Operating Management (As of February 15, 1991)

Aerospace

John D. Rittenhouse
Senior Vice President, GE Aerospace

Fred A. Breidenbach
Vice President, Government Electronic Systems

Thomas A. Corcoran
Vice President, Ocean and Radar Systems

James B. Feller
Vice President, Aerospace Technology

Arthur L. Glenn
Vice President, Communications and Strategic Systems

Lawrence R. Greenwood
Vice President, Astro Space

Raymond P. Kurlak
Vice President, Aerospace Operations

Lorenzo C. Lamadrid
Vice President, Marketing and Business Development

William B. Lytton
Vice President and General Counsel

Lawrence R. Phillips
Vice President, Human Resources

Michael A. Smith
Vice President, Aircraft Electronics and Defense Systems

Robert W. Tieken
Vice President, Finance and Information Technology

Aircraft Engines

Brian H. Rowe
Senior Vice President, GE Aircraft Engines

Theodore R. Boehm
Vice President, Legal

Brian Brimelow
Vice President, Government Products

Charles L. Chadwell
Vice President, Production

William J. Conaty
Vice President, Human Resources

Lee Kapor
Vice President, Commercial Engines

Edward C. Bavaria
Vice President, Airline Marketing

Dennis R. Little
Vice President, Marine and Industrial Engines and Service

Frank E. Pickering
Vice President, Engineering

Robert G. Stiber
Vice President, Small Aircraft Engines

Robert C. Turnbull
Vice President, Military Engines

William J. Vareschi
Vice President, Finance and Information Systems

Appliances

Gary L. Rogers
Senior Vice President, GE Appliances

Scott R. Bayman
Vice President, Consumer Service

Richard L. Burke
Vice President, Manufacturing

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

Jeffrey R. Immelt
Vice President, Worldwide Marketing and Product Management

Lawrence R. Johnston
Vice President, Sales and Distribution

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

William J. Sheeran
Vice President, Technology

Financial Services

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

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

Charles E. Okosky
Senior Vice President, Human Resources Development

James A. Parke
Senior Vice President, Finance

W. James McNerney, Jr.
Executive Vice President, GE Capital

David D. Ekedahl
Senior Vice President, Retailer Financial Services

Denis J. Nayden
Executive Vice President, GE Capital

John C. Deterding
Senior Vice President, Commercial Real Estate

Dennis J. Carey
Senior Vice President, Corporate Finance

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

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

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

Industrial and Power Systems

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

Gerald R. Cote
Vice President, Power Generation Customer Service

Eugene J. Kovarik
Vice President, Power Delivery and Control

Russell L. Noll, Jr.
Vice President, Power Generation Production

Thomas C. Paul
Vice President, Power Generation Engineering

J. Richard Stonesifer
Vice President, Power Generation Marketing and Product Management

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

Bertram Wolfe
Vice President, Nuclear Energy

Lighting

John D. Opie
Senior Vice President, GE Lighting

John E. Breen
Vice President, Technology

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

Robert P. Mozgala
Vice President, North American Production

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

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

Operating Management (Continued)

Medical Systems

John M. Trani
Senior Vice President, GE Medical Systems

Bobby J. Bowen
Vice President, Advanced Technology

James G. Del Mauro
Vice President, Service

Thomas E. Dunham
Vice President, Manufacturing and Information Systems

John R. Haddock
Vice President, Marketing and Engineering

Charles P. Pieper
President and Chief Executive Officer, GE Medical Systems Asia Ltd.

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

Robert L. Stocking
Vice President, Sales

NBC

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

Dick Ebersol
President, Sports

Michael G. Gartner
President, News

Albert D. Jerome
President, Television Stations

Pierson G. Mapes
President, Television Network

Edward L. Scanlon
Executive Vice President, Employee Relations

Brandon R. Tartikoff
Chairman, NBC Entertainment; Chairman, NBC Program Development

Plastics

Glen H. Hiner
Senior Vice President, GE Plastics

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

Edward R. Koscher
Vice President, Sales

William H. Westendorf
Vice President, Manufacturing

Robert H. Brust
Vice President, Finance

Eugene P. Nesbeda
Vice President, Product Management and Integration

Jean M. Heuschen
Vice President, Worldwide Technology

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

Edward J. Russell
Vice President, GE Superabrasives

Joseph M. Sakach, Jr.
Vice President, Business and Strategy Development

Frederick A. Shinners
Vice President, GE Silicones

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

L. Donald Simpson
Associate Director, Manufacturing

Communications and Services

Eugene F. Murphy
Senior Vice President, GE Communications and Services

Hellene S. Runtagh
President, GE Information Services

Electrical Distribution and Control

Stephen Rabinowitz
Vice President, GE Electrical Distribution and Control

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

David M. Engelman
Vice President, Sales

Lloyd G. Trotter
Vice President, Manufacturing

Motors

Stephen J. O'Brien
Vice President, GE Motors

Roger D. Morey
Vice President, Appliance and Air Conditioning Motors

Transportation Systems

Michael D. Lockhart
Vice President, GE Transportation Systems

International

Paolo Fresco
Senior Vice President, GE International

Alberto F. Cerruti
Vice President, Finance and Business Support

Alistair C. Stewart
Vice President, Middle East, Africa, South Asia, U.S.S.R. Area

Thomas W. Tucker
Vice President, Asia-Pacific Area

Canada

Dennis K. Williams
Chairman and Chief Executive Officer, General Electric Canada Inc.

Robert T. E. Gillespie
Executive Vice President

GE Supply

Douglas J. Woods
Vice President, GE Supply

Aerospace Technology

Thomas E. Cooper
Vice President, Aerospace Technology

Environmental Programs

Stephen D. Ramsey
Vice President, Environmental Programs

Licensing/Trading

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

Marketing and Sales

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

Henry J. Singer
Vice President, Area Management and Sales

Financial Section

Summary Data

General Electric Company and consolidated affiliates

(Dollar amounts in millions; per-share amounts in dollars)	1990	1989	1988
Revenues	$58,414	$54,574	$50,089
Net earnings	4,303	3,939	3,386
Dividends declared	1,696	1,537	1,314
Per share			
Net earnings	4.85	4.36	3.75
Dividends declared	1.92	1.70	1.46
Earned on average share owners' equity	20.2%	20.0%	19.4%
Percent increase from prior year			
Revenues	7%	9%	4%
Net earnings	9	16	16
Dividends declared	10	17	9
Net earnings per share	11	16	17
Dividends declared per share	13	16	10

Contents

Statement of Earnings

For the years ended December 31 (In millions)	General Electric Company and consolidated affiliates 1990	1989	1988
Revenues			
Sales of goods	$33,321	$31,314	$28,953
Sales of services	9,630	9,673	9,840
Other income (note 3)	752	690	675
Earnings of GEFS	—	—	—
GEFS revenues from operations (note 4)	14,711	12,897	10,621
Total revenues	58,414	54,574	50,089
Costs and expenses (note 5)			
Cost of goods sold	24,490	22,827	21,155
Cost of services sold	6,894	6,873	7,676
Interest and other financial charges (note 7)	7,392	6,591	4,817
Insurance policy holder losses and benefits	1,599	1,614	1,501
Provision for losses on financing receivables (note 8)	688	527	434
Other costs and expenses	11,122	10,355	9,724
Minority interest in net earnings of consolidated affiliates	82	84	61
Total costs and expenses	52,267	48,871	45,368
Earnings before income taxes	6,147	5,703	4,721
Provision for income taxes (note 9)	(1,844)	(1,764)	(1,335)
Net earnings	$ 4,303	$ 3,939	$ 3,386
Net earnings per share (in dollars)	$ 4.85	$ 4.36	$ 3.75
Dividends declared per share (in dollars)	1.92	1.70	1.46

The notes to consolidated financial statements on pages 44-66 are an integral part of this statement.

GE			GEFS		
1990	1989	1988	1990	1989	1988
$33,362	$31,326	$28,958	$ —	$ —	$ —
9,655	9,693	9,866	—	—	—
768	704	680	—	—	—
1,094	927	788	—	—	—
—	—	—	14,774	12,945	10,655
44,879	42,650	40,292	14,774	12,945	10,655
24,531	22,839	21,160	—	—	—
6,919	6,893	7,702	—	—	—
960	726	669	6,474	5,912	4,177
—	—	—	1,599	1,614	1,501
—	—	—	688	527	434
6,582	6,662	6,250	4,577	3,708	3,484
41	38	29	41	46	32
39,033	37,158	35,810	13,379	11,807	9,628
5,846	5,492	4,482	1,395	1,138	1,027
(1,543)	(1,553)	(1,096)	(301)	(211)	(239)
$ 4,303	$ 3,939	$ 3,386	$ 1,094	$ 927	$ 788

[1] ...the supplemental consolidating data on this page, "GE" means the basis of consolidation as described in note 1 to the consolidated financial statements; "GEFS" means General Electric Financial Services, Inc. and all of its affiliates and associated companies. Transactions between GE and GEFS have been eliminated from the "General Electric Company and consolidated affiliates" columns on the preceding page. Eliminations are shown on page 45.

Statement of Financial Position

At December 31 (In millions)	General Electric Company and consolidated affiliates 1990	1989
Assets		
Cash and equivalents (note 10)	$ 1,975	$ 2,258
Marketable securities carried at cost (note 11)	7,465	6,799
Marketable securities carried at market (note 12)	11,877	8,488
Securities purchased under agreements to resell	23,408	16,020
Current receivables (note 13)	7,806	6,976
Inventories (note 14)	6,707	6,655
GEFS financing receivables (investment in time sales, loans and financing leases) — net (note 15)	50,255	41,779
Other GEFS receivables (note 16)	6,368	5,476
Property, plant and equipment (including equipment leased to others) — net (note 17)	16,631	15,646
Investment in GEFS	—	—
Intangible assets (note 18)	9,333	8,822
All other assets (note 19)	12,059	9,425
Total assets	$153,884	$128,344
Liabilities and equity		
Short-term borrowings (note 20)	$ 42,920	$ 37,200
Accounts payable (notes 16 and 21)	7,051	6,666
Securities sold under agreements to repurchase	27,824	16,555
Securities sold but not yet purchased, at market (note 22)	5,324	4,090
Progress collections and price adjustments accrued	3,435	3,315
Dividends payable	445	426
All other GE current costs and expenses accrued (note 23)	6,023	5,650
Long-term borrowings (note 24)	21,043	16,110
Reserves of insurance affiliates (note 25)	5,566	5,032
All other liabilities (note 26)	7,550	7,866
Deferred income taxes (note 27)	3,812	3,543
Total liabilities	130,993	106,453
Minority interest in equity of consolidated affiliates (note 28)	1,211	1,001
Common stock (926,564,000 shares issued)	584	584
Other capital	1,061	826
Retained earnings	22,959	20,352
Less common stock held in treasury	(2,924)	(872)
Total share owners' equity (notes 29 and 30)	21,680	20,890
Total liabilities and equity	$153,884	$128,344

The notes to consolidated financial statements on pages 44-66 are an integral part of this statement.

GE		GEFS	
1990	1989	1990	1989
$ 1,312	$ 1,749	$ 663	$ 509
19	49	7,446	6,750
—	—	11,877	8,488
—	—	23,408	16,020
8,161	7,218	—	—
6,707	6,655	—	—
—	—	50,255	41,779
—	—	6,755	5,856
10,023	9,666	6,608	5,980
6,833	6,069	—	—
6,957	7,048	2,376	1,774
6,352	5,653	5,707	3,772
$46,364	$44,107	$115,095	$90,928
$ 2,721	$ 1,696	$ 40,403	$35,740
2,718	2,901	4,859	4,144
—	—	27,824	16,555
—	—	5,324	4,090
3,435	3,315	—	—
445	426	—	—
6,023	5,650	—	—
4,048	3,947	16,997	12,165
—	—	5,566	5,032
5,503	5,635	2,057	2,236
(497)	(636)	4,309	4,179
24,396	22,934	107,339	84,141
288	283	923	718
584	584	1	1
1,061	826	1,722	1,702
22,959	20,352	5,110	4,366
(2,924)	(872)	—	—
21,680	20,890	6,833	6,069
$46,364	$44,107	$115,095	$90,928

In the supplemental consolidating data on this page, "GE" means the basis of consolidation as described in note 1 to the consolidated financial statements; "GEFS" means General Electric Financial Services, Inc. and all of its affiliates and associated companies. Transactions between GE and GEFS have been eliminated from the "General Electric Company and consolidated affiliates" columns on the preceding page. Eliminations are shown on page 45.

Statement of Cash Flows

For the years ended December 31 (In millions)	General Electric Company and consolidated affiliates 1990	1989	1988
Cash flows from operating activities			
Net earnings	$ 4,303	$ 3,939	$ 3,386
Adjustments to reconcile net earnings to cash provided from operating activities			
Depreciation, depletion and amortization	2,508	2,256	2,266
Earnings retained by GEFS	—	—	—
Deferred income taxes	183	281	124
Decrease (increase) in GE current receivables	(781)	(100)	123
Decrease (increase) in GE inventories	26	(167)	(209)
Increase (decrease) in accounts payable	284	503	303
Increase in insurance reserves	534	486	315
Provision for losses on financing receivables	688	527	434
Net change in certain broker-dealer accounts	1,200	(872)	(573)
All other operating activities	91	(230)	933
Cash provided from operating activities	9,036	6,623	7,102
Cash flows from investing activities			
Property, plant and equipment (including equipment leased to others)			
Additions	(4,523)	(5,474)	(3,681)
Dispositions	1,587	1,294	470
Net increase in GEFS financing receivables	(5,577)	(6,649)	(6,057)
Payments for principal businesses purchased, net of cash acquired	(4,595)	(1,860)	(3,504)
Proceeds from principal business dispositions	603	—	880
All other investing activities	(3,404)	(400)	(1,620)
Cash used for investing activities	(15,909)	(13,089)	(13,512)
Cash flows from financing activities			
Net change in borrowings (maturities 90 days or less)	5,407	7,360	3,868
Debt having maturities more than 90 days			
Newly issued	12,065	8,078	11,324
Repayments and other reductions	(7,427)	(7,710)	(8,801)
Sale of preferred stock by GE Capital	275	—	600
Disposition of GE shares from treasury (mainly for employee plans)	433	509	356
Purchase of GE shares for treasury	(2,485)	(490)	(387)
Dividends paid to share owners	(1,678)	(1,479)	(1,263)
Cash provided from (used for) financing activities	6,590	6,268	5,697
Increase (decrease) in cash and equivalents during year	(283)	(198)	(713)
Cash and equivalents at beginning of year	2,258	2,456	3,169
Cash and equivalents at end of year	$ 1,975	$ 2,258	$ 2,456

The notes to consolidated financial statements on pages 44-66 are an integral part of this statement.

GE			GEFS		
1990	1989	1988	1990	1989	1988
$ 4,303	$ 3,939	$ 3,386	$ 1,094	$ 927	$ 788
1,534	1,524	1,522	974	732	744
(744)	(927)	(788)	—	—	—
57	178	(215)	126	103	339
(894)	(12)	(170)	—	—	—
26	(167)	(209)	—	—	—
(209)	693	(342)	641	(75)	693
—	—	—	534	486	315
—	—	—	688	527	434
—	—	—	1,200	(872)	(573)
(29)	(468)	440	102	256	751
4,044	4,760	3,624	5,359	2,084	3,491
(2,131)	(2,217)	(1,884)	(2,392)	(3,257)	(1,797)
174	205	118	1,413	1,089	352
—	—	—	(5,577)	(6,542)	(5,943)
(130)	(759)	(2,963)	(4,465)	(1,101)	(541)
603	—	880	—	—	—
(491)	115	444	(2,898)	(801)	(2,007)
(1,975)	(2,656)	(3,405)	(13,919)	(10,612)	(9,936)
1,175	850	(466)	4,200	6,576	4,249
1,450	204	934	10,615	7,874	10,291
(1,401)	(1,772)	(30)	(6,026)	(6,046)	(8,771)
—	—	—	275	—	600
433	509	356	—	—	—
(2,485)	(490)	(387)	—	—	—
(1,678)	(1,479)	(1,263)	(350)	—	—
(2,506)	(2,178)	(856)	8,714	8,404	6,369
(437)	(74)	(637)	154	(124)	(76)
1,749	1,823	2,460	509	633	709
$ 1,312	$ 1,749	$ 1,823	$ 663	$ 509	$ 633

In the supplemental consolidating data on this page, "GE" means the basis of consolidation as described in note 1 to the consolidated financial statements; "GEFS" means General Electric Financial Services, Inc. and all of its affiliates and associated companies. Transactions between GE and GEFS have been eliminated from the "General Electric Company and consolidated affiliates" columns on the preceding page. Eliminations are shown on page 45.

Management's Discussion of Operations

Overview

General Electric Company's consolidated financial statements include the detailed effects of adding to the Company's manufacturing and nonfinancial services businesses the accounts of General Electric Financial Services, Inc. (GEFS).

Note 1 to the consolidated financial statements explains the consolidation procedure. Among other things, that note also explains how the terms "GE" or "GE except GEFS" and "GEFS" are used in this report to help readers understand the various data presented. These terms are used frequently in this Management Discussion for clarification or emphasis.

Consolidated net earnings per share for 1990 of $4.85 were 11% more than 1989's per-share earnings of $4.36. Net earnings were $4.303 billion, an increase of 9% from the $3.939 billion reported for 1989. Operating margin for GE reached 11.6% of sales for the year — a record — despite economy-related weakness in short-cycle businesses, particularly Plastics and NBC, and restructuring charges exceeding $100 million.

GE's strength in 1990 was principally the result of strong earnings increases in long-cycle businesses — Aircraft Engines, Power Generation and Medical Systems. Another significant double-digit earnings increase came from GEFS, particularly GE Capital. Long-cycle business strength, Company-wide productivity improvements and the increasingly global nature of GE's businesses all contributed to more than offset the effects of a sluggish U.S. economy, rising oil prices, the situation in the Middle East and the decline in consumer confidence. See Industry Segments beginning on page 32 for additional detail about performance by various businesses of the Company.

The following paragraphs discuss various aspects of the consolidated Statement of Earnings on page 24.

