

Note 1**Summary of Significant Accounting Policies****Accounting principles**

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

Consolidation

Our financial statements consolidate all of our affiliates — companies that we control and in which we hold a majority voting interest. Associated companies are companies that we do not control but over which we have significant influence, most often because we hold a shareholder voting position of 20% to 50%. Results of associated companies are presented on a one-line basis. Investments in and advances to associated companies are presented on a one-line basis in the caption "All other assets" in our Statement of Financial Position, net of allowance for losses that represents our best estimate of probable losses inherent in such assets.

Financial statement presentation

We have reclassified certain prior-year amounts to conform to the current year's presentation.

Financial data and related measurements are presented in the following categories:

- **GE** This represents the adding together of all affiliates other than General Electric Capital Services, Inc. (GECS), whose operations are presented on a one-line basis.
- **GECS** This affiliate owns all of the common stock of General Electric Capital Corporation (GE Capital). GE Capital and its respective affiliates are consolidated in the accompanying GECS columns and constitute the majority of its business. In 2005, most of GE Insurance Solutions Corporation (GE Insurance Solutions), formerly an affiliate of GECS, was classified as part of our discontinued insurance operations. See note 2.
- **CONSOLIDATED** This represents the adding together of GE and GECS.
- **OPERATING SEGMENTS** These comprise our six businesses focused on the broad markets they serve: Infrastructure, Commercial Finance, GE Money (formerly Consumer Finance), Healthcare, NBC Universal and Industrial. For segment reporting purposes, certain GECS businesses are included in the industrial operating segments that actively manage such businesses and report their results for internal performance measurement purposes. These include Aviation Financial Services, Energy Financial Services and Transportation Finance reported in the Infrastructure segment, and Equipment Services reported in the Industrial segment.

Unless otherwise indicated, information in these notes to consolidated financial statements relates to continuing operations.

The effects of translating to U.S. dollars the financial statements of non-U.S. affiliates whose functional currency is the local currency are included in shareowners' equity. Asset and

liability accounts are translated at year-end exchange rates, while revenues and expenses are translated at average rates for the respective periods.

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

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

Sales of goods and services

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

We expense costs to acquire or originate sales agreements as incurred.

Sales of goods in the Industrial businesses typically do not include multiple product and/or services elements. In contrast, sales of goods in the Infrastructure and Healthcare businesses sometimes include multiple components and sometimes include a service component such as installation. In such contracts, amounts assigned to each component are based on that component's objectively determined fair value, such as the sales price for the component when it is sold separately or competitor prices for similar components. We recognize sales of our delivered components only when such delivered components have value to the customer on a standalone basis, we have delivered all components essential to functionality and each of our undelivered components has an objectively determined fair value. When undelivered performance obligations are inconsequential or perfunctory and not essential to the functionality of the delivered components (like certain training commitments), we recognize sales on the total contract and make a provision for the cost of the unperformed obligations.

We record sales of product services, certain power generation and turbo-machinery equipment, military aircraft engines, information technology projects and water treatment equipment in accordance with their respective contracts. For long-term product services agreements, we use estimated contract profit rates to record sales as work is performed. For other contracts, we use estimated contract profit rates to record sales as major components are completed and delivered to customers. Estimates are subject to revisions. Revisions that affect an agreement's total estimated profitability result in an immediate adjustment of earnings. We provide for any loss when that loss is probable.

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

Consumer lighting products, home videos and computer hardware and software products are often sold with a right of return. Accumulated experience is used to estimate and provide for such returns when we record the sale.

GECS revenues from services (earned income)

We use the interest method to recognize income on all loans. Interest on loans includes origination, commitment and other non-refundable fees related to funding (recorded in earned income on the interest method). We stop accruing interest at the earlier of the time at which collection of an account becomes doubtful or the account becomes 90 days past due. We recognize interest income on nonearning loans either as cash is collected or on a cost-recovery basis as conditions warrant. We resume accruing interest on nonearning, non-restructured commercial loans only when (a) payments are brought current according to the loan's original terms and (b) future payments are reasonably assured. When we agree to restructured terms with the borrower, we resume accruing interest only when reasonably assured that we will recover full contractual payments, and such loans pass underwriting reviews equivalent to those applied to new loans. We resume accruing interest on nonearning consumer loans when the customer's account is less than 90 days past due.

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

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

Fees include commitment fees related to loans that we do not expect to fund and line-of-credit fees. We record these fees in earned income on a straight-line basis over the period to which they relate. We record syndication fees in earned income at the time related services are performed, unless significant contingencies exist.

Depreciation and amortization

The cost of GE manufacturing plant and equipment is depreciated over its estimated economic life. U.S. assets are depreciated using an accelerated method based on a sum-of-the-years digits formula; non-U.S. assets are depreciated on a straight-line basis.

The cost of GECS equipment leased to others on operating leases is amortized on a straight-line basis to estimated residual value over the lease term or over the estimated economic life of the equipment. See note 15.

NBC Universal film and television costs

We defer film and television production costs, including direct costs, production overhead, development costs and interest. We do not defer costs of exploitation, which principally comprise costs of film and television program marketing and distribution. We amortize deferred film and television production costs, as well as associated participation and residual costs, on an individual production basis using the ratio of the current period's gross revenues to estimated total remaining gross revenues from all sources; we state such costs at the lower of amortized cost or fair value. Estimates of total revenues and costs are based on anticipated release patterns, public acceptance and historical results for similar products. We defer the costs of acquired broadcast material, including rights to material for use on NBC Universal's broadcast and cable networks, at the earlier of acquisition or when the license period begins and the material is available for use. We amortize acquired broadcast material and rights when we broadcast the associated programs; we state such costs at the lower of amortized cost or net realizable value.

Losses on financing receivables

Our allowance for losses on financing receivables represents our best estimate of probable losses inherent in the portfolio. Our method of calculating estimated losses depends on the size, type and risk characteristics of the related receivables. Write-offs are deducted from the allowance for losses and subsequent recoveries are added. Impaired financing receivables are written down to the extent that we judge principal to be uncollectible.

Our portfolio consists entirely of homogenous consumer loans and of commercial loans and leases. The underlying assumptions, estimates and assessments we use to provide for losses are continually updated to reflect our view of current conditions. Changes in such estimates can significantly affect the allowance and provision for losses. It is possible to experience credit losses that are different from our current estimates.

Our consumer loan portfolio consists of smaller balance, homogenous loans including card receivables, installment loans, auto loans and leases and residential mortgages. We collectively evaluate each portfolio for impairment. The allowance for losses on these receivables is established through a process that estimates the probable losses inherent in the portfolio based upon statistical analyses of portfolio data. These analyses include migration analysis, in which historical delinquency and credit loss experience is applied to the current aging of the portfolio, together with other analyses that reflect current trends and conditions. We also consider overall portfolio indicators including nonearning loans, trends in loan volume and lending terms, credit policies and other observable environmental factors.

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

Our commercial loan and lease portfolio consists of a variety of loans and leases, including both larger balance, non-homogenous loans and leases and smaller balance homogenous commercial and equipment loans and leases. Losses on such loans and leases are recorded when probable and estimable. We routinely survey our entire portfolio for potential specific credit or collection issues that might indicate an impairment. For larger balance, non-homogenous loans and leases, this survey first considers the financial status, payment history, collateral value, industry conditions and guarantor support related to specific customers. Any delinquencies or bankruptcies are indications of potential impairment requiring further assessment of collectibility. We routinely receive financial, as well as rating agency reports, on our customers, and we elevate for further attention those customers whose operations we judge to be marginal or deteriorating. We also elevate customers for further attention when we observe a decline in collateral values for asset-based loans. While collateral values are not always available, when we observe such a decline, we evaluate relevant markets to assess recovery alternatives—for example, for real estate loans, relevant markets are local; for aircraft loans, relevant markets are global. We provide allowances based on our evaluation of all available information, including expected future cash flows, fair value of collateral, net of disposal costs, and the secondary market value of the financing receivables. After providing for specific incurred losses, we then determine an allowance for losses that have been incurred in the balance of the portfolio but cannot yet be identified to a specific loan or lease. This estimate is based on historical and projected default rates and loss severity, and it is prepared by each respective line of business.