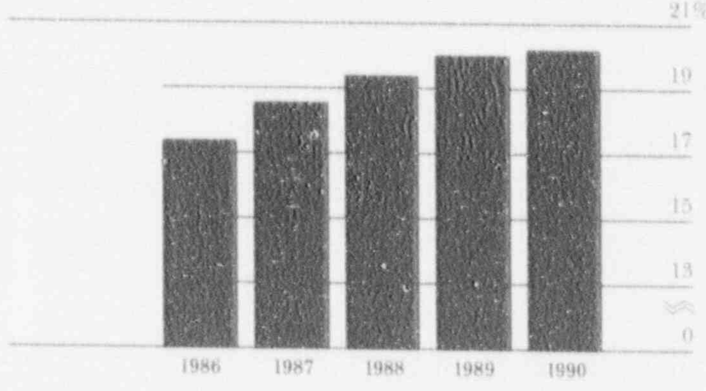
Consolidated revenues of $58.4 billion in 1990 were up 7% from $54.6 billion in 1989 following a 9% increase from 1988. The principal components of consolidated revenues are "sales of goods and services" by GE and "revenues from operations" or "earned income" from GEFS.

- GE's sales of goods and services for 1990 totaled $43.0 billion, a 5% increase from the year before. Overall, it is estimated that higher physical volume of shipments accounted for more than four-fifths of the sales increase in 1990, and the remainder was attributable to higher U.S. dollar-equivalent selling prices in markets outside the United States due to a weaker dollar. Sales in 1989 were up 6% from 1988, principally reflecting a higher level of shipments, with slightly higher prices having only a minor effect. The effect of volume and prices on sales increases differs markedly by categories of products. If sales for the three years 1988-1990 were adjusted for the effect of acquisitions and dispositions, the increase in 1990 from 1989 also would have been 5%; 1989 sales would have been up about 3% from 1988.
- GE's other income from a wide variety of sources has totaled between about $680 million and $770 million for each of the last three years. See note 3.
- GEFS' revenues from operations, or earned income, for 1990 were $14.8 billion, up 14% from 1989's $12.9 billion, which was 21% more than 1988's $10.7 billion. The principal reason for the increases was higher levels of earning assets in GE Capital, including the effect of acquisitions. Yields (i.e., prices or interest rates paid to GE Capital by its customers) remained the same in 1990 as in 1989 following increases in both 1989 and 1988. Note 4 shows GEFS' revenues from operations by principal type of activity.

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

- "Operating margin" is sales of goods and services less the costs of sales and selling, general and administrative expenses. Operating margin was 11.6% of sales in 1990, up from 11.3% in 1989. This was the second consecutive year that GE's operating margin exceeded 11% and follows several years during which the margin rate was in the 8-10% range. GE's total cost productivity was 5.4% in 1990 (compared with an average of 5% for the preceding two years) and it substantially offset the impact of inflation for the year.
- GE's interest expense in 1990 was $960 million, up 32% from $726 million in 1989, which was 9% more than in 1988. Higher interest expense in 1990 was principally the result of a higher average level of borrowings stemming from financing of the share repurchase program initiated in November 1989. The increase in interest expense in

Return on share owners' equity



1989 from 1988 was mainly from a higher average level of borrowings resulting from 1988 acquisition activity, partly offset by somewhat lower average 1989 interest rates.

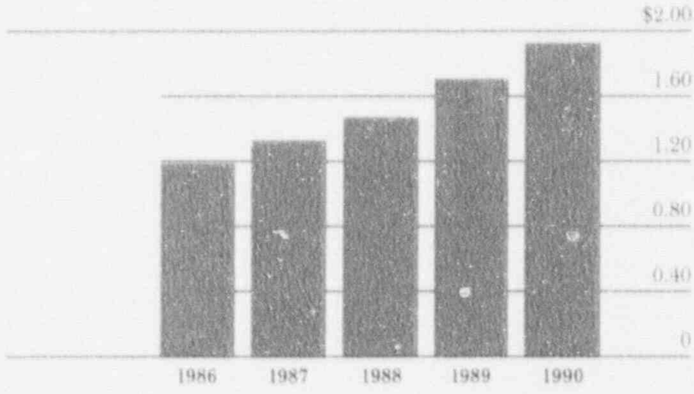
GEFS' principal cost is interest expense.

- GEFS' interest expense totaled $6.5 billion in 1990, 10% more than in 1989, which was 42% more than in 1988. In each year, the increased interest expense reflects the higher level of borrowings that were used mainly to invest in earning assets involved in a wide variety of financings made available to third parties. The composite interest rate incurred for GEFS' finance activities was 8.89% in 1990 compared with 9.60% in 1989 and 8.39% in 1988. The "spread," or difference between interest rates GEFS pays to its lenders and rates it charges to its customers, increased in 1990. The spread in 1989 narrowed after increasing in 1988.
- GEFS' provision for losses on financing receivables of $688 million in 1990 was up $161 million from 1989, which had been $93 million more than in 1988. As discussed on page 36, factors that had an important bearing on GEFS' 1990 operating results were the higher losses associated with increased investment in credit card receivables and results of the economic downturn on the highly leveraged transaction and commercial real estate portfolios. At year-ends 1990 and 1989, GEFS' reserve coverage was equal to 2.63% of financing receivables.

The consolidated effective income tax rate was 30.0% in 1990 compared with 30.9% in 1989 and 28.3% in 1988. (The U.S. federal statutory rate was 34% for all three years.) There are, however, numerous reasons for differences between the statutory and effective rates. Together with other information about income tax provisions, an analysis of the differences between the U.S. federal statutory rate and the consolidated rate can be found in note 9.

Earnings-per-share growth outpaced growth in net earnings, reflecting the impact of the Company's five-year, $10 billion share repurchase program, which was authorized by GE's Board of Directors in November 1989. This authorization was made after evaluating various alternatives to enhance long-term share owner value. Based on the financial and competitive positions of the Company, its debt capacity and the cash-generating characteristics present in its key businesses, management believes GE has the flexibility

Dividends per share
(In dollars)



to continue increasing dividends in line with earnings, to maintain a high degree of internal reinvestment, to make selective acquisitions complementary to existing businesses — and also to repurchase a significant amount of stock. Such repurchases result in higher earnings per share and returns on equity than would otherwise be the case.

The repurchase plan is designed to be flexible. Shares are acquired with funds from a combination of free cash flows and new borrowings while keeping GE's debt-to-capital ratio in the 25% range. Should world economic conditions, a major acquisition or other circumstances warrant, the Company will modify the pace and dimension of the plan to maintain GE's solid financial position. This repurchase plan was reviewed with debt-rating agencies, who confirmed GE's Triple-A debt rating.

By December 31, 1990, about 41.7 million shares were reacquired at a cost of $2.6 billion.

Dividends declared totaled $1.696 billion in 1990, or $1.92 per share. Even though substantial dividends were paid, the Company retained sufficient earnings to support capital expenditures to increase productive capability and to provide adequate financial resources for internal and external growth opportunities. The fourth-quarter 1990 increase of 9% in dividends declared per share marked the 15th consecutive year of dividend growth.

Return on average share owners' equity reached 20.2% in 1990, up from 20.0% and 19.4% in 1989 and 1988, respectively.

The global economic and political outlook for 1991 has enormous uncertainties. However, management believes that GE's leading global businesses, substantial long-cycle orders backlog, widespread productivity and strong financial condition all combine to position the Company to deal effectively with the uncertainties.

Industry Segments

Consolidated industry segment revenues and operating profit for the last five years appear on the opposite page. The presentation of consolidated industry segments is in two parts, one for GE that includes only the net earnings of GEFS and one for GEFS as a separate entity. Revenues and operating profit for GEFS by the industry segments in which it conducts business are presented separately with appropriate elimination of GEFS' earnings as well as the minor effect of transactions between GE and GEFS segments. Additional financial data plus detailed descriptions of each segment can be found in note 32.

Consolidated operating profit is the principal source of GE's net earnings, and the relationship between the two is depicted in the chart on this page. Consolidated operating profit increased by 10% to $7.7 billion in 1990, driven by the Power Systems and Aircraft Engines segments with excellent increases of 46% and 20%, respectively. Operating profit in 1987 was after absorbing $1.069 billion of unusual corporate-level expenses — principally restructuring costs. Consolidated operating profit in 1986 included an operating loss in the Financing segment, which was primarily the result of a substantial charge to reflect impairment of values of certain energy-related investments.

Comments on each segment follow.

- ***Aerospace*** revenues increased 6% in 1990 but operating profit of $648 million was about the same as the previous year, reflecting provisions for the ongoing cost of downsizing the business. New orders received in 1990 of $4.8 billion were down 20%, or approximately $1.2 billion, from 1989, reducing the backlog of firm unfilled orders by $1.1 billion. Approximately 54% of the $6.9 billion backlog at December 31, 1990, is scheduled for shipment in 1991.

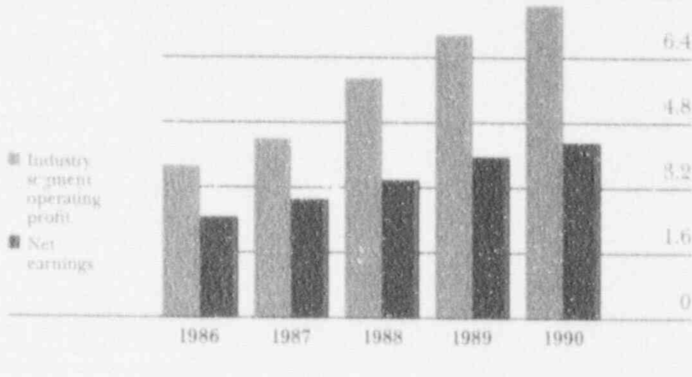
Much of the Aerospace business is performed under contract for the U.S. government. As expected, the current year's federal budget reduction package resulted in the sixth straight year of real decline in U.S. defense appropriations. Management has taken aggressive actions during the past two years in response to changing levels in defense spending, reducing the work force by about 7,900 through attrition, a business disposition and layoffs. Plans have been announced to close two facilities at Philadelphia, Pa., and Huntsville, Ala., and to consolidate certain other operations at seven existing plants. The need for similar actions in 1991 and later will be determined on a business-by-business/location-by-location basis as business conditions evolve.

- ***Aircraft Engines*** operating profit of $1,263 million grew by 20% in 1990 from 1989 on revenue increases of 10%. The average annual growth rates of operating profit and revenues for the past five years have been about 13% and 10%, respectively. The business had another excellent year, receiving firm orders aggregating $8.2 billion, 4% ahead of 1989, which followed the very strong 1988 performance of $9.7 billion. Orders for commercial engines increased by 15% in 1990. Although military programs continue to be very important to the business, the rising backlog of commercial aircraft engine orders and an accelerating growth in sales of parts and services have benefited this segment significantly, providing a sound base for continued growth and for development of new products such as the high-thrust GE90 engine. The firm orders backlog at the end of 1990 remained virtually unchanged from 1989 at $13.2 billion, of which about 40% is scheduled for completion in 1991.

- ***Appliances*** (formerly Major Appliances) revenues were $5.7 billion in 1990. The 2% increase from 1989 was caused principally by a full year of sales from the European venture compared with such sales for only three quarters in 1989. The 17% increase in 1990 operating profit was primarily the result of strong productivity gains, which more than offset higher labor and material costs and the weakening demand for appliances that accelerated during the fourth quarter after the onset of the consumer-driven domestic recession. The substantial increase in 1989 operating profit versus 1988 was primarily because 1988 results were depressed by warranty provisions related to refrigerator compressors.

- ***Broadcasting*** operating profit decreased 21% in 1990 from 1989 on a 5% decrease in revenues, reflecting continued market softness, higher programming costs and viewer erosion. NBC network showed declines in both revenues and operating profit, reflecting lower consumer demand

Consolidated operating profit and net earnings (In billions)



Summary of Industry Segments

For the years ended December 31 (In millions)	General Electric Company and consolidated affiliates 1990	1989	1988	1987	1986
Revenues					
GE					
Aerospace	$ 5,614	$ 5,282	$ 5,343	$ 5,262	$ 4,318
Aircraft Engines	7,558	6,863	6,481	6,773	5,977
Appliances	5,706	5,620	5,289	4,721	4,352
Broadcasting	3,236	3,392	3,638	3,241	1,888
Industrial	7,040	7,059	7,061	6,662	6,770
Materials	5,167	4,929	3,539	2,751	2,331
Power Systems	5,804	5,129	4,805	4,995	5,262
Technical Products and Services	4,783	4,545	4,431	3,670	3,021
Earnings of GEFS	1,094	927	788	552	504
All Other	275	319	394	3,176	3,379
Corporate Items and Eliminations	(1,398)	(1,415)	(1,477)	(1,287)	(1,077)
Total GE	44,879	42,650	40,292	40,516	36,725
GEFS					
Financing	9,000	7,333	5,827	3,507	2,594
Insurance	2,853	2,710	2,478	2,217	2,026
Securities Broker-Dealer	2,923	2,897	2,316	2,491	1,176
All Other	(2)	5	34	10	18
Total GEFS	14,774	12,945	10,655	8,225	5,814
Eliminations	(1,239)	(1,021)	(858)	(583)	(526)
Consolidated revenues	$58,414	$54,574	$50,089	$48,158	$42,013
Operating profit					
GE					
Aerospace	$ 648	$ 646	$ 640	$ 603	$ 608
Aircraft Engines	1,263	1,050	1,000	940	869
Appliances	467	399	61	490	462
Broadcasting	477	603	540	500	240
Industrial	884	847	798	302	575
Materials	1,017	1,057	733	507	424
Power Systems	739	507	503	199	354
Technical Products and Services	595	589	484	275	112
Earnings of GEFS	1,094	927	788	552	504
All Other	201	176	168	72	162
Total GE	7,385	6,801	5,715	4,440	4,310
GEFS					
Financing	1,267	1,152	899	636	(99)
Insurance	457	361	334	183	132
Securities Broker-Dealer	(54)	(53)	64	(23)	83
All Other	(275)	(322)	(270)	(224)	(177)
Total GEFS	1,395	1,138	1,027	572	(61)
Eliminations	(1,073)	(903)	(802)	(562)	(513)
Consolidated operating profit	7,707	7,036	5,940	4,450	3,736
GE interest and financial charges (net of eliminations)	(939)	(703)	(655)	(635)	(616)
GE items not traceable to segments	(621)	(630)	(564)	(588)	7
Earnings before income taxes	$ 6,147	$ 5,703	$ 4,721	$ 3,227	$ 3,127

The notes to consolidated financial statements on pages 44-66 are an integral part of this statement. "GE" means the basis of consolidation as described in note 1 to the consolidated financial statements; "GEFS" means General Electric Financial Services, Inc. and all of its affiliates and associated companies. Operating profit of GE segments excludes interest and other financial charges; operating profit of GEFS includes the effect of interest and discount, which is the largest element of GEFS' operating costs. Data for 1989 were restated to reflect the present method of allocating GEFS' interest expense to the Insurance segment.

for network TV, which resulted in lower advertising revenues, and reflecting the loss of the Major League Baseball contract. CNBC, the Consumer News and Business Channel that started up on cable TV in 1989, increased its subscriber base by more than 30% in 1990.

■ ***Industrial*** operating profit increased 4% in 1990 to $884 million, principally as a result of higher locomotive shipments in the Transportation Systems business and improved productivity in the Lighting and the Electrical Distribution and Control businesses. Flat revenues reflected weakness in the U.S. economy that affected the short-cycle businesses, particularly Lighting and GE Supply. Operating profit in the Motors business was down sharply, reflecting weak demand in the consumer-related markets. Additionally, the operating results of the Drive Systems business, formerly included in this segment, are now included in the Power Systems segment.

■ ***Materials*** revenues were up 5% in 1990 after having increased by 39% in 1989. A slower rate of growth in the Plastics business in 1990 reflected a significant slowdown in the domestic automotive, housing, office information systems and appliance markets. A large part of the 1989 increase was due to having a full year of Borg-Warner's chemicals operations in 1989 compared with only one quarter's results in 1988. Materials operating profit in 1990 was 4% lower than in 1989, largely because of higher costs in the Plastics business that were not recovered through price increases. This was partially offset by the gain in 1990 on the disposition of Ladd Petroleum.

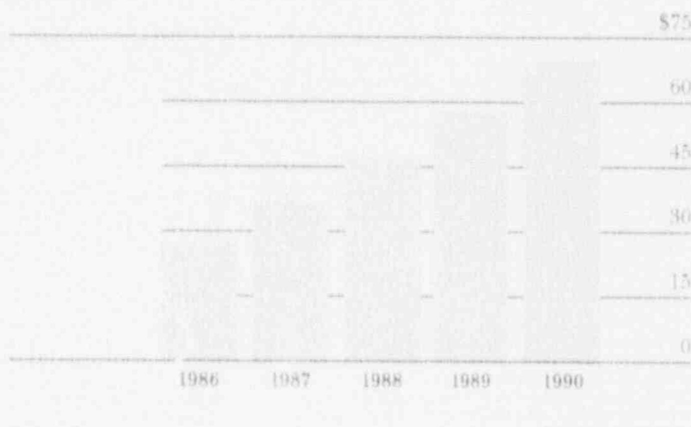
■ ***Power Systems*** revenues increased by 13% in 1990 as worldwide demand for electric generation capacity continued its recovery from the market downturn that started in the early 1980s. Operating profit in 1990 was up by 46% ($232 million), reflecting volume increases in the Power Generation business that were driven by increasing demand for gas turbines, and reflecting very strong productivity gains throughout the segment. The upsurge in Power Generation orders that began in 1989 continued in 1990, with orders totaling about $4 billion in each of the last two years. The Power Generation backlog was $4.6 billion at December 31, 1990, of which approximately 46% is scheduled for shipment during 1991. About 45% of the 1989 backlog was scheduled for shipment in 1990.

■ ***Technical Products and Services*** revenues and operating profit increased 5% and 1%, respectively, over 1989. The Medical Systems business continued to show strong improvements in both revenues and operating profit, reflecting continued demand for magnetic resonance imaging products and service sales. Medical Systems' orders received during 1990 exceeded $3 billion for the first time. The backlog of unfilled orders at year-end 1990 was $1.7 billion, an increase of 12% from one year ago. About 86% of the backlog is scheduled to be shipped in 1991. GE Americom was transferred to GEFS at December 31, 1989, and the operating results of that affiliate are now included in GEFS' Financing segment. Communications and Services operating profit was about the same as in 1989.

■ ***Earnings of GEFS*** increased again in 1990. Comments on GEFS industry segments appear below. Of GEFS' 1990 net earnings, GE Capital's contribution was $979 million, 20% more than 1989's $816 million, which was 36% more than 1988's $600 million.