Experience is not available with new products; therefore, while we are developing that experience, we set loss allowances based on our experience with the most closely analogous products in our portfolio.

When we repossess collateral in satisfaction of a loan, we write down the receivable against the allowance for losses. Repossessed collateral is included in the caption "All other assets" in the Statement of Financial Position and carried at the lower of cost or estimated fair value less costs to sell.

The remainder of our commercial loans and leases are portfolios of smaller balance homogenous commercial and equipment positions that we evaluate collectively by portfolio for impairment based upon various statistical analyses considering historical losses and aging.

Sales of stock by affiliates

We record gains or losses on sales by an affiliate of its own shares as revenue unless realization of gains is not reasonably assured, in which case we record the results in shareowners' equity.

Cash and equivalents

Debt securities with original maturities of three months or less are included in cash equivalents unless designated as available-for-sale and classified as investment securities.

Investment securities

We report investments in debt and marketable equity securities, and equity securities in our insurance portfolio, at fair value based on quoted market prices or, if quoted prices are not available, discounted expected cash flows using market rates commensurate with the credit quality and maturity of the investment. Unrealized gains and losses on available-for-sale investment securities are included in shareowners' equity, net of applicable taxes and other adjustments. We regularly review investment securities for impairment based on both quantitative and qualitative criteria that include the extent to which cost exceeds market value, the duration of that market decline, our intent and ability to hold to maturity or until forecasted recovery, and the financial health of and specific prospects for the issuer. Unrealized losses that are other than temporary are recognized in earnings. Realized gains and losses are accounted for on the specific identification method.

Inventories

All inventories are stated at the lower of cost or realizable values. Cost for a significant portion of GE's U.S. inventories is determined on a last-in, first-out (LIFO) basis. Cost of other GE inventories is determined on a first-in, first-out (FIFO) basis. LIFO was used for 48% and 50% of GE inventories at December 31, 2006 and 2005, respectively. GECS inventories consist of finished products held for sale; cost is determined on a FIFO basis.

Intangible assets

We do not amortize goodwill, but test it annually for impairment using a fair value approach at the reporting unit level. A reporting unit is the operating segment, or a business one level below that operating segment (the component level) if discrete financial information is prepared and regularly reviewed by segment management. However, components are aggregated as a single reporting unit if they have similar economic characteristics. We recognize an impairment charge for any amount by which the carrying amount of a reporting unit's goodwill exceeds its fair value. We use discounted cash flows to establish fair values. When available and as appropriate, we use comparative market multiples to corroborate discounted cash flow results. When all or a portion of a reporting unit is disposed of, goodwill is allocated to the gain or loss on disposition using the relative fair value method.

We amortize the cost of other intangibles over their estimated useful lives unless such lives are deemed indefinite. Amortizable intangible assets are tested for impairment based on undiscounted cash flows and, if impaired, written down to fair value based on either discounted cash flows or appraised values. Intangible assets with indefinite lives are tested annually for impairment and written down to fair value as required.

GECS investment contracts, insurance liabilities and insurance annuity benefits

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

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

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

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

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

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

Accounting changes

We adopted Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards (SFAS) 123 (Revised 2004), *Share-Based Payment* (SFAS 123R) and related FASB Staff Positions (FSPs), effective January 1, 2006. Among other things, SFAS 123R requires expensing the fair value of stock options, a previously optional accounting method that we adopted

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

A comparison of reported net earnings for 2006, 2005 and 2004, and pro-forma net earnings for 2005 and 2004, including effects of expensing stock options, follows.

(In millions; per-share amounts in dollars)	2006	2005	2004
Net earnings, as reported	\$20,829	\$16,711	\$17,160
Earnings per share, as reported			
Diluted	2.00	1.57	1.64
Basic	2.01	1.58	1.65
Stock option expense			
included in net earnings	96	106	93
Total stock option expense ^(a)	96	191	245
PRO-FORMA EFFECTS			
Net earnings, on pro-forma basis	(b)	16,626	17,008
Earnings per share, on pro-forma basis			
Diluted	(b)	1.57	1.63
Basic	(b)	1.57	1.64

Other share-based compensation expense recognized in net earnings amounted to \$130 million, \$87 million and \$95 million in 2006, 2005 and 2004, respectively. The total income tax benefit recognized in earnings for all share-based compensation arrangements amounted to \$117 million, \$115 million and \$101 million in 2006, 2005 and 2004, respectively.