■ ***Financing*** operating profit continued to increase as it has each year since 1986. The level of earning assets and the financing "spread" on those assets (representing the difference between interest rates charged to customers, or yield, and the interest rates paid to lenders) are important factors in Financing operating profit. Total assets of GE Capital increased 20% in 1990 from 1989, which had been 23% more than 1988. Financing yields remained constant in 1990 after showing an increase in 1989. GE Capital's composite interest rate on borrowings decreased 66 basis points in 1990, reflecting principally lower short-term interest rates in commercial paper borrowings, compared with an increase of 119 basis points in 1989. The lower interest rates on borrowings coupled with stable financing yields resulted in a higher spread in 1990. The spread had decreased somewhat in 1989. Financing operating profit was higher in 1990 than in 1989 despite an increased level of nonearning assets in the commercial real estate and highly leveraged transaction (HLT) portfolios and despite higher loan loss provisions, principally on the HLTs and credit card receivables. See Management's Discussion of GE Capital's Portfolio Quality on page 36 for a discussion of commercial real estate and HLT portfolios.

Total assets of GE Capital
(In billions)



■ ***Insurance*** operating profit increased 27% in 1990 from 1989. Most of the increase was attributable to improved loss and expense ratios and investment income growth in the property and casualty insurance operations, which includes Employers Reinsurance Corporation, the single largest business in the insurance segment. GE Capital's mortgage insurance business also showed operating profit gains due to higher volume.

■ ***Securities Broker-Dealer*** (Kidder, Peabody) experienced operating losses in 1990 about equal to 1989. The 1990 loss was principally because of mark-to-market adjustments to high-yield inventory and related holdings. A reduction of operating expenses and additional income from strong fixed income and equity trading activities offset reduced transaction origination fees and lower retail commissions.

■ ***All other GEFS*** consists principally of acquisition-related interest expense not allocated to the segments.

■ ***GE items not traceable to segments*** include expenses such as the Corporate R&D Center and corporate staffs as well as income from corporate treasury activities.

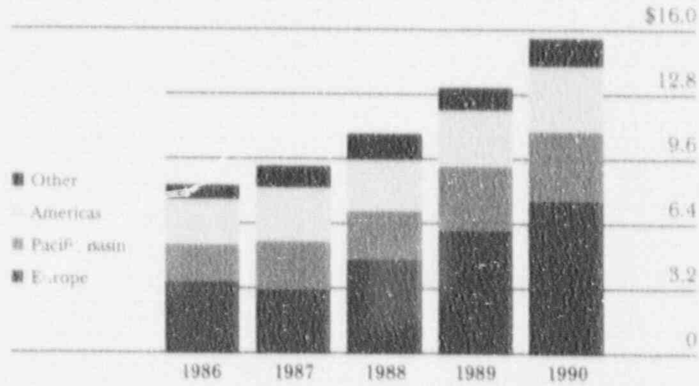
International operations (estimated and restated)

■ ***Total international operations*** (consisting of all exports from the United States plus the results of operations located outside the United States) had revenues aggregating $15.4 billion and operating profit of $2.2 billion in 1990. International revenues were $13.1 billion in 1989, up from $10.8 billion in 1988. International operating profit was $2.0 billion in 1989 and 1988.

The chart (above right) shows the growth in GE's revenues for international operations by areas of the world over the last five years. European revenues continue to grow as the result of increases in Aircraft Engines exports; a higher volume of shipments of Plastics products; and the impact of venture activities, especially in Appliances and Electrical Distribution and Control.

■ ***GE's exports from the United States*** to external customers increased to $6.0 billion in 1990, up from $5.3 billion in 1989 and $4.9 billion in 1988. The chart (on the right) shows the substantial growth in GE's exports for the last five years, which were led by the strong increases in Aircraft Engines. Export sales by major world areas follow.

Total international revenues
(In billions)



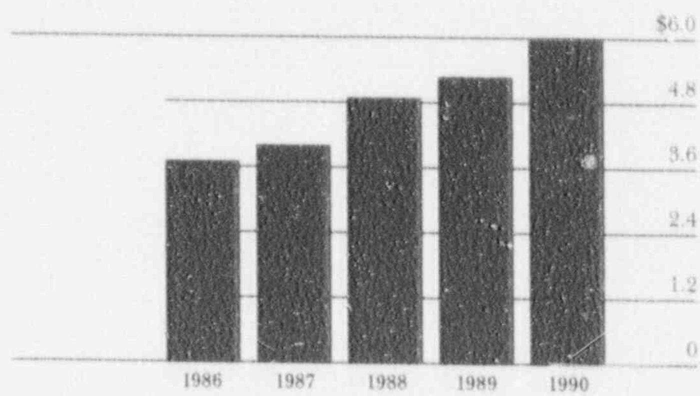
GE's exports from the United States to external customers

(In millions)	1990	1989	1988
Europe	$2,448	$2,036	$1,805
Pacific Basin	1,860	1,926	1,357
Americas	757	596	531
Other	890	724	1,177
	$5,955	$5,282	$4,870

In addition, exports from GE operations in the United States to GE affiliates offshore were $1.128 billion in 1990, $1.107 billion in 1989 and $874 million in 1988.

■ ***GE's estimated contribution to the U.S. balance of trade*** continued to increase. Total exports ($7.1 billion in 1990) included sales to external customers plus exports to affiliates. Total imports aggregated $2.6 billion in 1990 for a net positive balance of $4.5 billion, an increase of $600 million (or 15%) from the 1989 positive contribution.

GE's exports from the United States to external customers
(In billions)



Management's Discussion of GE Capital's Portfolio Quality

GE Capital, GEFS' principal financing arm, has sizable businesses in 21 separate financing and insurance markets. For 1990, its earnings increased 20% (15% excluding GE Americom, which was a part of GE Capital for the first time in 1990) because significant growth in most of its businesses more than offset the impact of higher credit losses and increased nonearning assets in the highly leveraged transaction (HLT) and commercial real estate businesses.

GE Capital's most important asset is its portfolio of financing receivables — $50.3 billion at the end of 1990. GE Capital invests in a wide variety of secured and unsecured time sales and loans and in a diverse leasing portfolio; and it also makes preferred stock investments and occasionally obtains warrants convertible into common stock. Details are shown in note 15. Management believes that this portfolio has been assembled with sufficient diversity and collateral so that the risks inherent in the current environment are appropriately controlled.

Retailer and auto financing receivables of $12.3 billion included nonearning loans of $562 million in 1990, up from $325 million in 1989. Most of these nonearning loans were private label credit card receivables, a substantial majority of which was subject to various loss-sharing arrangements that provide full or partial recourse to the originating retailer.

Commercial real estate loans classified as financing receivables aggregated $10.6 billion in 1990. Typically, such loans were secured by first mortgages and structured so that existing cash flows more than covered debt service.

At December 31, 1990, the real estate financing receivables portfolio contained a variety of loans: those secured by office buildings (38% of investment), apartments (32%), shopping centers (13%), mixed use (5%), and industrial and other (12%). The portfolio was geographically balanced with investments throughout the United States and, to a much lesser extent, Canada and Europe. Investment was dispersed to U.S. borrowers in the Mid-Atlantic (31%), West (14%), Southwest (12%), Southeast (11%), New England (8%), Central (8%) and New York metropolitan (7%) regions and to international borrowers (9%). Loans for land acquisition and development and for project construction were, at 6%, not a significant portion of the portfolio.

Despite the difficult environment in 1990, GE Capital's underwriting practices enabled this portfolio to grow selectively with good performance and appropriate collateral protection. The portfolio, however, was affected by deteriorating market conditions in 1990, evidenced by an increase in nonearning and reduced earning receivables to $278 million from $104 million. Real estate owned, reflected in other assets, also increased to $253 million from $151 million. Losses on commercial real estate averaged less than 1% of investment over the past three years. Provisions for losses on commercial real estate financing receivables were $62 million in 1990 and $41 million in 1989.

Highly leveraged transaction loans — fundings and investments for leveraged corporate restructurings, management buyouts and recapitalizations — are included in time sales and loans and in other assets ($7.2 billion and $1.1 billion, respectively, at December 31, 1990). The portion of HLT investment in other assets represents so-called in-substance repossessions that were written down to estimated recoverable value when transferred from receivables. The HLT portfolio at year-end 1990 was composed of diversified investments in numerous industries: cable TV (19% of investment), commercial and industrial (19%), retail (16%), health care (10%), financial services (10%), media (10%), food and beverage (7%), and broadcasting and other (9%). These investments were widely dispersed throughout the United States and, to a lesser degree, Canada and Europe; and they consisted of about 1[illegible]0 accounts aggregating $8.3 billion at year-end 1990. GE Capital's management has structured these transactions so that a substantial part of this portfolio (75%) was positioned at the senior debt level.

These transactions were structured to afford sufficient collateral protection; however, the portfolio was affected by 1990's economic downturn, which caused a substantial increase in the level of losses and in nonearning and reduced earning receivables. These receivables increased to $303 million in 1990 from $13 million in 1989. Credit losses on HLT investments totaled $410 million in 1990 ($270 million of receivable loss provisions and $140 million of further write-downs of in-substance repossessions). Credit losses in 1989 totaled $56 million. Partially offsetting these losses were gains from sales of equity positions amounting to $178 million in 1990 and $167 million in 1989. Such gains have been and should continue to be an integral element of GE Capital's returns on HLT financings.

The outlook for 1991. A continuation of 1990's economic downturn during 1991 will result in continued financial stress. A prolonged or severe economic downturn would be expected to increase this financial stress for GE Capital's customers, which could adversely affect portfolio performance. Management believes that the diversity of the portfolio should afford reasonable protection against any material negative impact on GE Capital's operating results or financial condition resulting from an economic downturn of moderate severity and normal duration. Management believes that GE Capital's reserves — $1.4 billion, 2.63% of receivables — provide protection at a level among the highest in the financial services industry and are appropriate to face the economic uncertainties of 1991.

Management's Discussion of Financial Resources and Liquidity

Overview

This discussion of financial resources and liquidity focuses on the Statement of Financial Position (page 26) and the Statement of Cash Flows (page 28). As with the Statement of Earnings, the content of these two statements is so different for GE and GEFS that most of the asset, liability and cash flow categories do not lend themselves to simple combination. This, of course, reflects the differences in the nature of the businesses.

Although GE's manufacturing and nonfinancial services activities involve a variety of different businesses, their underlying characteristics are the developing, preparing for market, and selling of tangible products and services. Risk and reward are directly related to the ability to manage those activities. Financial leverage comes from realizing an adequate return on share owners' equity with judicious use of borrowed funds.

GEFS is not a "captive finance company" or a vehicle for "off-balance-sheet financing" for GE. In fact, very little of its business is directly related to other GE operations. Its principal businesses provide financing, reinsurance and broker-dealer services to third parties. The underlying characteristics of these businesses involve the management of financial risk. They do not develop, manufacture or sell products and services such as aircraft engines or the delivering of messages over a TV network. Their risk and reward are related to the ability to provide funds at competitive rates coupled with creative value-added financial services.

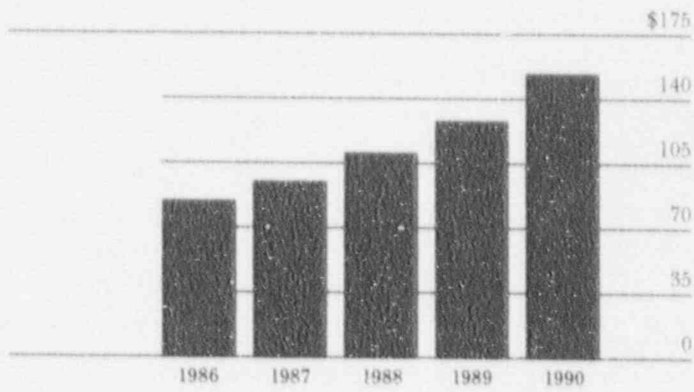
Despite the different business profiles of GE and GEFS, the global commercial airline industry is one significant example of an important source of business for both. GE assumes financing positions primarily in support of engine sales whereas GEFS is a significant source of lease and loan financing for the industry (see details in note 19). Even during the current difficult period in this historically cyclical industry, GE and GEFS believe that their financing positions are reasonably protected by collateral values and their ability to control assets, either by ownership or by security interests.

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

Statement of Financial Position

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

Consolidated total assets
(In billions)



- *Marketable securities carried at market* represent primarily the investing and trading portfolio of Kidder, Peabody and, to a lesser degree, similar activities of insurance affiliates. The increase to $11.9 billion in 1990 from $8.5 billion in 1989 reflects principally a higher level of market-making activity in collateral mortgage-backed obligations and government securities.

- *Securities purchased under agreements to resell* ("reverse repurchase agreements") are related to the liability account entitled "Securities sold under agreements to repurchase" ("repurchase agreements"). These typically represent highly liquid, short-term investments of excess funds or borrowing of such funds from others. At year-ends 1990 and 1989, the balances (both assets and liabilities) were solely those of Kidder, Peabody in connection with its broker-dealer activities.

- *GE's current receivables* of $8.2 billion at December 31, 1990, increased by $1.0 billion from the end of 1989. Amounts due from customers were $5.9 billion at December 31, 1990, and $5.3 billion at December 31, 1989. "Turnover" was 7.62 times in 1990 compared with 7.50 times in 1989. (Turnover relates receivables to sales and is a measurement of asset utilization efficiency. Turnover improvement comes from shortening payment deferral periods and reducing payment delays and delinquencies.) GE's turnover ratio has been improving since 1985, and the overall condition of customer receivables remained excellent at the end of 1990. Current receivables other than amounts owed by customers are amounts that did not originate from sales of GE products or services, such as advances to suppliers in connection with large contracts.

- *Inventories* of $6.7 billion at the end of 1990 were at the same level as December 31, 1989. Inventory turnover was 4.58 times in 1990 compared with 4.44 times the previous year. As with receivables, this is a measurement of efficient use of resources and has been showing steady improvement in recent years. The principal inventory changes in 1990 were an increase in the Power Generation business in anticipation of higher sales and a decrease in the Appliances business that reflected improved inventory management. Last-in first-out (LIFO) revaluations increased $90 million in 1990 compared with a decrease of $37 million in 1989. LIFO revaluations increased $150 million in 1988. Included in these changes were decreases of $19 million, $68 million and $23 million (1990, 1989 and 1988, respectively) resulting from lower inventory levels. In each of the last three years, there was a net current-year price increase.

- ***GEFS' financing receivables*** of $50.3 billion were $8.5 billion higher than December 31, 1989. These receivables are discussed on page 36 and in note 15.

- ***Property, plant and equipment*** (including equipment leased to others) aggregated $16.6 billion at December 31, 1990, up $1.0 billion from $15.6 billion a year earlier. GE's property, plant and equipment consists of investments for its own productive use, whereas the largest element of GEFS' investment is in equipment that is provided to third parties on operating leases. Details by categories of investment can be found in note 17.

GE's total expenditures for new plant and equipment during 1990 were $2.1 billion, bringing the total of the last five years (excluding the unusually large addition by acquisition of RCA Corporation in 1986) to $10.6 billion. Of that five-year total, 31% was to increase capacity; 25% was to increase productivity; 14% was to replace and renew older equipment; 12% was to support new business start-ups; and 18% was for such other purposes as to improve R&D facilities and to provide for safety and environmental protection.

GEFS added $2.7 billion to its equipment leased to others during 1990, including $0.6 billion through acquisitions of new affiliates or businesses. Current-year amortization was $835 million.

- ***Intangible assets*** were $9.3 billion at year-end 1990. The majority of this consolidated total is GE's intangibles, which were $7.0 billion at that date, about the same as a year earlier. The largest portion of GE's balance (in both goodwill and other intangibles) arose from the acquisition of RCA in 1986. Other balances were mainly related to acquisitions of Borg-Warner's chemicals businesses, Roper Corporation, a TV station in Miami, Fla., CGR medical business assets, and Tungsram Company, Ltd.

GEFS' intangible assets were $2.4 billion at the end of 1990 compared with $1.8 billion a year earlier, an increase of 34%. The current-year increase mainly reflects identifiable intangibles associated with mortgage-servicing rights and goodwill recorded in connection with acquisitions.

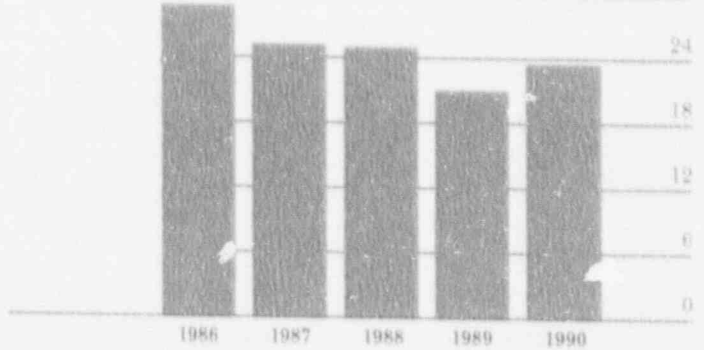
- ***All other assets*** totaled $12.1 billion at December 31, 1990, compared with $9.4 billion on the same date a year earlier. GEFS' increase of $1.9 billion reflects owned properties and miscellaneous investments arising from the real estate and highly leveraged transaction portfolios discussed on page 36; portfolios held for sale, principally mortgages associated with the mortgage-servicing businesses acquired from Travelers Mortgage Services, Inc.; and additional investments in affiliates and associated companies.

- ***Total borrowings*** on a consolidated basis aggregated $64.0 billion at December 31, 1990, compared with $53.3 billion at the end of 1989. However, the major debt-rating agencies evaluate the financial condition of GE and of GE Capital (GEFS' major public borrowing entity) differently because of their distinct business characteristics. Using criteria appropriate to each, those major rating agencies continue to give top ratings to debt of both GE and GE Capital with the latest review being in 1990's fourth quarter.

GE's total borrowings were $6.8 billion at year-end 1990, an increase of $1.1 billion from year-end 1989. The increase relates to funding of the stock repurchase program. GE's total debt at the end of 1990 equaled 23.6% of total capital, or an increase of 2.6 points from 21.0% at the end of 1989. This relationship of debt and equity capital is sound and continues well within the range of what would be expected of a strong industrially oriented firm.

GEFS' total borrowings were $57.4 billion at December 31, 1990, of which $40.4 billion is due in 1991 and $17.0 billion is due in subsequent years. The comparable amounts at the end of 1989 were: $47.9 billion total; $35.7 billion due within one year; and $12.2 billion due beyond that. The increases were to support the growth in GEFS' earning assets. GEFS' composite interest rates were discussed in connection with the Statement of Earnings. A large portion of GEFS' borrowings is in the form of commercial paper ($35.5 billion and $30.5 billion at the ends of 1990 and 1989, respectively). Most of this commercial

GE's borrowings as a percent to total capital invested



paper is issued by GE Capital and has maturities of up to nine months. The average remaining terms of GE Capital's commercial paper were 30 days at the end of 1990 and 23 days at the end of 1989. Average interest rates on GE Capital's commercial paper were 8.17% and 8.81% at the end of those respective years. "Leverage," the relationship of debt to equity capital, is expected by investors to be much higher in a financial enterprise than in an industrial enterprise. GE Capital's ratio of debt to equity was 7.77 to 1.00 at the end of 1990 compared with 7.80 to 1.00 at the end of 1989. This relationship of debt to equity capital is believed to be sound and is appropriate for a highly rated financial services enterprise.

Notes 20 and 24 provide details of short-term and long-term borrowings.

Statement of Cash Flows

The Statement of Cash Flows (page 28) emphasizes the analysis of cash flows from three broad categories — operating activities, investing activities and financing activities. Because cash management activities of GE and GEFS are separate and distinct, it is more useful to review the separate cash flows statements than the consolidated statement.

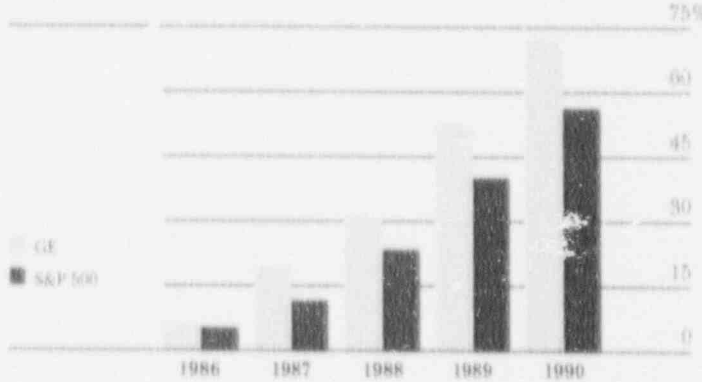
GE

GE's cash and equivalents aggregated $1.3 billion at the end of 1990, lower by $437 million than at the end of 1989. During 1990, GE generated $4.0 billion in cash from its operating activities, $1.2 billion from an increase in total debt and $603 million in proceeds from principal business dispositions. This provided resources to finance the repurchases of the Company's common stock ($2.4 billion); to invest more than $2 billion in new plant and equipment; and to pay $1.7 billion in dividends to share owners.

Operating activities are the principal source of GE's cash flows. Over the past three years, operating activities have provided more than $12 billion of cash. Principal ongoing applications usually are to invest in new plant and equipment ($6.2 billion total over the last three years) and to pay dividends to share owners ($4.4 billion total over the last three years). Expenditures for new plant and equipment are again expected to be in the $2 billion range for 1991, and dividends are expected to increase with earnings.

Based on past performance and current expectations, in combination with the financial flexibility that comes with the highest credit ratings, GE is in a sound position to continue making long-term investments for future growth, including selective acquisitions and investments in joint ventures. The five-year share repurchase program discussed separately on page 31 is a direct result of GE's solid financial condition and cash-generating capability.

GE/S&P dividends per share increase compared with 1985



Note 6 contains a discussion of the anticipated effects on the Company of Statement of Financial Accounting Standards (SFAS) No. 106 — "Employers' Accounting for Postretirement Benefits Other Than Pensions." Adoption of SFAS No. 106 will not have an effect on cash flows.

GEFS

GEFS' principal source of cash is financing activities that involve continuing rollover of short-term borrowings and appropriate addition of long-term borrowings with a reasonable balance of maturities. Over the past three years, GEFS' outstanding borrowings with 90-day or less maturities have increased a total of $15 billion. New borrowings of $28.8 billion having maturities longer than 90 days were added during those years while $20.8 billion of such longer-term borrowings were paid off.

GEFS' principal application of cash has been in investing activities to grow the business. Of the $34.5 billion of net investments by GEFS over the past three years, $18.1 billion was devoted to additional financing receivables. Other principal investments during these years were $6.1 billion to acquire new businesses as GEFS expands its activities and $7.4 billion for new equipment, mainly for lease to others.

Cash used for new investments in excess of cash provided from additional borrowings has been provided mainly by generation of $10.9 billion of cash from operating activities for the years 1988-1990 and from issuance of $600 million cumulative variable preferred stock by GE Capital in 1988 and $275 million in 1990. GEFS' cash and equivalents balance has remained relatively stable throughout the period — again in keeping with its business mission.

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

Management's Discussion of Selected Financial Data

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

GE's total research and development expenditures continued to increase, reaching a record level of $4,269 million in 1990, up 9% from 1989's $3,931 million. Of the 1990 expenditures, $1,479 million was from GE's own funds, an increase of 11% from 1989's $1,334 million. Expenditures from funds provided from customers (mainly the U.S. government) were $2,790 million in 1990, or 7% more than $2,597 million the year before. The Aircraft Engines and Aerospace businesses account for the largest share of GE's R&D expenditures from both Company and customer funds. Other significant expenditures of Company funds were for the Medical Systems, Plastics and Power Generation businesses.

GE's total backlog of firm unfilled orders at the end of 1990 was $32.2 billion, an increase of $1.7 billion from last year end. Orders constituting this backlog may be canceled or deferred by customers (subject in certain cases to cancellation penalties). Comments on unfilled orders for businesses with relatively long manufacturing cycles can be found in the discussion of Industry Segments, which begins on page 32. About 48% of the 1990 total unfilled orders is scheduled to be shipped in 1991 with most of the remainder to be shipped in the two years after that. For comparison, about 46% of the 1989 backlog was expected to be shipped in 1990.

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

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

In 1990, GE had capital expenditures of about $90 million for projects related to the environment. The comparable amount for 1989 was about $110 million. These amounts exclude expenditures for remedial actions, which are discussed on this page. Capital expenditures for environmental purposes have included pollution control devices such as waste-water treatment plants, ground-water monitoring devices, air strippers or separators, and incinerators at new and existing facilities constructed or altered in the normal course of business. Consistent with GE's policies stressing environmental responsibility, average annual capital expenditures for nonremedial projects are presently expected to range between $130 million and $200 million over the next two years. This level is in line with existing levels for new or expanded programs to build or modify manufacturing processes so they can use alternative methods that will result in minimizing environmental waste and in reducing emissions.

The Company also is involved in a sizable number of remedial actions to clean up hazardous wastes as required by federal and state laws. Such statutes require that responsible parties fund remedial actions regardless of fault, legality of original disposal or ownership of a disposal site. In 1990, GE spent approximately $100 million on remedial cleanups and related studies compared with approximately $75 million spent for such purposes in 1989. It is presently expected that remedial cleanups and related studies will require average annual expenditures in the range of $140 million to $170 million over the next two years.

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

Research and development expenditures as a percent to GE sales

Selected Financial Data

(Dollar amounts in millions; per-share amounts in dollars)	1990	1989	1988	1987	1986
General Electric Company and consolidated affiliates					
Revenues	$ 58,414	$ 54,574	$ 50,089	$ 48,158	$ 42,013
Earnings before extraordinary loss and cumulative effect of accounting changes	4,303	3,939	3,386	2,119	2,492
Net earnings	4,303	3,939	3,386	2,915	2,492
Dividends declared	1,696	1,537	1,314	1,209	1,081
Earned on average share owners' equity	20.2%	20.0%	19.4%	18.5%	17.3%
Per share					
Net earnings	$ 4.85	$ 4.36	$ 3.75	$ 3.20	$ 2.73
Dividends declared	1.92	1.70	1.46	1.32½	1.18½
Stock price range	75½-50	64¾-43½	47⅞-38⅜	66⅜-38¾	44⅝-33¼
Total assets	153,884	128,344	110,865	95,414	84,818
Long-term borrowings	21,043	16,110	15,082	12,517	10,001
Shares outstanding — average (in thousands)	8[illegible]7,552	904,223	901,780	911,639	912,594
Share owner accounts — average	506,000	526,000	529,000	491,000	492,000
Employees at year end					
United States	235,000	243,000	255,000	277,000	302,000
Other countries	63,000	49,000	43,000	45,000	71,000
Total employees	298,000	292,000	298,000	322,000	373,000
GE data					
Short-term borrowings	$ 2,721	$ 1,696	$ 1,861	$ 1,110	$ 1,813
Long-term borrowings	4,048	3,947	4,330	4,491	4,351
Minority interest	288	283	228	190	189
Share owners' equity	21,680	20,890	18,466	16,480	15,109
Total capital invested	$ 28,737	$ 26,816	$ 24,885	$ 22,271	$ 21,462
Return on average total capital invested	17.4%	17.0%	16.4%	14.7%	13.9%
Borrowings as a percentage of total capital invested	23.6%	21.0%	24.9%	25.1%	28.7%
Current assets	$ 16,199	$ 15,671	$ 15,499	$ 15,739	$ 14,288
Current liabilities	15,342	13,988	13,419	12,671	11,461
Working capital	$ 857	$ 1,683	$ 2,080	$ 3,068	$ 2,827
Property, plant and equipment additions (other than by acquisition of RCA)	$ 2,255	$ 2,251	$ 2,288	$ 1,778	$ 2,042
Year-end orders backlog	32,184	30,473	27,265	22,737	23,943
GEFS data					
Earnings before extraordinary loss and cumulative effect of accounting change	$ 1,094	$ 927	$ 788	$ 552	$ 504
Net earnings	1,094	927	788	1,008	504
Share owner's equity	6,833	6,069	4,819	3,980	2,994
Earned on average share owner's equity	16.6%	17.6%	18.0%	18.0%	19.7%
Borrowings from others	$ 57,400	$ 47,905	$ 39,593	$ 30,885	$ 23,397
Ratio of debt to equity (GE Ca	7.77:1	7.80:1	7.67:1	7.98:1	7.83:1
Total assets of GE Capital	$ 70,385	$ 58,696	$ 47,766	$ 36,644	$ 27,970
Reserve coverage on financing receivables	2.63%	2.63%	2.63%	2.59%	2.59%
Insurance premiums written	$ 1,981	$ 1,819	$ 1,809	$ 1,729	$ 1,704
Securities broker-dealer earned income	2,923	2,897	2,316	2,491	1,176

Accounting changes in 1987 included the following: the cumulative effect to January 1 of adopting SFAS No. 96 ($577 million, including $518 million for GEFS); and the cumulative effect to January 1 of changing accounting procedures to include in inventory certain manufacturing costs previously charged directly to expense ($281 million after providing for taxes of $215 million). An extraordinary loss in 1987 resulted from a debt extinguishment program initiated by GE Capital ($62 million, net of $39 million tax credit.) See note 2 for information about certain acquisitions and related matters. In addition, RCA Corporation and Kidder, Peabody & Co. were acquired in June 1986. "GE" means the basis of consolidation as described in note 1 to the consolidated financial statements; "GEFS" means General Electric Financial Services, Inc. and all of its affiliates and associated companies. Transactions between GE and GEFS have been eliminated from the "consolidated data." Share data reflect the 2-for-1 stock split in April 1987.

Management's Discussion of Financial Responsibility

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

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

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

KPMG Peat Marwick provide an objective, independent review of management's discharge of its obligations relating to the fairness of reported operating results and financial condition. Their report for 1990 appears on the opposite page.

The Audit Committee of the Boa[illegible] consisting solely of Directors from outside GE) maint[illegible] ongoing appraisal — on behalf of share owners — of t[illegible]ctiveness of the independent auditors, the Company's staff of corporate auditors and management, with respect to the financial reporting process, and of the adequacy of internal financial controls. The committee also reviews the Company's accounting policies, compliance with key policies, and the Annual Report and proxy materi[illegible].

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

Dennis D. Dammerman
Senior Vice President
Finance

February 15, 1991

Independent Auditors' Report

To Share Owners and Board of Directors of General Electric Company

We have audited the accompanying statement of financial position of General Electric Company and consolidated affiliates as of December 31, 1990 and 1989, and the related statements of earnings and cash flows for each of the years in the three-year period ended December 31, 1990. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the aforementioned financial statements appearing on pages 24-29 and 44-66 present fairly, in all material respects, the financial position of General Electric Company and consolidated affiliates at December 31, 1990 and 1989, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1990, in conformity with generally accepted accounting principles.

KPMG Peat Marwick

KPMG Peat Marwick
Stamford, Connecticut

February 15, 1991

Notes to Consolidated Financial Statements

Index

1 Summary of Significant Accounting Policies

Consolidation and financial statement presentation

Consolidation. The consolidated financial statements represent the adding together of all companies in which General Electric Company directly or indirectly has a majority ownership or otherwise controls ("affiliated companies").

To preserve as much as possible the identity of the principal financial data and related measurements to which share owners and others are accustomed, consolidated financial statements and notes are generally presented in a format that includes data grouped as follows.

- ***GE*** — this represents the adding together of all affiliated companies except General Electric Financial Services, Inc. (GEFS), which is presented on a one-line basis. The effect of transactions among companies within this group has been eliminated. Where appropriate for classification or emphasis, particularly in the notes, this group of entities also is referred to as "GE except GEFS."
- ***GEFS*** — this affiliate owns all of the common stock of General Electric Capital Corporation (GECC or GE Capital), Employers Reinsurance Corporation (ERC) and Kidder, Peabody Group Inc. (Kidder, Peabody). These affiliates and their respective affiliates are consolidated in the GEFS columns with the effect of transactions among them eliminated before the consolidated presentation.
- ***Consolidated*** — these columns represent the adding together of GE and GEFS. However, it is necessary to remove the effect of transactions between GE except GEFS and GEFS to arrive at a consolidated total. The "eliminations" used to arrive at these consolidated totals are summarized on the next page.

Eliminations

(In millions)	1990	1989	1988
Statement of Earnings			
Sales of goods	$ (41)	$ (12)	$ (5)
Sales of services	(25)	(20)	(26)
Other income	(16)	(14)	(5)
Earnings of GEFS	(1,094)	(927)	(788)
GEFS revenues from operations	(63)	(48)	(34)
Total revenues	(1,239)	(1,021)	(858)
Cost of goods sold	(41)	(12)	(5)
Cost of services sold	(25)	(20)	(26)
Interest and other financial charges	(42)	(47)	(29)
Other costs and expenses	(37)	(15)	(10)
Total costs and expenses	(145)	(94)	(70)
Earnings before income taxes	(1,094)	(927)	(788)
Net earnings	$(1,094)	$ (927)	$ (788)
Statement of Financial Position			
GE current receivables	$ (355)	$ (242)	
Other GEFS receivables	(387)	(380)	
Investment in GEFS	(6,833)	(6,069)	
Total assets	$(7,575)	$(6,691)	
Short-term borrowings	$ (204)	$ (236)	
Accounts payable	(526)	(379)	
Long-term borrowings	(2)	(2)	
All other liabilities	(10)	(5)	
Total liabilities	(742)	(622)	
GEFS equity	(6,833)	(6,069)	
Total liabilities and equity	$(7,575)	$(6,691)	
Statement of Cash Flows			
Net earnings (operating activities)	$ (367)	$ (221)	$ (13)
Investing activities	(15)	179	(171)
Financing activities	382	42	184
Total	$ —	$ —	$ —

Results of companies in which GE or GFFS owns between 20% and 50% ("associated companies") are included in the financial statements on a "one-line" basis.

Pensions and other retirement benefits. Accounting policies for pensions and other retirement benefits are discussed in note 6.

Income taxes. Statement of Financial Accounting Standards (SFAS) No. 96 — "Accounting for Income Taxes" was adopted during 1987. Under SFAS No. 96, deferred tax balances are stated at tax rates expected to be in effect when taxes are actually paid or recovered.

GE accounting policies

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

Cash and cash equivalents. Marketable securities having original maturities of 90 days or less are treated as cash equivalents.

Inventories. The values of most inventories are determined on a last-in first-out, or LIFO, basis and do not exceed realizable values.

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

GEFS accounting policies

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

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

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

Kidder, Peabody's proprietary securities and commodities transactions are recorded on a trade-date basis. Trading and investment securities are valued at market or estimated fair value. Unrealized gains and losses on open contractual commitments, principally financial futures, when-issued securities and forward contracts on U.S. government and federal agency securities, are reflected in the Statement of Earnings on a trade-date basis. Customer transactions and the related revenues and expenses are reflected in the financial statements on a settlement-date basis. Revenues and expenses on a trade-date basis are not materially different. Investment banking revenues from management fees, sales concessions and underwriting fees are recorded on settlement date. Advisory fee revenue is recorded when services are substantially completed and the revenue is reasonably determinable.

See "insurance affiliates" below for information with respect to earned income of these businesses.

Allowance for losses on financing receivables. GE Capital maintains an allowance for losses on financing receivables at an amount that it believes is sufficient to provide adequate protection against future losses in the portfolio. For small-balance and certain large-balance receivables, the allowance for losses is determined principally on the basis of actual experience during the preceding three years. Further allowances also are provided to reflect management's judgment of additional loss potential. For other receivables, principally the larger loans and leases, the allowance for losses is determined primarily on the basis of management's judgment of net loss potential, including specific allowances for known troubled accounts.

All accounts or portions thereof deemed to be uncollectible or to require an excessive collection cost are written off to the allowance for losses. Small-balance accounts are progressively written down (from 10% when more than three months delinquent to 100% when more than 12 months delinquent) to record the balances at estimated realizable value. However, if at any time during that period an account is judged to be uncollectible, such as in the case of a bankruptcy, the remaining balance is written off. Larger-balance accounts are reviewed at least quarterly, and those accounts that are more than three months delinquent are written down, if necessary, to record the balances at estimated realizable value.

In conformity with SFAS No. 15 — "Accounting by Debtors and Creditors for Troubled Debt Restructurings," collateral that is formally or substantively repossessed in satisfaction of a loan receivable is written down to an amount based on the collateral's fair value and is transferred to other assets. This accounting has been employed principally for highly leveraged transaction (HLT) and real estate loans.

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

Securities purchased under agreements to resell (reverse repurchase agreements) and securities sold under agreements to repurchase (repurchase agreements). Repurchase and reverse repurchase agreements are treated as financing transactions and are carried at the contract amount at which the securities subsequently will be resold or reacquired. Repurchase agreements relate either to marketable securities, which are carried at market value, or to securities obtained pursuant to reverse repurchase agreements. It is GEFS' policy to take possession of securities subject to reverse repurchase agreements. GEFS monitors the market value of the underlying securities in relation to the related receivable, including accrued interest, and requests additional collateral if appropriate.