(a) As if we had applied SFAS 123R to expense stock options in all periods. Included amounts we actually recognized in earnings.

(b) Not applicable. As of January 1, 2006, total stock option expense is included in net earnings.

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

The following table summarizes the incremental effects of the initial adoption of SFAS 158 on our Statement of Financial Position at December 31, 2006.

(In millions)	Before Application of SFAS 158	SFAS 158 Adjustments	After Application of SFAS 158
All other assets	\$ 99,809	\$(2,697)	\$ 97,112
Total assets	699,936	(2,697)	697,239
All other liabilities	43,047	3,837	46,884
Deferred income taxes	16,886	(2,715)	14,171
Total liabilities	576,225	1,122	577,347
Accumulated gains (losses)—net			
Benefit plans	(587)	(3,819)	(4,406)
Total shareowners' equity	116,133	(3,819)	112,314
Total liabilities and equity	699,936	(2,697)	697,239

See notes 6 and 7 for further details on our retiree health and life benefit plans and pension plans, respectively.

Note 2

Discontinued Operations

We classified GE Life, Genworth Financial, Inc. (Genworth) and most of GE Insurance Solutions as discontinued operations. Associated results of operations, financial position and cash flows are separately reported for all periods presented.

Sale of GE Life

In December 2006, we completed the sale of GE Life, our U.K.-based life insurance operation, to Swiss Reinsurance Company (Swiss Re) for \$910 million. As a result, we recognized an after-tax loss of \$267 million during 2006. GE Life revenues from discontinued operations were \$2,096 million, \$2,286 million and \$708 million in 2006, 2005 and 2004, respectively. In total, GE Life loss from discontinued operations, net of taxes, was \$178 million and \$28 million in 2006 and 2005, respectively, compared with earnings from discontinued operations of \$25 million in 2004.

Sale of GE Insurance Solutions

In June 2006, we completed the sale of the property and casualty insurance and reinsurance businesses and the European life and health operations of GE Insurance Solutions to Swiss Re for \$9,297 million, including the assumption of \$1,700 million of debt. We received \$5,359 million in cash and \$2,238 million of newly issued Swiss Re common stock, representing a 9% interest in Swiss Re. As a result, we recognized after-tax losses of \$134 million and \$934 million in 2006 and 2005, respectively. GE Insurance Solutions revenues from discontinued operations were \$2,815 million, \$7,451 million and \$8,625 million in 2006, 2005 and 2004, respectively. In total, GE Insurance Solutions earnings from discontinued operations, net of taxes, were \$148 million and \$90 million in 2006 and 2004, respectively, compared with a loss of \$2,850 million in 2005.

Sale of Genworth

In March 2006, we completed the sale of our remaining 18% investment in Genworth through a secondary public offering of 71 million shares of Class A Common Stock and direct sale to Genworth of 15 million shares of Genworth Class B Common Stock. As a result of initial and secondary public offerings, we recognized after-tax gains of \$220 million and \$552 million in 2006 and 2005, respectively, compared with an after-tax loss of \$336 million in 2004. Genworth revenues from discontinued operations were \$5 million, \$7,908 million and \$10,148 million in 2006, 2005 and 2004, respectively. In total, Genworth earnings from discontinued operations, net of taxes, were \$193 million, \$928 million and \$444 million in 2006, 2005 and 2004, respectively.

Summarized financial information for discontinued operations is shown below.