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

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

Deferred insurance acquisition costs are amortized as the related premiums are earned for property and casualty business. Deferred insurance acquisition costs for the life insurance business are amortized over the premium-paying periods of the contracts in proportion either to anticipated premium income or to gross profit, as appropriate. Deferred insurance acquisition costs are reviewed for recoverability; for short-duration contracts, anticipated investment income is considered in making recoverability evaluations.

The estimated liability for outstanding losses and loss expenses consists of case reserves based on reports and estimates of losses and an IBNR reserve based primarily on experience. Where experience is not sufficient, industry averages for the particular insurance products are used. Estimated amounts of salvage and subrogation recoverable on paid and unpaid losses are deducted from outstanding losses. The liability for future policy benefits of the life insurance affiliates has been computed mainly by a net-level-premium method based on assumptions for investment yields, mortality and terminations that were appropriate at date of purchase or at the time the policies were developed, including provisions for adverse deviations.

2 Acquisitions, Dispositions and Related Matters

GE

In January 1990, GE acquired for $150 million cash a majority interest in Tungsram Company, Ltd., a Hungarian company that manufactures and sells a wide variety of lighting products.

In December 1990, the Company completed the sale of Ladd Petroleum Corporation, an oil and natural gas developer and supplier with operations mainly in the United States, to Amax Oil and Gas, Inc. for $515 million cash plus net working capital.

Although there were a number of acquisitions and dispositions during 1989, the larger transactions involved completion of arrangements for several joint ventures. These included the combining of interests in European appliances and electrical controls with General Electric plc (GEC), an unrelated corporation in the United Kingdom. (GE also acquired GEC's medical systems sales and service in the United Kingdom.) Besides the businesses and resources contributed by the parties in these transactions, GE paid cash of $570 million to GEC in the second quarter of 1989. Other new joint ventures included an arrangement with Ericsson of Sweden (mobile communications businesses). Legal form and percentage ownerships in these alliances differ.

During 1988, GE completed a number of acquisitions. The largest of these were:

Roper Corporation, acquired in April 1988 for $507 million cash. Roper's principal businesses were the manufacture and sale of gas and electric ranges and outdoor power garden equipment. In December 1988, GE sold Roper's garden equipment business for $295 million cash. Roper's kitchen appliance business prior to acquisition had annual sales of about $875 million.

Borg-Warner's chemicals businesses, acquired in September 1988 for $2.3 billion cash. These businesses (annual sales of about $1.6 billion prior to acquisition) manufacture and sell products complementary to GE's plastics businesses.

Business dispositions during 1988 included most of the GE Solid State (semiconductor) business; seven of NBC's eight radio stations; RCA Global Communications, Inc. (a provider of international communications services); and Sadelmi Cogepi, an international construction firm. Cash proceeds from these transactions aggregated about $700 million. Aggregate annual sales of these businesses were about $900 million.

GE's acquisitions were accounted for as purchases. Accordingly, the purchase prices were allocated to the assets acquired and liabilities assumed based on estimates of fair value. The excess of purchase prices over estimated fair values of net assets acquired (goodwill) is being amortized on a straight-line basis over periods not exceeding 40 years.

There was no material effect on GE's operating results or financial position from the above transactions in the year in which they occurred.

GEFS

During 1990, GEFS acquired the following businesses:

Certain leasing operations of MNC Financial, Inc. for $341 million cash; substantially all financial services operations of The Burton Group of the United Kingdom for $316 million cash; Travelers Mortgage Services, Inc. for $210 million cash; ELLCO Leasing Corporation, a lessor of high-technology and other commercial equipment, for $161 million cash; United States and Canadian leasing operations of McCullagh Leasing, Inc., a motor vehicle fleet lessor, for $71 million cash; European and Canadian leasing operations of Wang Laboratories, Inc. for $51 million cash; and LeaseAmerica Corporation, a commercial equipment lessor, for $42 million cash.

If the preceding 1990 transactions had occurred on January 1, 1990, or January 1, 1989, management estimates the GEFS results of operations for the years ended December 31, 1990 and 1989, would have been as follows.

(In millions)	1990	1989
Revenues from operations	$15,308	$14,035
Net earnings	1,071	911

The unaudited pro forma data above have been prepared based on assumptions management deems appropriate, and the results are not necessarily indicative of those that might have occurred had the transactions become effective at the beginning of the respective years.

During 1989, GE Capital paid $407 million cash for the remaining 62% of the common stock it had not previously owned in FGIC Corporation (FGIC), a company principally engaged in providing financial guarantee insurance on selected securities. FGIC, which had annual revenues prior to acquisition of about $125 million, is consolidated with

GE Capital. The aggregate effect of this acquisition and a number of asset acquisitions from other financial services businesses during 1989 was not material.

In June 1988, as part of the management-led acquisition of Montgomery Ward & Co., Incorporated (Montgomery Ward) from Mobil Corporation, GE Capital acquired Montgomery Ward's credit operations comprising Montgomery Ward Credit Corporation (MW Credit) and certain related assets (collectively with MW Credit, MW Credit Operations) for a cash purchase price of $718 million. GE Capital and Kidder, Peabody acquired 40% and 10%, respectively, of Montgomery Ward's common stock for a cash purchase price of $4 million and $1 million, respectively. In addition, GE Capital and Kidder, Peabody paid cash of $82 million and $8 million, respectively, for preferred stock in Montgomery Ward. The management-led acquisition of Montgomery Ward was partially financed by GE Capital in the form of a $275 million subordinated loan. During 1990, Kidder, Peabody's interest was transferred to GE Capital.

If the preceding 1988 transactions had occurred on January 1, 1988, management estimates that GEFS results of operations for the year ended December 31, 1988, would have been as follows: revenues — $10.8 billion; net earnings — $784 million. This unaudited pro forma information has been prepared based on assumptions that management deems appropriate, but the results are not necessarily indicative of those that might have occurred had the acquisitions taken place at the beginning of 1988.

GEFS' acquisitions were accounted for as purchases. Accordingly, the purchase prices were allocated to the assets acquired and liabilities assumed based on estimates of fair value. The excess of purchase prices over estimated fair values of net assets acquired (goodwill) is being amortized on a straight-line basis over periods not exceeding 25 years.

The results of acquired businesses have been consolidated with GEFS since the dates of acquisition. There would not have been any significant pro forma effect on GE's consolidated net earnings per share from these transactions.

3 GE Other Income

Other income of GE except GEFS is summarized in the table below.

(In millions)	1990	1989	1988
Royalty and technical agreements	$388	$359	$359
Associated companies	99	14	62
Marketable securities and bank deposits	86	106	155
Customer financing	36	30	38
Other investments			
Interest	13	11	13
Dividends	4	2	8
Other sundry items	142	182	45
	$768	$704	$680

4 GEFS Revenues from Operations

GEFS revenues from operations (earned income) are summarized in the table below.

(In millions)	1990	1989	1988
Time sales, loan, investment and other income	$ 9,192	$ 8,113	$ 5,986
Financing leases	1,457	1,078	870
Operating lease rentals	1,806	1,426	1,372
Premium and commission income of insurance affiliates	1,870	1,810	1,802
Commissions and fees of securities broker-dealer	449	518	625
	$14,774	$12,945	$10,655

Details of certain items included in earned income from financing leases are shown below.

(In millions)	1990	1989	1988
Deferred investment tax credit amortized			
Direct financing leases	$12	$16	$20
Leveraged leases	22	21	3
Total financing leases	$34	$37	$23
Gains on sale of residual values at lease completion			
Direct financing leases	$58	$38	$39
Leveraged leases	35	12	29
Total financing leases	$93	$50	$68

Noncancelable future rentals due from customers for equipment on operating leases as of December 31, 1990, totaled $3,751 million and are due as follows: 1991 — $1,254 million; 1992 — $886 million; 1993 — $576 million; 1994 — $326 million; 1995 — $212 million; and $497 million thereafter.

5 Supplemental Cost Details

(In millions)	1990	1989	1988
GE			
Employee compensation, including Social Security taxes and other benefits	$11,803	$11,960	$11,690
Selling, general and administrative expense	6,582	6,662	6,250
Company-funded research and development	1,479	1,334	1,155
Maintenance and repairs	827	821	839
Rental expense	719	709	700
Advertising	362	415	413
Taxes, except payroll and income taxes	286	298	374
GEFS			
Employee compensation, including Social Security taxes and other benefits	1,191	1,103	1,052
Rental expense	223	176	160
Advertising	82	75	66
Taxes, except payroll and income taxes	118	110	77
Consolidated			
Employee compensation, including Social Security taxes and other benefits	12,994	13,063	12,742
Selling, general and administrative expense	6,582	6,662	6,250
Company-funded research and development	1,479	1,334	1,155
Maintenance and repairs	827	821	839
Rental expense	942	885	860
Advertising	444	490	479
Taxes, except payroll and income taxes	404	408	451

Total employee compensation data include Social Security taxes of $752 million in 1990, $804 million in 1989 and $819 million in 1988.

6 Pensions and Other Retiree Benefits

GE and its affiliates sponsor a number of pension and other retiree benefit plans. This note summarizes important financial aspects of these plans. Measurements of obligations and costs are based on actuarial calculations involving various assumptions as to future events.

Principal pension plans

The principal pension plans are the GE Pension Plan (GE Plan) and the GE Supplementary Pension Plan (Supplementary Plan). The RCA Retirement Plan (RCA Plan) was merged into the GE Plan at the end of 1988. Amounts and comments about the GE Plan in this note include the RCA Plan for all periods shown. Other pension plans are sponsored by domestic and foreign affiliates, but these are not considered to be significant individually or in the aggregate to the consolidated financial position.

The GE Plan covers substantially all GE employees in the United States and approximately 50% of GEFS employees. Generally, benefits are based on the greater of a formula recognizing career earnings or a formula recognizing length of service and final average earnings. Benefits are funded through the GE Pension Trust. At the end of 1990, the GE Plan had approximately 484,000 participants, including 200,000 employees, 125,000 former employees with vested rights to future benefits, and 159,000 retirees and beneficiaries receiving benefits.

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

SFAS No. 87 — "Employers' Accounting for Pensions" requires use of the projected unit credit cost method to determine the projected benefit obligation and plan cost. The projected benefit obligation is the actuarial present value of the portion of projected future benefits that is attributed to employee service to date. The benefit cost for service during the year is the portion of the projected benefit obligation that is attributed to employee service during the year. This cost method recognizes the effect of future compensation and service in projecting the future benefits.

In addition, SFAS No. 87 establishes a "transition gain." This is the excess at January 1, 1986 (when the Company adopted SFAS No. 87), of the current fair market value of plan assets over the plan's projected benefit obligation. This transition gain is being amortized over 15 years except that such excess for the RCA Plan was recognized as an asset in accounting for the RCA acquisition in 1986.

Gains and losses that occur because actual experience differs from that assumed are amortized over the average future service period of employees. Prior-service cost for changes in pension benefits that are allocable to previous periods of service is amortized in the same manner.

Employer costs for the principal pension plans in 1990 reflect favorable investment performance over the last several years. Details of cost follow.

Cost for principal pension plans
(In millions)

	1990	1989	1988
Benefit cost for service during the year — net of employee contributions	$ 425	$ 413	$ 300
Interest cost on projected benefit obligation	1,315	1,259	1,232
Recognized return on plan assets	(1,728)	(1,574)	(1,460)
Net amortization	(392)	(339)	(299)
Net pension cost (income)	$ (380)	$ (241)	$ (227)
Details of return on plan assets			
Actual return on plan assets	$ (260)	$ 4,026	$ 2,261
Recognized return on plan assets	(1,728)	(1,574)	(1,460)
Unrecognized net experience gain (loss)	$(1,988)	$ 2,452	$ 801

Pension cost was determined using an assumed discount rate of 8.5% and an assumed rate of average future increases in pension benefit compensation of 6.5%.

Recognized return on plan assets was determined by applying the expected long-term rate of return of 8.5% to the market-related value of assets.

Funding policy for the GE Plan is to contribute amounts sufficient to meet minimum funding requirements set forth in U.S. employee benefit and tax laws plus such additional amounts as GE may determine to be appropriate from time to time. GE has not made contributions since 1987 because the funding status of the GE Plan precluded current tax deduction and a contribution would have generated an excise tax.

The funding status of an ongoing plan may be measured by comparing the market-related value of assets with the projected benefit obligation. The market-related value of assets is based on amortized cost plus recognition of market appreciation and depreciation in the portfolio over five years. GE believes the market-related value of assets is a more realistic measure than current fair market value because the market-related value reduces the impact of short-term market fluctuations. The funding status for the principal pension plans follows.

Funding status for principal pension plans
December 31 (In millions)

	1990	1989
Market-related value of assets	$22,237	$20,794
Projected benefit obligation	16,751	16,057

A schedule reconciling the projected benefit obligation for principal pension plans with GE's recorded pension liability is shown in the next column.

Reconciliation of projected benefit obligation with pension liability for principal pension plans
December 31 (In millions)

	1990	1989
Projected benefit obligation	$ 16,751	$ 16,057
Current fair market value of trust assets	(22,933)	(24,211)
Unrecognized transition gain	1,539	1,693
Unrecognized net experience gains	3,091	5,333
Unrecognized prior-service cost	101	90
Recorded prepaid pension assets	1,905	1,469
Recorded pension liability	$ 454	$ 431

The projected benefit obligations were determined using an assumed discount rate of 8.5% and an assumed average rate of future increases in pension benefit compensation of 6.5%. In connection with its 1991 annual review of pension funding, GE may revise certain actuarial assumptions as of January 1, 1991; however, it is anticipated that any such revisions would reduce the projected benefit obligation by no more than 5%.

The portion of the projected benefit obligation representing the accumulated benefit obligation was $15,589 million and $14,940 million at the ends of 1990 and 1989, respectively. The vested benefit obligation was $15,433 million and $14,721 million at the ends of 1990 and 1989, respectively. These amounts are based on compensation and service to date.

Trust assets consist mainly of common stock and fixed income investments. GE common stock represented less than 1% of trust assets and was held mainly in an indexed portfolio.

Unrecognized net experience gains resulted principally from favorable investment performance.

Principal retiree health and life insurance plans

GE and its affiliates sponsor a number of plans providing retiree health and life insurance benefits. GE's aggregate cost for the principal plans, which cover substantially all employees in the United States, was $249 million in 1990, $283 million in 1989 and $302 million in 1988.

Generally, employees who retire after qualifying for optional early retirement under the GE Plan are eligible to participate in retiree health and life insurance plans. Health benefits for eligible retirees under age 65 and eligible dependents are included in costs as covered expenses are actually incurred except for certain accruals provided in connection with business acquisitions and dispositions. For eligible retirees and spouses over age 65, the present value of future health benefits is funded or accrued and is included in costs in the year the retiree becomes eligible for benefits. The present value of future life insurance benefits for eligible retirees is funded and is included in costs in the year of retirement.

Most retirees outside the United States are covered by government programs, and GE's cost is not significant.

In December 1990, the Financial Accounting Standards Board issued SFAS No. 106 — "Employers' Accounting for Postretirement Benefits Other Than Pensions," establishing accounting principles for retiree health and life insurance plans. At January 1, 1991, GE had obligations for postretirement benefits other than pensions estimated at $4.2 billion while related assets in trust and cost accruals totaled $1.5 billion. SFAS No. 106 must be adopted by 1993 either by amortizing this net transition obligation (about $2.7 billion) over 20 years or by charging it immediately to operations; earlier adoption is encouraged.

7 Interest and Other Financial Charges

GE. Interest capitalized, principally on major property, plant and equipment projects, was $28 million in 1990, $48 million in 1989 and $11 million in 1988.

GEFS. GEFS interest and discount expenses reported in the Statement of Earnings is net of interest income on temporary investments of excess funds ($104 million, $160 million and $285 million in 1990, 1989 and 1988, respectively) and capitalized interest of $20 million, $13 million and $16 million, respectively, for 1990, 1989 and 1988.

8 GEFS Allowance for Losses on Financing Receivables

GEFS allowance for losses on financing receivables represented 2.63% of total financing receivables at year-ends 1990 and 1989. The table below shows the activity in the allowance for losses on financing receivables during each of the last three years.

(In millions)	1990	1989	1988
Balance at January 1	$1,127	$ 972	$ 743
Provisions charged to operations	688	527	434
Net transfers related to companies acquired and sold	230	48	89
Amounts written off	(685)	(420)	(294)
Balance at December 31	$1,360	$1,127	$ 972

Amounts written off in 1990 were approximately 1.37% of average financing receivables outstanding during the year, compared with 0.98% and 0.81% of average financing receivables outstanding during 1989 and 1988, respectively.

9 Provision for Income Taxes

(In millions)	1990	1989	1988
GE			
Estimated amounts payable	$1,440	$1,375	$1,311
Deferred tax expense (benefit) from "temporary differences"	145	242	(152)
Investment credit deferred (amortized) — net	(42)	(64)	(63)
	1,543	1,553	1,096
GEFS			
Estimated amounts payable (recoverable)	168	48	(32)
Deferred tax expense from "temporary differences"	133	144	274
Investment credit deferred (amortized) — net	—	19	(3)
	301	211	239
Consolidated			
Estimated amounts payable	1,608	1,423	1,279
Deferred tax expense from "temporary differences"	278	386	122
Investment credit deferred (amortized) — net	(42)	(45)	(66)
	$1,844	$1,764	$1,335

"Estimated amounts payable" includes amounts applicable to foreign jurisdictions of $185 million, $272 million and $344 million in 1990, 1989 and 1988, respectively.

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

Deferred income taxes reflect the impact of "temporary differences" between the amount of assets and liabilities for financial reporting purposes and such amounts as measured by tax laws and regulations. See note 27 for details of the balances in deferred income taxes at the ends of 1990 and 1989.

The U.S. investment tax credit (ITC) was repealed, with some transitional exceptions, effective January 1, 1986. However, because of its use of the deferral method of accounting for the ITC, GE has an unamortized balance remaining. Unamortized ITC is treated as a temporary difference for deferred tax accounting. GE's remaining unamortized ITC balance was $81 million, net of deferred tax at year-end 1990, and will be added to income in future years.

The U.S. federal statutory tax rate on corporations was 34% in each of the last three years. Data about "effective tax rates," i.e., provision for income taxes as a percentage of earnings before income taxes, follow.

Effective tax rates

	1990	1989	1988
GE	26.4%	28.3%	24.5%
GEFS	21.5	18.6	23.3
Consolidated	30.0	30.9	28.3

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

Reconciliation of U.S. federal statutory rate to actual tax rate

	1990	1989	1988
U.S. federal statutory tax rate	34.0%	34.0%	34.0%
Increase (reduction) in tax rate resulting from GE			
Including after-tax earnings of affiliates and associated companies in before-tax earnings			
— Earnings of GEFS	(6.1)	(5.5)	(5.7)
— Earnings other than GEFS	(0.6)	(0.1)	(0.4)
Foreign Sales Corporation tax benefits	(1.0)	(0.5)	(1.1)
Amortization of investment tax credit	(0.7)	(1.1)	(1.5)
Amortization of goodwill	1.0	1.1	1.0
All other — net	0.1	0.6	(1.4)
	(7.3)	(5.5)	(9.1)
Increase (reduction) in tax rate resulting from GEFS			
Amortization of investment tax credit on financing and operating leases	(0.2)	(0.4)	(0.4)
Dividends received which are not fully taxable	(0.6)	(0.5)	(0.4)
Tax-exempt income	(2.7)	(2.3)	(2.1)
Change in tax-rate assumptions for leveraged leases	(0.4)	(0.4)	(0.3)
Amortization of goodwill	0.4	0.4	0.4
All other — net	0.7	0.1	0.5
	(2.8)	(3.1)	(2.3)
Eliminations	6.1	5.5	5.7
Actual consolidated tax rate	30.0%	30.9%	2[illegible].3%

Except for earnings that GE intends to reinvest for the indefinite future, provision has been made for all U.S. federal income tax liabilities applicable to undistributed earnings of affiliates and associated companies. It is not practicable to determine the extent of the hypothetical U.S. federal income tax liability in excess of the existing provision if all such earnings were remitted, but distribution as dividends would result in payment of withholding taxes of approximately $160 million.

Based on the location (not tax jurisdiction) of the business providing goods or services, consolidated domestic income before taxes was $5,472 million in 1990, $4,930 million in 1989 and $3,936 million in 1988. The corresponding amounts for foreign-based operations were $675 million, $773 million and $785 million in each of these years, respectively.

10 Cash and Equivalents

Deposits restricted as to usage and withdrawal or used as partial compensation for short-term borrowing arrangements were not material for either GE except GEFS or GEFS. See note 20 for related information about credit lines and compensating balances.

11 Marketable Securities Carried at Cost

Carrying value of marketable securities for GE except GEFS was substantially the same as market value at year-ends 1990 and 1989. Certain information about GEFS' marketable debt securities carried at amortized cost at December 31, 1990, most of which are held by insurance affiliates, are shown below.

GEFS marketable debt securities

(In millions)	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated market value
State and municipal securities	$5,673	$ 177	$ (16)	$5,834
Corporate and foreign securities	1,372	1	(2[illegible])	1,348
U.S. government and federal agency securities	269	4	([illegible])	271
Mortgage-backed securities	132	—	(3	129
	$7,446	$ 182	$ (46	$7,582

Contractual maturities of marketable debt securities, other than mortgage-backed securities, at December 31, 1990, are shown below.

GEFS contractual maturities (excluding mortgage-backed securities)

(In millions)	Amortized cost	Estimated market value
Due in		
1991	$ 743	$ 743
1992-1995	944	945
1996-2000	808	819
2001 and later	4,819	4,946

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

Market value of GEFS' securities carried at amortized cost was $6,952 million at December 31, 1989.

12 GEFS Marketable Securities Carried at Market

December 31 (In millions)	1990	1989
U.S. government and federal agency securities	$ 8,209	$4,399
Corporate stocks, bonds and foreign securities	2,911	3,898
Mortgage loans	519	—
State and municipal securities	238	191
	$11,877	$8,488

At December 31, 1990, the carrying value of equity securities carried at market value by insurance affiliates aggregated $657 million and included unrealized gains and unrealized losses of approximately $25 million and $65 million, respectively, recognized through equity.

A significant portion of securities carried at market value at December 31, 1990, was pledged as collateral for bank loans and repurchase agreements.

13 GE Current Receivables

December 31 (In millions)	1990	1989
Aerospace	$ 737	$ 728
Aircraft Engines	1,876	1,379
Appliances	530	511
Broadcasting	443	444
Industrial	1,218	1,046
Materials	793	890
Power Systems	1,227	1,159
Technical Products and Services	857	722
All Other	235	258
Corporate	418	248
	8,334	7,385
Less allowance for losses	(173)	(167)
	$8,161	$7,218

Of the total receivables balance, $5,953 million and $5,298 million were from sales of products and services to customers and $121 million and $190 million were from transactions with associated companies at December 31, 1990 and 1989, respectively.

Current receivables of $832 million at year-end 1990 and $769 million at year-end 1989 arose from sales, principally of aerospace and aircraft engine products and services, on open account to various agencies of the U.S. government, which is GE's largest single customer. An additional $396 million and $218 million of current receivables were from sales on open account of aircraft engine products and services to airline industry customers at December 31, 1990 and 1989, respectively.

14 GE Inventories

December 31 (In millions)	1990	1989
Raw materials and work in process	$ 5,521	$ 5,492
Finished goods	3,281	3,103
Unbilled shipments	184	249
	8,986	8,844
Less revaluation to LIFO	(2,279)	(2,189)
LIFO value of inventories	$ 6,707	$ 6,655

LIFO revaluations increased $90 million in 1990 compared with a $37 million decrease in 1989 and a $150 million increase in 1988. Included in these changes were decreases of $19 million, $68 million and $23 million (1990, 1989 and 1988, respectively) due to lower inventory levels. In each of the last three years, there was a current-year expense for price increases. Through 1997, GE is obligated to acquire under take-or-pay or similar arrangements about $275 million per year of raw materials at market prices.

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

December 31 (In millions)	1990	1989
Time sales and loans		
Retailer and auto financing	$12,287	$ 9,606
Commercial real estate financing	10,558	8,890
Commercial and industrial loans	9,737	8,599
Equipment sales financing	2,712	2,562
Other	651	1,222
	35,945	30,879
Deferred income	(860)	(737)
Time sales and loans — net of deferred income	35,085	30,142
Investment in financing leases		
Direct financing leases	13,507	9,827
Leveraged leases	3,023	2,937
	16,530	12,764
	51,615	42,906
Less allowance for losses	(1,360)	(1,127)
	$50,255	$41,779

"Time sales and loans" represents transactions in a variety of forms, including time sales, revolving charge and credit, mortgages, installment loans, intermediate-term loans, and revolving loans secured by business assets and mandatorily redeemable preferred stock. The portfolio includes time sales and loans carried at the principal amount on which finance charges are billed periodically, and time sales and loans acquired on a discount basis carried at gross book value, which includes finance charges. At year-end 1990, commercial and industrial loans included $7,188 million for highly leveraged transactions.

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

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

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

Investment in financing leases

December 31 (In millions)	Direct financing leases 1990	Direct financing leases 1989	Leveraged leases 1990	Leveraged leases 1989	Total financing leases 1990	Total financing leases 1989
Total minimum lease payments receivable	$16,575	$12,009	$10,997	$11,444	$27,572	$23,453
Less principal and interest on third-party nonrecourse debt	–	–	(7,785)	(8,207)	(7,785)	(8,207)
Rentals receivable	16,575	12,009	3,212	3,237	19,787	15,246
Estimated unguaranteed residual value of leased assets	1,757	1,250	1,004	883	2,761	2,133
Less deferred income (a)	(4,825)	(3,432)	(1,193)	(1,183)	(6,018)	(4,615)
Investment in financing leases (as shown on the previous page)	13,507	9,827	3,023	2,937	16,530	12,764
Less amounts to arrive at net investment						
Allowance for losses	(205)	(214)	(28)	(48)	(233)	(262)
Deferred taxes arising from financing leases	(1,367)	(1,207)	(2,360)	(2,444)	(3,727)	(3,651)
Net investment in financing leases	$11,935	$ 8,406	$ 635	$ 445	$12,570	$ 8,851

(a) Total financing lease deferred income is net of deferred initial direct costs of $46 million and $37 million for 1990 and 1989, respectively.

Contractual maturities

(In millions)	Total	1991	1992	1993	1994	1995	1996 and after
Time sales and loans							
Retailer and auto financing	$12,287	$ 9,422	$ 2,493	$ 303	$ 40	$ 16	$ 13
Commercial real estate financing	10,558	791	930	1,850	1,599	2,387	3,001
Commercial and industrial loans	9,737	1,646	740	958	763	1,184	4,446
Equipment sales financing	2,712	1,151	655	369	200	102	235
Other	651	133	65	61	57	52	283
	35,945	13,143	4,883	3,541	2,659	3,741	7,978
Rentals receivable							
Direct financing leases	16,575	3,393	2,775	2,093	1,617	905	5,792
Leveraged leases	3,212	154	169	174	188	245	2,282
	19,787	3,547	2,944	2,267	1,805	1,150	8,074
	$55,732	$16,690	$ 7,827	$ 5,808	$ 4,464	$ 4,891	$16,052

Experience has shown that a substantial portion of receivables will be paid prior to contractual maturity. Accordingly, the maturities of time sales and loans and of rentals receivable shown in the table above are not to be regarded as forecasts of future cash collections.

Under arrangements with customers, GE Capital has committed to lend funds ($2,351 million at December 31, 1990) and has issued sundry financial guarantees and letters of credit ($2,087 million at December 31, 1990). Note 25 discusses financial guarantees of insurance affiliates.

At December 31, 1990, GE Capital was conditionally obligated to advance $1,924 million, principally under performance-based standby lending commitments. GE Capital also was obligated for $3,077 million under standby liquidity facilities related to third-party commercial paper programs, although management believes that the prospects of being required to fund under such standby facilities are remote.

Nonearning consumer time sales and loans, primarily private label credit card receivables, amounted to $562 million and $325 million at December 31, 1990 and 1989, respectively. A substantial majority of these receivables was subject to various loss-sharing arrangements that provide full or partial recourse to the originating private label entity. Nonearning and reduced earning receivables other than consumer time sales and loans were $706 million and $181 million at year-end 1990 and 1989, respectively. Earnings of $50 million and $13 million realized in 1990 and 1989, respectively, were $46 million and $17 million lower than would have been reported had these receivables earned income in accordance with their original terms.

Additional information regarding GEFS' financing receivables beyond that contained in the financial statements is included in Management's Discussion of GE Capital's Portfolio Quality on page 36.

16 GEFS' Broker-Dealer Positions

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

December 31 (In millions)	1990	1989
Included in other receivables		
Securities failed to deliver	$ 183	$ 215
Deposits paid for securities borrowed	1,383	1,030
Clearing organizations and other	522	17
	$2,088	$1,262
Included in accounts payable		
Securities failed to receive	$ 129	$ 484
Deposits received for securities loaned	991	665
Clearing organizations and other	70	24
	$1,190	$1,173

Kidder, Peabody, in conducting its normal operations, invests in a wide variety of financial instruments in order to balance its investment positions. Management believes that the most meaningful measure of these positions for a broker-dealer is market value, the value at which the positions are presented in the Statement of Financial Position in accordance with securities industry practices. However, SFAS No. 105 — "Disclosure of Information About Financial Instruments With Off-Balance-Sheet Risk and Financial Instruments with Concentrations of Credit Risk" requires, among other things, disclosure of information about "off-balance-sheet" positions in gross contract terms. The following SFAS No. 105 disclosures are indicators of the nature and extent of such activities and are not intended to portray the much smaller credit or economic risk of the positions. At December 31, 1990, open commitments to sell mortgage-backed securities amounted to $15,241 million; open commitments to purchase mortgage-backed securities amounted to $11,523 million; interest rate swap agreements were open for interest on $4,688 million; commitments amounting to $3,674 million were open under options written to cover price changes in securities; the face amount of open interest rate futures and forward contracts for currencies as well as money market and other instruments amounted to $1,932 million; contracts establishing limits on counterparty exposure to interest rates were outstanding for interest on $762 million; and firm underwriting commitments for the purchase of stock or debt amounted to $711 million.

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

December 31 (In millions)	1990	1989
Original cost		
GE		
Land and improvements	$ 347	$ 266
Buildings, structures and related equipment	5,073	4,600
Machinery and equipment	14,496	13,756
Leasehold costs and manufacturing plant under construction	1,371	1,051
Oil, gas and mineral properties	87	749
	21,374	20,422
GEFS		
Buildings and equipment	1,511	1,206
Equipment leased to others		
Vehicles	2,086	2,076
Railroad rolling stock	1,319	1,347
Marine shipping containers	898	816
Aircraft	1,592	1,324
Data processing equipment	749	461
Other	1,043	816
	9,198	8,046
	$30,572	$28,468
Accumulated depreciation, depletion and amortization		
GE	$11,351	$10,756
GEFS		
Buildings and equipment	460	321
Equipment leased to others	2,130	1,745
	$13,941	$12,822

Current-year amortization of GEFS' equipment on lease to others was $835 million, $647 million and $665 million in 1990, 1989 and 1988, respectively.

At December 31, 1990, GE except GEFS had minimum rental commitments under noncancelable operating leases aggregating $2,849 million. Amounts payable over the next five years are: 1991 — $570 million; 1992 — $465 million; 1993 — $395 million; 1994 — $247 million; and 1995 — $160 million.

At December 31, 1990, GEFS had minimum rental commitments under noncancelable operating leases aggregating $1,112 million. Amounts payable over the next five years are: 1991 — $172 million; 1992 — $141 million; 1993 — $120 million; 1994 — $97 million; and 1995 — $79 million.

18 Intangible Assets

December 31 (In millions)	1990	1989
GE		
Goodwill	$6,423	$6,517
Other intangibles	534	531
	6,957	7,048
GEFS		
Goodwill	1,877	1,587
Other intangibles	499	187
	2,376	1,774
	$9,333	$8,822

Accumulated amortization of GE's goodwill was $654 million and $484 million at December 31, 1990 and 1989, respectively. Accumulated amortization of other intangibles for GE was $574 million and $474 million at December 31, 1990 and 1989, respectively. The largest GE goodwill and other intangibles were from the RCA acquisition in 1986, for which goodwill is being amortized on a straight-line basis over 40 years. Other amounts of goodwill being amortized over 40 years arose from a number of major acquisitions subsequent to 1986. All other GE intangibles and goodwill are being amortized over shorter periods as appropriate, ranging from one year to 20 years.

Accumulated amortization of GEFS' goodwill was $261 million and $181 million at December 31, 1990 and 1989, respectively. Accumulated amortization of GEFS' other intangibles was $105 million and $90 million at December 31, 1990 and 1989, respectively. The principal sources of GEFS' goodwill include acquisitions of Gelco; Kidder, Peabody; ERC; The Burton Group's financial services operations; a number of auto auctions; FGIC Corporation; GE Americom; and MW Credit Operations. Amortization is being recorded over various periods, with none more than 3[illegible] years except for GE Americom, which is being recorded over 40 years. GEFS' other intangibles represent principally the value of insurance-in-force related to ERC's property and casualty reinsurance business, which is being amortized on a straight-line basis over its estimated life of approximately 16 years; capitalized mortgage-servicing rights, which are being amortized in proportion to, and over the applicable periods of, estimated net servicing income; and portfolio purchase premiums, which are being amortized on a straight-line basis over the estimated lives of the portfolios.

19 All Other Assets

December 31 (In millions)	1990	1989
GE		
Investments		
Associated companies (including advances of $55 million and $54 million)	$ 1,569	$1,448
Miscellaneous investments		
Government and government-guaranteed securities	254	144
Other	199	167
Marketable equity securities	50	54
Less allowance for losses	(106)	(113)
	1,966	1,700
Prepaid pension assets	1,905	1,469
Recoverable engineering costs on government contracts	733	782
Long-term receivables	675	608
Deferred charges	480	372
Television program costs	351	410
Customer financing	25	62
Other	217	250
	6,352	5,653
GEFS		
Investment in associated companies (including advances of $414 million and $277 million)	1,387	1,045
Miscellaneous investments	1,524	1,539
Mortgages held for resale	771	—
Deferred insurance acquisition costs	478	410
Deferred charges	267	274
Real estate properties	253	151
Broker-dealer cash and securities segregated by regulation	236	134
Other	791	219
	5,707	3,772
	$12,059	$9,425

For GE, aggregate market value of marketable equity securities, which are carried at cost, was $59 million and $67 million at year-ends 1990 and 1989, respectively. Gross unrealized gains and losses were $15 million and $6 million, respectively, at December 31, 1990.

In line with industry practice, sales of commercial jet aircraft engines often involve long-term customer financing commitments. In making such commitments, it is GE's policy to require that it have, or be able to establish, a secured position in the aircraft being financed. At December 31, 1990, GE had issued loans and guarantees amounting to $849 million under such airline financing programs and had entered into commitments totaling $1.8 billion to provide financial assistance on future aircraft engines sales. Estimated fair values of the aircraft securing these receivables and guarantees exceeded the related account balances or guaranteed amounts at December 31, 1990. In virtually all cases, GE had a secured position in underlying assets or could establish a secured position if required to perform on a guarantee. GEFS also acts as lender and lessor to commercial enterprises in the airline industry; at December 31, 1990, the aggregate amount of such loans, leases and equipment leased to others was $3,865 million.

The National Broadcasting Company (NBC, an affiliate of GE) capitalizes program costs (including rights to broadcast) when paid or when a program is ready for broadcast, if earlier. These costs are amortized based upon projected revenues or expensed when a program is determined to have no value. At year-end 1990, NBC had approximately $2,490 million of commitments to acquire broadcast material or the rights to broadcast television programs that require payments over the next six years.

For GEFS, miscellaneous investments included $1,165 million and $1,149 million at December 31, 1990 and 1989, respectively, of items at estimated realizable values previously included in financing receivables. GEFS' mortgage servicing activities include the purchase and resale of mortgages. At December 31, 1990, it had open commitments to purchase and to sell mortgages of $768 million and $889 million, respectively. At December 31, 1990, mortgages sold with full or partial recourse to GEFS aggregated $7,269 million.