(In millions)	2006	2005	2004
OPERATIONS			
Revenues from services	\$4,916	\$17,645	\$19,481
Earnings (loss) from discontinued operations before minority interest and income taxes	\$ 382	\$(1,726)	\$ 1,517
Minority interest	—	394	200
Earnings (loss) from discontinued operations before income taxes	382	(2,120)	1,317
Income tax benefit (expense)	(38)	552	(422)
Earnings (loss) from discontinued operations before disposal, net of taxes	\$ 344	\$(1,568)	\$ 895
DISPOSAL			
Gain (loss) on disposal before income taxes	\$ (75)	\$ 629	\$ (570)
Income tax benefit (expense)	(106)	(1,011)	234
Loss on disposal, net of taxes	\$ (181)	\$ (382)	\$ (336)
EARNINGS (LOSS) FROM DISCONTINUED OPERATIONS, NET OF TAXES			
	\$ 163	\$(1,950)	\$ 559

December 31 (In millions)	2005
ASSETS	
Cash and equivalents	\$ 2,976
Investment securities	37,633
Other GECS receivables	13,915
Other	6,542
Assets of discontinued operations	61,066
ELIMINATIONS	
Total	\$61,066
LIABILITIES AND EQUITY	
Investment contracts, insurance liabilities and insurance annuity benefits	\$43,378
Other	6,385
Liabilities of discontinued operations	49,763
ELIMINATIONS	
Total	\$49,527
Total accumulated nonowner changes other than earnings	\$ 652

Accrued liabilities of \$475 million as of December 31, 2006, will be settled beginning in 2007.

Note 3**GE Other Income**

(In millions)	2006	2005	2004
Sales of business interests	\$1,375	\$ 630	\$ 464
Associated companies	309	256	191
Marketable securities and bank deposits	280	96	92
Licensing and royalty income	221	227	145
Other items	505	555	184
Total	\$2,690	\$1,764	\$1,076

Note 4**GECS Revenues from Services**

(In millions)	2006	2005	2004
Interest on loans	\$22,568	\$20,096	\$17,314
Equipment leased to others	12,940	11,582	10,744
Financing leases	4,298	3,990	4,160
Fees	4,229	4,180	3,254
Real estate investments	3,138	1,919	1,637
Investment income	2,614	2,839	2,428
Premiums earned by			
insurance activities	2,084	2,333	2,195
Associated companies	2,079	1,320	708
Gross securitization gains	1,199	939	1,195
Other items	5,872	5,285	5,711
Total	\$61,021	\$54,483	\$49,346

Note 5**Supplemental Cost Information**

Total expenditures for research and development were \$3,659 million, \$3,425 million and \$3,091 million in 2006, 2005 and 2004, respectively. The portion we funded was \$2,969 million in 2006, \$2,741 million in 2005 and \$2,443 million in 2004.

Rental expense under operating leases is shown below.

(In millions)	2006	2005	2004
GE	\$932	\$939	\$874
GECS	991	993	931

At December 31, 2006, minimum rental commitments under noncancellable operating leases aggregated \$2,605 million and \$4,016 million for GE and GECS, respectively. Amounts payable over the next five years follow.

(In millions)	2007	2008	2009	2010	2011
GE	\$509	\$434	\$371	\$311	\$297
GECS	757	681	617	463	370

GE's selling, general and administrative expenses totaled \$13,841 million in 2006, \$13,279 million in 2005 and \$12,001 million in 2004.

Note 6**Retiree Health and Life Benefits**

We sponsor a number of retiree health and life insurance benefit plans (retiree benefit plans). Principal retiree benefit plans are discussed below; other such plans are not significant individually or in the aggregate. We use a December 31 measurement date for our plans.

PRINCIPAL RETIREE BENEFIT PLANS provide health and life insurance benefits to employees who retire under the GE Pension Plan with 10 or more years of service. Eligible retirees share in the cost of healthcare benefits. Effective January 1, 2005, we amended our principal retiree benefit plans to provide that, upon retirement of salaried employees who commenced service after that date, such retirees will pay in full for their participation in the GE retiree health benefit plans. These plans cover approximately 240,000 retirees and dependents.

Effective December 31, 2006, we adopted SFAS 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*. See note 1 for the incremental effects of the initial adoption of SFAS 158 on our Statement of Financial Position at December 31, 2006.

The effect on operations of principal retiree benefit plans follows.