20 Short-Term Borrowings

Amount and average rate at December 31

(In millions)	1990 Amount	1990 Rate	1989 Amount	1989 Rate
GE				
Commercial paper	$ 1,349	8.08%	$ 597	8.53%
Affiliate bank borrowings (principally foreign)	742	17.52	436	18.80
Notes with trust departments	316	7.36	313	8.20
Current portion of long-term borrowings	57		150	
Other	257		200	
	2,721		1,696	
GEFS				
Commercial paper	35,462	8.17	30,452	8.80
Banks	1,875	8.84	2,702	8.58
Current portion of long-term borrowings	1,766		1,365	
Notes with trust departments	911	7.36	847	8.29
Passbooks and investment certificates	389		374	
	40,403		35,740	
Eliminations	(204)		(236)	
	$42,920		$37,200	

The average balance of short-term borrowings for GE except GEFS, excluding the current portion of long-term borrowings, was $4,178 million in 1990 compared with an average balance of $2,284 million in 1989. (Except for commercial paper, the average balance is calculated by averaging month-end balances for the year; commercial paper average borrowings are based on daily balances for the year.) The maximum balances in these calculations were $5,172 million at the end of October 1990 and $2,791 million at the end of June 1989. The average worldwide effective interest rate for the year 1990 was 10%; for 1989, it was 11%. These average rates represent total short-term interest incurred divided by the average balance outstanding. Although the total unused credit available to GE through banks and commercial credit markets is not readily quantifiable, confirmed credit lines of about $1.8 billion had been extended by 41 banks at year-end 1990. GE intends to refinance $1,100 million of long-term notes during 1991 using, if necessary, long-term credit lines; therefore, such notes were classified as long-term borrowings at December 31, 1990. Substantially all of GE's credit lines also are available for use by GE Capital and GEFS in addition to their own credit lines. During 1990, GE did not borrow under any of these credit lines. GE compensates banks for credit facilities in the form of fees or a combination of balances and fees as agreed to with each bank.

The average daily balance of GEFS' borrowings, excluding the current portion of long-term borrowings, was $36,949 million in 1990 compared with $31,154 million for 1989. The December 18, 1990, balance of $38,864 million was the maximum balance in 1990. The December 28, 1989, balance of $34,769 million was the maximum balance in 1989. The average short-term interest rate, excluding the current portion of long-term debt, was 8.46% for 1990, representing short-term interest expense divided by the average daily balance, compared with 9.44% for 1989.

At December 31, 1990, GEFS was party to interest rate swap agreements related to interest on $600 million through 1991.

At December 31, 1990, GE Capital had committed lines of credit aggregating $16,630 million with 178 banks, including $6,275 million of revolving credit agreements with 69 banks pursuant to which GE Capital has the right to borrow funds for periods exceeding one year. Also, at December 31, 1990, approximately $1,730 million of GE's credit lines was available for use by GE Capital. A total of $4,275 million of these lines also was available for use by GE Financial Services. In addition, approximately $150 million of committed lines of credit at December 31, 1990, were directly available to a foreign affiliate. During 1990, GEFS did not borrow under any of these credit lines. GEFS compensates banks for credit facilities in the form of fees.

At December 31, 1990, Kidder, Peabody had established lines of credit aggregating $4,386 million, of which $2,151 million was available on an unsecured basis. Borrowings from banks were primarily unsecured demand obligations, at interest rates approximating broker call loan rates, to finance inventories of securities and to facilitate the securities settlement process.

21 Accounts Payable

December 31 (In millions)	1990	1989
GE		
Trade accounts	$2,512	$2,606
Collected for the account of others	130	195
Other	76	100
	2,718	2,901
GEFS		
Accounts and drafts payable	4,859	4,144
Eliminations	(526)	(379)
	$7,051	$6,666

22 GEFS Securities Sold but Not Yet Purchased, at Market

December 31 (In millions)	1990	1989
U.S. government and federal agency securities	$4,569	$3,508
Corporate stocks, bonds and foreign securities	747	578
State and municipal securities	8	4
	$5,324	$4,090

23 GE All Other Current Costs and Expenses Accrued

At year-ends 1990 and 1989, this account included taxes accrued of $1,634 million and $1,521 million, respectively, and compensation and benefit accruals of $976 million and $948 million, respectively. Also included are amounts for product warranties, estimated costs on shipments billed to customers and a wide variety of other sundry items.

24 Long-Term Borrowings

December 31 (In millions)	1990	1989
GE	$ 4,048	$ 3,947
GEFS	16,997	12,165
Eliminations	(2)	(2)
	$21,043	$16,110

Outstanding balances in long-term borrowings for GE at December 31, 1990 and 1989, together with weighted average interest rates and maturities at December 31, 1990, are as follows.

December 31 (In millions)	Weighted average interest rate	Maturities	1990	1989
Notes (a)	7.32%	1991-1993	$2,038	$1,956
Extendible notes (b)	7.69	1991-1993	600	600
Debentures/sinking fund debentures	8.46	1992-2016	504	513
Deep discount notes (c)	7.52	1993-1994	350	350
Industrial development/pollution control bonds	6.02	1995-2019	168	236
Other	(d)		388	292
			$4,048	$3,947

(a) GE has agreed to exchange currencies (European Currency Units, Japanese yen, German marks and Italian lire) on principal amounts equivalent to U.S. $888 million and related interest. GE also has entered into interest rate swaps related to interest on $1,382 million. To minimize borrowing costs, GE has entered into multiple currency and interest rate agreements for certain notes.

(b) GE will reset interest rates at end of initial and each subsequent interest period. At each rate-reset date, notes are redeemable in whole or in part at GE's option or repayable at option of the holders at face value plus accrued interest. The current interest period ends in 1993. Notes are included in the current portion of long-term debt when the interest-rate-reset date is within one year and GE does not intend to refinance.

(c) Including amortization of original issue discount, the effective interest rates are: 4 1/8% Euro-dollar notes (U.S. $200 million) – 7.41%, 2 1/4% U.S. dollar notes ($150 million) – 7.66%.

(d) "Other" includes original issue premium and discounts and a variety of borrowings by affiliates and parent components with various interest rates and maturities.

Long-term borrowing maturities during the next five years, including amounts classified as long-term because of GE's intent to refinance, are $1,157 million in 1991, $540 million in 1992, $1,355 million in 1993, $185 million in 1994 and $102 million in 1995. These amounts are after deducting debentures that have been reacquired for sinking-fund needs.

Outstanding balances in long-term borrowings for GEFS at December 31, 1990 and 1989, together with information about average interest rates and maturities as of December 31, 1990, are as follows.

December 31 (In millions)	Weighted average interest rate	Maturities	1990	1989
Senior notes				
Notes (a) (b)	8.85%	1992-2009	$12,099	$ 7,702
Master notes	(c)	1992	106	165
Zero coupon/deep discount notes	13.39	1992-2001	2,309	2,270
Extendible, reset or remarketed notes (d)	8.43	1992-2018	2,228	2,456
Floating rate notes	(e)	1995-2050	873	269
Less unamortized discount/premium			(867)	(984)
Total senior notes			16,748	11,878
Subordinated notes	9.74	1992-2004	249	287
			$16,997	$12,165

(a) GEFS has agreed to exchange currencies (Australian dollars, Canadian dollars, European Currency Units, Italian lire, Japanese yen, Swiss francs and pound sterling) on principal amounts equivalent to U.S. $4,193 million and related interest. GEFS also has entered into interest rate swaps related to interest on $5,452 million. To minimize borrowing costs, GEFS has entered into multiple currency and interest rate agreements for certain notes.
(b) At December 31, 1990, counterparties held options under which GEFS can be caused to execute interest rate swaps associated with interest payments through 1999 on $1,125 million.
(c) Notes have a rolling 13-month or 15-month maturity and bear floating interest rates based principally on GE Capital's 180-day open-market notes.
(d) GEFS will reset interest rates at end of initial and each subsequent interest period. For extendible notes, at each rate-reset date, holders may redeem notes at face value plus accrued interest. Current interest periods range from May 1, 1991, to December 15, 1994. Extendible and reset notes are included in the current portion of long-term debt when the interest-rate-reset date is within one year.
(e) The rate of interest payable on each note is a variable rate based on the commercial paper rate each month. Interest is payable at the option of GEFS either monthly or semiannually.

Long-term borrowing maturities during the next five years, including the current portion of notes payable after one year, are: 1991 — $1,766 million; 1992 — $3,727 million (including $106 million of notes having a rolling 13-month or 15-month maturity); 1993 — $3,491 million; 1994 — $2,212 million; and 1995 — $1,870 million.

25 Reserves of Insurance Affiliates

Reserves of insurance affiliates represent unearned premiums and provisions for policy losses and benefits, relating to their property and casualty, life, and financial and mortgage guarantee insurance. Financial guarantees, principally FGIC, net of reinsurance, were $41.5 billion at December 31, 1990. Mortgage insurance risk in force of GE Capital's mortgage insurance operations aggregated $15.1 billion at December 31, 1990.

26 GE All Other Liabilities

For GE except GEFS, this account includes noncurrent compensation and benefit accruals at year-ends 1990 and 1989 of $1,553 million and $1,511 million, respectively. Other noncurrent liabilities include amounts for product warranties, deferred incentive compensation, deferred investment tax credit, deferred income and a wide variety of other sundry items.

27 Deferred Income Taxes

The tax effects of principal temporary differences between the carrying amounts of assets and liabilities and their tax bases are summarized below.

December 31 (In millions)	1990	1989
GE except GEFS		
Provisions for expenses	$(1,689)	$(1,785)
Accumulated depreciation	897	929
Assets and liabilities related to pensions	554	409
Other — net	(259)	(189)
Net deferred tax asset	(497)	(636)
GEFS		
Financing leases	3,727	3,651
Tax transfer leases	329	332
Operating leases	572	331
Provision for losses	(512)	(392)
Other — net	193	257
Net deferred tax liability	4,309	4,179
Net deferred tax liability	$ 3,812	$ 3,543

28 Minority Interest in Equity of Consolidated Affiliates

Minority interest in equity of consolidated GEFS affiliates includes the issuance by GE Capital in 1988 of six thousand shares of $100 par value variable cumulative preferred stock for net proceeds of approximately $600 million. During 1990, an additional 2,750 shares were issued for net proceeds of approximately $275 million. Dividend rates on this preferred stock ranged from 5.85% to 6.85% during 1990 and from 6.42% to 7.85% during 1989.

29 Share Owners' Equity

(In millions)	1990	1989	1988
Common stock issued			
Balance at January 1 and December 31	$ 584	$ 584	$ 584
Other capital			
Balance at January 1	$ 826	$ 823	$ 878
Foreign currency translation adjustments	284	(4)	(39)
Unrealized gains (losses) on securities held by insurance affiliates	(33)	5	18
Gains (losses) on treasury stock dispositions	(16)	2	(34)
Balance at December 31	$ 1,061	$ 826	$ 823
Retained earnings			
Balance at January 1	$20,352	$17,950	$15,878
Net earnings	4,303	3,939	3,386
Dividends declared	(1,696)	(1,537)	(1,314)
Balance at December 31	$22,959	$20,352	$17,950
Common stock held in treasury			
Balance at January 1	$ 872	$ 891	$ 860
Purchases – net	2,485	362	387
Dispositions			
Employee savings plans	(229)	(124)	(213)
Stock options and appreciation rights	(138)	(212)	(77)
Dividend reinvestment and share purchase plan	(65)	(47)	(49)
All other	(1)	2	(17)
Balance at December 31	$ 2,924	$ 872	$ 891

Authorized shares of common stock (par value $0.63) total 1,100,000,000. Common shares issued and outstanding are summarized in the table below.

Shares of GE common stock

December 31 (In thousands)	1990	1989	1988
Issued	926,564	926,564	926,564
In treasury	(53,444)	(21,783)	(24,448)
Outstanding	873,120	904,781	902,116

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

In November 1989, GE's Board of Directors authorized the repurchase of up to $10 billion of Company common stock over a five-year period. This repurchase program is designed to be flexible. Shares are acquired with funds from a combination of borrowings and free cash flow. Should world economic conditions, a major acquisition or other circumstances warrant, the Company will modify the pace and dimension of the repurchase program to maintain the solidity of GE's financial position. As of December 31, 1990, a total of 41,711,100 shares having an aggregate cost of $2,626 million had been repurchased under the program and placed in treasury.

The effects of translating to U.S. dollars the financial statements of foreign affiliates whose functional currency is the local currency are included in other capital. Cumulative foreign currency translation adjustments were $417 million, $133 million and $137 million of additions to other capital at December 31, 1990, 1989 and 1988, respectively.

30 Other Stock-Related Information

Stock option plans, appreciation rights and performance units are described in the Company's current Proxy Statement. Requirements for stock option shares may be met within certain restrictions either from unissued or treasury shares.

Stock option information

(Shares in thousands)	Shares subject to option	Average per share: Option price	Average per share: Market price
Balance at January 1, 1990	20,091	$43.34	$64.50
Options granted	6,160	60.13	60.13
Options exercised	(2,550)	33.88	66.95
Options surrendered on exercise of appreciation rights	(1,016)	35.90	70.00
Options terminated	(363)	54.74	—
Balance at December 31, 1990	22,322	49.21	57.38

Data in this note reflect implementation of the 1990 Long-Term Incentive Plan approved by share owners in April 1990. Shares available for granting options at the end of 1990 were 6,375,105 (compared with 6,473,950 at the end of 1989). Under the 1990 Plan, 0.95% of the Company's issued common stock (including treasury shares) as of the first day of each calendar year during which the Plan is in effect become available for granting awards in such year. Any unused portion, in addition to shares allocated to awards that are canceled or forfeited, is available for later years.

Outstanding options and rights expire and the award period for performance units ends on various dates from January 1, 1991, to December 14, 2000.

31 Supplemental Cash Flows Information

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

Information about certain acquisitions and dispositions can be found in note 2. The Statement of Cash Flows excludes certain noncash transactions that had no significant effects on the investing or financing activities of GE or GEFS. The transfer of GE Americom from GE to GEFS at the end of 1989 increased GEFS' equity by $332 million.

Cash used in each of the last three years included the following.

(In millions)	1990	1989	1988
Interest (paid)			
GE	$ (762)	$ (793)	$ (640)
GEFS	(6,310)	(5,876)	(4,030)
	$(7,072)	$(6,669)	$(4,670)
Income taxes (paid) recovered — federal, foreign, state and local			
GE	$(1,488)	$(1,163)	$(1,284)
GEFS	(40)	(168)	251
	$(1,528)	$(1,331)	$(1,033)

"Net change in certain broker-dealer accounts" is shown below.

(In millions)	1990	1989	1988
Marketable securities of broker-dealer	$(3,915)	$(3,356)	$(1,009)
Securities purchased under agreements to resell	(7,388)	(2,209)	(922)
Securities sold under agreements to repurchase	11,269	2,691	677
Securities sold but not yet purchased	1,234	2,002	681
	$ 1,200	$ (872)	$ (573)

"Net increase in GEFS financing receivables" is shown below.

(In millions)	1990	1989	1988
Increase in loans to customers	$(25,678)	$(24,699)	$(23,731)
Principal collections from customers	22,028	21,350	19,802
Investment in equipment for financing leases	(5,214)	(4,766)	(5,031)
Principal collections on financing leases	3,534	3,214	3,974
Net change in credit card receivables	(247)	(1,641)	(957)
	$ (5,577)	$ (6,542)	$ (5,943)

GEFS' "all other investing activities" is shown below.

(In millions)	1990	1989	1988
Purchases of marketable securities by insurance affiliates	$(4,980)	$(4,879)	$(3,188)
Dispositions and maturities of marketable securities by insurance affiliates	3,983	4,481	2,334
Other	(1,901)	(403)	(1,153)
	$(2,898)	$ (801)	$(2,007)

GEFS' "debt having maturities more than 90 days" is shown below.

(In millions)	1990	1989	1988
Newly issued debt			
Short-term (91-365 days)	$ 4,162	$ 4,571	$ 5,916
Long-term senior	6,365	2,842	3,936
Long-term subordinated	—	—	58
Proceeds — nonrecourse, leveraged lease debt	88	461	381
	$10,615	$ 7,874	$10,291
Repayments and other reductions			
Short-term	$(5,457)	$(5,556)	$ (6,220)
Long-term senior	(298)	(230)	(2,284)
Long-term subordinated	—	(7)	(6)
Principal payments — nonrecourse, leveraged lease debt	(271)	(253)	(261)
	$(6,026)	$(6,046)	$ (8,771)

32 Industry Segment Details

Revenues

(In millions) For the years ended December 31

	Total revenues			Intersegment revenues			External revenues		
	1990	1989	1988	1990	1989	1988	1990	1989	1988
GE									
Aerospace	$ 5,614	$ 5,282	$ 5,343	$ 69	$ 77	$ 166	$ 5,545	$ 5,205	$ 5,177
Aircraft Engines	7,558	6,863	6,481	70	69	119	7,488	6,794	6,362
Appliances	5,706	5,620	5,289	—	—	—	5,706	5,620	5,289
Broadcasting	3,236	3,392	3,638	—	1	—	3,236	3,391	3,638
Industrial	7,040	7,059	7,061	591	701	706	6,449	6,358	6,355
Materials	5,167	4,929	3,539	54	33	40	5,113	4,896	3,499
Power Systems	5,804	5,129	4,805	160	128	126	5,644	5,001	4,679
Technical Products and Services	4,783	4,545	4,431	218	194	161	4,565	4,351	4,270
Earnings of GEFS	1,094	927	788	—	—	—	1,094	927	788
All Other	275	319	394	—	—	—	275	319	394
Corporate Items and Eliminations	(1,398)	(1,415)	(1,477)	(1,162)	(1,203)	(1,318)	(236)	(212)	(159)
Total GE	44,879	42,650	40,292	—	—	—	44,879	42,650	40,292
GEFS									
Financing	9,000	7,333	5,827	—	—	—	9,000	7,333	5,827
Insurance	2,853	2,710	2,478	—	—	—	2,853	2,710	2,478
Securities Broker-Dealer	2,923	2,897	2,316	—	—	—	2,923	2,897	2,316
All Other	(2)	5	34	—	—	—	(2)	5	34
Total GEFS	14,774	12,945	10,655	—	—	—	14,774	12,945	10,655
Eliminations	(1,239)	(1,021)	(858)	—	—	—	(1,239)	(1,021)	(858)
Consolidated revenues	$58,414	$54,574	$50,089	$ —	$ —	$ —	$58,414	$54,574	$50,089

Assets / **Property, plant and equipment (including equipment leased to others)**

(In millions) Assets: At December 31; Property, plant and equipment: For the years ended December 31

	Assets			Additions			Depreciation, depletion and amortization		
	1990	1989	1988	1990	1989	1988	1990	1989	1988
GE									
Aerospace	$ 3,616	$ 3,806	$ 3,838	$ 151	$ 173	$ 208	$ 172	$ 153	$ 170
Aircraft Engines	5,853	5,341	5,164	365	341	234	291	273	251
Appliances	2,666	2,825	2,284	106	149	215	100	112	105
Broadcasting	4,461	4,428	4,104	74	81	147	84	79	70
Industrial	4,559	4,016	3,729	426	354	301	259	248	249
Materials	7,973	8,023	7,130	693	722	757	325	319	252
Power Systems	3,073	2,604	2,531	230	138	127	139	136	138
Technical Products and Services	2,832	2,772	3,183	141	219	203	103	154	168
Investment in GEFS	6,833	6,069	4,819	—	—	—	—	—	—
All Other	888	951	1,122	6	3	5	6	—	17
Corporate Items and Eliminations	3,610	3,272	3,379	63	71	91	55	50	102
Total GE	46,364	44,107	41,283	2,255	2,251	2,288	1,534	1,524	1,522
GEFS									
Financing	65,461	54,056	44,874	2,295	3,174	1,738	916	679	695
Insurance	10,614	9,663	8,025	31	17	26	11	8	6
Securities Broker-Dealer	38,84[illegible]	27,118	21,891	38	33	19	31	32	32
All Other	[illegible]	91	155	28	33	14	16	13	11
Total GEFS	115,0[illegible]	90,928	74,945	2,392	3,257	1,797	974	732	744
Eliminations	(7,575)	(6,691)	(5,363)	—	—	—	—	—	—
Consolidated totals	$153,884	$128,344	$110,865	$4,647	$5,508	$4,085	$2,508	$2,256	$2,266

Revenues include income from all sources: i.e., for GE, both sales of products and services to customers and "other income"; for GEFS, "earned income" as described in note 1. In general, it is GE policy to price sales from one Company component to another as nearly as practical to equivalent commercial selling prices. About one-sixth of consolidated revenues are from agencies of the U.S. government, GE's largest single customer. Most of these were for aerospace and aircraft engine products and services.

Operating profit by industry segment is on page 33 of this report.

Two reclassifications between segments (neither of which has been restated because of the immaterial effect) are reflected in the 1990 data. Effective January 1, 1990, the operations of the Drive Systems business, formerly included as part of the Industrial segment, are classified with Power Systems. Operating results of GE Americom, formerly included in GE's Technical Products and Services segment but transferred to GE Capital as of December 31, 1989, are now reported in GEFS' Financing segment.

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

GE

- ***Aerospace*** products and services encompasses electronics, avionic systems, military vehicle equipment, automated test systems, computer software, armament systems, missile system components, simulation systems, spacecraft, communication systems, radar, sonar and systems integration. Most aerospace sales are to agencies of the U.S. government, principally the Department of Defense and the National Aeronautics and Space Administration.

- ***Aircraft Engines*** and replacement parts are manufactured and sold by GE for use in commercial and military aircraft, in naval ships and as industrial power sources. GE's military engines are used in a wide variety of aircraft that includes fighters, bombers, tankers and helicopters. GE's large CFM56 and CF6 engines power all categories of commercial aircraft: short/medium, intermediate and long-range. Applications for GE's CFM56 engine, produced jointly by GE and SNECMA of France, include: Boeing's 737-300/-400/-500 series; Airbus Industrie's A320, A321 and A340 series; and military aircraft such as the KC-135, E/KE-3 and E-6. The CFM56-3-powered 737 has become the fastest-selling aircraft/engine combination in commercial aviation history. GE's CF6 family of engines powers intermediate and long-range aircraft such as Boeing's 747 and 767 series, Airbus Industrie's A300, A310 and A330 series, and McDonnell Douglas' DC-10 and MD-11 series. GE also produces jet engines for executive and regional commuter aircraft.

- ***Appliances*** includes kitchen and laundry equipment such as refrigerators, ranges, microwave ovens, freezers, dishwashers, clothes washers and dryers, and room air conditioners. These are sold under GE, Hotpoint, RCA and Monogram brands and, increasingly, under private brands for retailers. GE microwave ovens and room air conditioners are mainly sourced from non-U.S. suppliers while investment in Company-owned domestic facilities is focused on refrigerators, dishwashers, ranges and home laundry equipment. Acquisition of Roper Corporation in 1988 added to GE's productive capacity and broadened its product offerings, including gas ranges. A large portion of appliance sales is to a variety of retail outlets with a significant portion of sales of certain products such as laundry equipment and refrigerators being for replacement of older products. The other principal market consists of residential building contractors who install appliances in new dwellings. A nationwide service network supports GE's appliance business. European market participation was expanded significantly in 1989 with the formation of a joint venture there.

- ***Broadcasting*** consists primarily of the National Broadcasting Company (NBC), which is the current leader in network television. NBC's principal businesses are the furnishing within the United States of network television services to affiliated television stations, the production of live and recorded television programs, and the operation, under licenses from the Federal Communications Commission (FCC), of six VHF television broadcasting stations. The NBC Television Network is one of three competing major national commercial broadcast television networks and serves more than 200 regularly affiliated stations within the United States. The television stations NBC owns and operates are located in Chicago, Denver, Los Angeles, Miami, New York and Washington, D.C. Broadcasting operations are subject to FCC regulation and station licensing. NBC currently is expanding its operations, including investment and programming activities in cable television.

- ***Industrial*** encompasses lighting products, electrical distribution and control equipment for industrial and commercial construction, transportation systems, motors, industrial automation products and GE Supply. Customers for many of these products and services include electrical distributors, original equipment manufacturers and industrial end users. Lighting products include a wide variety of lamps — incandescent, fluorescent, high intensity discharge, halogen and specialty — as well as wiring devices and quartz products. Markets and customers are principally in the United States. However, the 1990 acquisition of a majority interest in Tungsram Company, Ltd. of Hungary and the early 1991 acquisition of a majority interest in GE-THORN Lamps, Ltd. of the United Kingdom reflect the increased importance of overseas markets. Markets are extremely varied, ranging from household consumers to commercial and industrial end users and original equipment manufacturers. Electrical distribution and control equipment, for which European operations were expanded with a joint venture in 1989, is sold for installation in commercial, industrial and residential facilities. Transportation systems include diesel-electric and electric locomotives, transit propulsion equipment, drilling devices 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. Motors and motor-related products serve the appliance, commercial, industrial, heating, air conditioning and automotive markets. Motor products are used within GE and also are sold externally. Industrial automation products cover a broad range of electrical and electronic products with emphasis on manufacturing and advanced engineering automation applications. GE Supply operates a nationwide network of electrical supply houses. Until the fourth quarter of 1988, the Industrial segment also included semiconductor operations that have since been sold.

- ***Materials*** includes high-performance engineered plastics used in applications such as substitutes for metal and glass in automobiles and as housings for computers and other business equipment; silicones; superabrasives such as man-made diamonds; and laminates. Market opportunities for many of these products are created by functional replacement that provides customers with an improved material at lower cost. These materials are sold to a diverse customer base (mainly manufacturers) in the United States and abroad. Acquisition of the chemicals businesses of Borg-Warner Corporation at the end of 1988's third quarter provided GE with another product — ABS resins, a family of thermoplastic resins used by custom molders and major original equipment manufacturers for use in a variety of applications, including fabrication of automotive parts, telecommunications equipment, computer enclosures, major appliance parts and pipe. The acquisition also added technical and manufacturing strength and domestic and offshore marketing facilities and expertise that complement GE's other plastics businesses. Materials also included Ladd Petroleum Corporation until December 21, 1990, when it was sold to Amax Oil and Gas, Inc.

- ***Power Systems*** serves worldwide utility, industrial and governmental customers with products for the generation, transmission and distribution of electricity and with related installation, engineering and repair services. GE has remained a leader in most power systems products in the face of a decline in domestic and foreign markets for a number of years. Worldwide competition continues to be intense. During the last two years, there have been tangible signs of market improvement. GE management continues vigorous efforts to improve cost-competitiveness and to adapt products and marketing to the changing environment. Steam turbine-generators are sold to the electric utility industry, to the U.S. Navy and, for cogeneration, to industrial and independent power customers. Marine steam turbines and propulsion gears also are sold to the U.S. Navy. Gas turbines are used principally as packaged power plants for electric utilities and for industrial cogeneration and mechanical drive applications. Although there have been no nuclear plant orders in the United States since the mid-1970s and international activity has been very low, GE continues to invest in advanced technology development and to focus its resources on refueling and serving its installed boiling water reactors. Power delivery and control products include transformers, electricity meters, relays, capacitors and arresters, principally for electric utilities, and drive systems for industrial applications. Installation, engineering and repair services include management and technical expertise for large projects, such as power plants; maintenance, inspection, repair and rebuilding of electrical apparatus produced by GE and others; on-site engineering and upgrading of already installed products sold by GE and others; and environmental systems for utilities.

- ***Technical Products and Services*** consists of technology operations providing products, systems and services to a variety of customers. Businesses in this segment include medical systems and services, communications and information services, and certain other specialized services. Medical systems include magnetic resonance (MR) scanners, computed tomography (CT) scanners, x-ray, nuclear imaging, ultrasound, and other diagnostic equipment and supporting services sold to domestic and foreign hospitals and medical facilities. Acquisitions and joint ventures in recent years have expanded GE's medical systems activities in world markets. Information services are provided both to internal and external customers by GE Information Services, GE Consulting Services and the GE Computer Service operation. These include enhanced computer-based communications services, such as data network services, electronic messaging and electronic data interchange, which are offered to commercial and industrial customers through a worldwide network; application software packages; custom system design and programming services; and independent maintenance and rental/leasing services for minicomputers and microcomputers, electronic test instruments and data communications equipment. A separate services component provides a variety of specialized services to government customers. In December 1989, GE's mobile communications business was placed in a joint venture with Ericsson of Sweden. This venture combines GE's mobile radio manufacturing and distribution strength in North America with Ericsson's European market strength and position in digital cellular technology. Also until the end of 1989, this segment included GE Americom, a domestic communications satellite operator. GE Americom was transferred to GE Capital as of December 31, 1989, and its results are included in GEFS from the beginning of 1990.

• ***Earnings of and Investment in GEFS*** are shown on a "one-line" basis in GE's segment data but are eliminated in consolidation. A separate discussion of GEFS segments appears below.

• ***All Other*** consists primarily of income derived from licensing use of GE know-how to others.

GEFS

The business of General Electric Financial Services, Inc. (GEFS) consists of the ownership of three affiliates that, together with their affiliates and other investments, constitute General Electric Company's principal financial services activities. GEFS owns all of the common stock of General Electric Capital Corporation (GECC) and of Employers Reinsurance Corporation (ERC). Until August 10, 1990, GEFS owned 80% of Kidder, Peabody Group Inc. with the other 20% held by or on behalf of certain Kidder, Peabody officers. As of that date, GEFS acquired all of the outstanding shares of Kidder, Peabody and now is the sole share owner.

For industry segment purposes, Financing consists solely of activities of GE Capital; Insurance consists principally of activities of ERC but also includes certain insurance entities owned by GE Capital; Securities Broker-Dealer consists entirely of Kidder, Peabody's operations; and All Other is mainly GEFS' corporate activities not identifiable with specific industry segments.

Additional information about each GEFS segment follows.

• ***Financing*** activities of GE Capital include time sales, revolving credit and inventory financing for retail merchants (major appliances, television sets, furniture and other home furnishings, and personal computers); private label credit cards; bank credit cards; automobile leasing and automobile inventory financing; home and recreation financing (principally time sales and dealer inventory financing of mobile homes); commercial and industrial loans and equipment sales financing provided through leases, time sales and loans; leasing services for third-party investors; commercial and residential real estate financing; and mortgage servicing. GE Capital also is an equity investor in certain other service and financial services organizations and participates in highly leveraged transactions. Although leasing has been a major factor in GE Capital's growth over the years, GE Capital has actively changed its investment portfolio to place greater emphasis on asset ownership, management and operation. Virtually all products financed by GE Capital are manufactured by companies other than GE.

• ***Insurance*** consists mainly of ERC, a multiple-line property and casualty reinsurer that writes all lines of reinsurance other than title and annuities. ERC reinsures property and casualty risks written by more than 1,000 domestic and foreign insurers and augments its overseas business through subsidiaries located in the United Kingdom and Denmark. By way of other subsidiaries, ERC writes property and casualty reinsurance through brokers and provides reinsurance brokerage services. ERC also writes certain specialty lines of insurance on a direct basis, principally excess workers' compensation for self-insurers, libel and allied torts, and errors and omissions coverage for insurance agents and brokers. It is licensed in all states of the United States, the District of Columbia, certain provinces of Canada and in other jurisdictions. ERC business is generally subject to regulation by various insurance regulatory agencies. Other insurance activities of GEFS include GE Capital affiliates that provide various forms of insurance. FGIC Corporation provides financial guarantee insurance, principally on municipal bonds and structured finance issues. GE Capital's mortgage insurance operations are engaged primarily in providing private insurance. Other affiliates provide life reinsurance and, for GE Capital customers, credit life and certain types of property and casualty insurance.

• ***Securities Broker-Dealer*** represents Kidder, Peabody, which is a major investment banking and securities firm. Principal businesses include securities underwriting; sales and trading of equity and fixed income securities; financial futures activities; advisory services for mergers, acquisitions and other corporate finance matters; merchant banking; research services; and asset management. These services are provided in the United States and abroad to domestic and foreign business entities, governments, government agencies, individual and institutional investors. Kidder is a member of the principal domestic securities and commodities exchanges and is a primary dealer in U.S. government securities. Certain affiliates of Kidder, Peabody are subject to the rules and regulations of various federal, state and industry regulatory agencies that apply to securities broker-dealers, including the U.S. Securities and Exchange Commission, U.S. Commodity Futures Trading Commission, New York Stock Exchange, National Association of Securities Dealers and the Chicago Board of Trade.

33 Geographic Segment Information (consolidated)

(In millions)	Revenues For the years ended December 31								
	Total revenues			Intersegment revenues			External revenues		
	1990	1989	1988	1990	1989	1988	1990	1989	1988
United States	$51,270	$48,912	$46,364	$ 1,128	$ 1,107	$ 874	$50,142	$47,805	$45,490
Other areas of the world	9,165	7,458	5,576	893	689	977	8,272	6,769	4,599
Intercompany eliminations	(2,021)	(1,796)	(1,851)	(2,021)	(1,796)	(1,851)	—	—	—
Total	$58,414	$54,574	$50,089	$ —	$ —	$ —	$58,414	$54,574	$50,089

	Operating profit For the years ended December 31			Assets At December 31		
	1990	1989	1988	1990	1989	1988
United States	$ 6,862	$ 5,070	$ 4,941	$137,572	$117,109	$102,327
Other areas of the world	883	974	1,009	16,461	11,346	8,641
Intercompany eliminations	(38)	(8)	(10)	(149)	(111)	(103)
Total	$ 7,707	$ 7,036	$ 5,940	$153,884	$128,344	$110,865

U.S. revenues include GE exports to external customers, and royalty and licensing income from foreign sources. Exports to external custor[illegible]s by major areas of the world are shown on page 35.

The Company manages its exposure to currency movements by committing to future exchanges of currencies at specified prices and dates. Commitments outsta[illegible] at December 31, 1990, were $1 217 million for GE [illegible] $1,633 million for GEFS, excluding Kidder, Peabody.

34 Quarterly Information (unaudited)

(Dollar amounts in millions; per-share amounts in dollars)	First quarter 1990	First quarter 1989	Second quarter 1990	Second quarter 1989	Third quarter 1990	Third quarter 1989	Fourth quarter 1990	Fourth quarter 1989
Consolidated operations								
Net earnings	$ 950	$ 849	[illegible]8	$ 972	$ 1,026	$ 945	$ 1,239	$ 1,173
Net earnings per share	1.06	0.94	[illegible]22	1.08	1.16	1.04	1.42	1.30
Dividends declared per share	0.47	0.41	0.47	0.41	0.47	0.41	0.51	0.47
Common stock market price								
High	67	49	71⅛	56¼	75½	59⅝	58½	64¾
Low	60⅛	43½	63⅝	44½	50¼	51⅜	50	52¾
Selected data								
GE								
Sales of products and services	9,292	8,868	10,567	10,188	10,369	9,616	12,789	12,347
Gross profit from sales	2,637	2,392	2,980	2,989	2,779	2,499	3,171	3,407
GEFS								
Revenues from operations	3,162	2,824	3,686	3,261	3,717	3,230	4,209	3,630
Operating profit	350	259	313	231	375	341	357	307

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

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

Earnings-per-share amounts for each quarter are required to be computed independently and, because of the large purchases of treasury shares in connection with the GE Share Repurchase Program, will not be equal to the total year 1990 earnings-per-share amount.

Corporate Information

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

Annual Meeting
The 1991 Annual Meeting of the General Electric Company will be held on Wednesday, April 24, at the Princess Theatre in Decatur, Ala.

Share Owner Inquiries
When inquiring about share owner matters, contact: GE Securities Ownership Services, P.O. Box 120065, Stamford, Conn. 06912. Telephone: (203) 326-4040.

Dividend Reinvestment Plan
Share owners who have one or more shares of GE stock regis[illegible] their names are eligible to invest cash up to $10[illegible] month and/or reinvest their dividends in the GE [illegible] Reinvestment and Share Purchase Plan. [illegible] tion form and prospectus, write to: Rein[illegible] Services, P.O. Box 120068, Stamford, Conn. [illegible]

Principal [illegible]sfer Agent and Registrar
To transfer [illegible]urities, contact: The Bank of New York, Receive & Deliver Department, Church Street Station, P. O. Box 11002, New York, N.Y. 10286. Telephone: (800) 524-4458.

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

As of December 7, 1990, there were about 504,000 share owners of record.

Cassette Recordings
An audio cassette version of this Annual Report is available to the visually impaired. For a copy, contact: Corporate Communications, General Electric Company, Fairfield, Conn. 06431. Telephone: (203) 373-2020.

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

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

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

The Annual Reports of the General Electric Foundations also may be obtained by contacting their office at 3135 Easton Turnpike, Fairfield, Conn. 06431.

Corporate Ombudsman
For confidential reporting of concerns about U.S. federal government contracting matters, contact: GE Corporate Ombudsman, P.O. Box 911, Fairfield, Conn. 06430. From outside Connecticut, call: (800) 227-5003; from inside Connecticut, call: (800) 231-2556.

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

Note: Unless otherwise indicated by the context, the terms "GE," "General Electric" and "Company" are used on the basis of consolidation described on page 44. GENERAL ELECTRIC, , GE and RCA are registered trademarks of General Electric Company; and NBC are registered trademarks of National Broadcasting Company, Inc.; ® and ™ indicate registered and unregistered trade and service marks.

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Dividend Reinvestment Plan
Share owners who have one or more shares of GE stock registered in their names are eligible to invest cash up to $10,000 per month and/or reinvest their dividends in the GE Dividend Reinvestment and Share Purchase Plan. For an authorization form and prospectus, write to: Reinvestment Plan Services, P.O. Box 120068, Stamford, Conn. 06912.

Principal Transfer Agent and Registrar
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