COST OF PRINCIPAL RETIREE BENEFIT PLANS

(In millions)	2006	2005	2004
Expected return on plan assets	\$(127)	\$ (138)	\$(149)
Service cost for benefits earned	229	243	210
Interest cost on benefit obligation	455	507	518
Prior service cost	363	326	298
Net actuarial loss recognized	64	70	60
Retiree benefit plans cost	\$ 984	\$1,008	\$ 937

ACTUARIAL ASSUMPTIONS. The discount rates at December 31 were used to measure the year-end benefit obligations and the earnings effects for the subsequent year. Actuarial assumptions used to determine benefit obligations and earnings effects for principal retiree benefit plans follow.

ACTUARIAL ASSUMPTIONS

December 31	2006	2005	2004	2003
Discount rate ^(a)	5.75%	5.25%	5.75%	6.00%
Compensation increases	5.00	5.00	5.00	5.00
Expected return on assets	8.50	8.50	8.50	8.50
Initial healthcare trend rate ^(b)	9.20	10.00	10.30	10.50

(a) Weighted average discount rates of 5.90% and 6.40% were used for determination of costs in 2004 and 2003, respectively.

(b) For 2006, gradually declining to 5% for 2013 and thereafter.

To determine the expected long-term rate of return on retiree life plan assets, we consider the current and expected asset allocations, as well as historical and expected returns on various categories of plan assets. We apply our expected rate of return to a market-related value of assets, which stabilizes variability in assets to which we apply that expected return.

We amortize experience gains and losses, as well as the effects of changes in actuarial assumptions and plan provisions, over a period no longer than the average future service of employees.

FUNDING POLICY. We fund retiree health benefits on a pay-as-you-go basis. We expect to contribute approximately \$700 million in 2007 to fund such benefits. We fund retiree life insurance benefits at our discretion.

Changes in the accumulated postretirement benefit obligation for retiree benefit plans follow.

ACCUMULATED POSTRETIREMENT BENEFIT OBLIGATION (APBO)

(In millions)	2006	2005
Balance at January 1	\$9,084	\$9,250
Service cost for benefits earned	229	243
Interest cost on benefit obligation	455	507
Participant contributions	43	41
Actuarial gain	(707)	(55)
Benefits paid ^(a)	(810)	(856)
Other	(32)	(46)
Balance at December 31 ^(b)	\$8,262	\$9,084

(a) Net of Medicare Part D subsidy of \$75 million in 2006.

(b) The APBO for the retiree health plans was \$6,001 million and \$6,713 million at year-end 2006 and 2005, respectively.

Increasing or decreasing the healthcare cost trend rates by one percentage point would have had an insignificant effect on the December 31, 2006, accumulated postretirement benefit obligation and the annual cost of retiree health plans. Our principal retiree benefit plans are collectively bargained and have provisions that limit our per capita costs.

Changes in the fair value of assets for retiree benefit plans follow.

FAIR VALUE OF PLAN ASSETS

(In millions)	2006	2005
Balance at January 1	\$1,619	\$1,652
Actual gain on plan assets	222	107
Employer contributions	636	675
Participant contributions	43	41
Benefits paid ^(a)	(810)	(856)
Balance at December 31	\$1,710	\$1,619

(a) Net of Medicare Part D subsidy of \$75 million in 2006.

Plan assets are held in trust, as follows:

PLAN ASSET ALLOCATION

December 31	2006		2005
	Target allocation	Actual allocation	Actual allocation
U.S. equity securities	35-55%	44%	51%
Non-U.S. equity securities	15-25	22	19
Debt securities	15-30	18	20
Real estate	1-10	4	2
Private equities	1-11	3	1
Other	1-13	9	7
Total		100%	100%

Plan fiduciaries set investment policies and strategies for the trust. Long-term strategic investment objectives include preserving the funded status of the plan and balancing risk and return. The plan fiduciaries oversee the investment allocation process, which includes selecting investment managers, setting long-term strategic targets and monitoring asset allocations. Target allocation ranges are guidelines, not limitations, and occasionally plan fiduciaries will approve allocations above or below a target range.

Trust assets invested in short-term securities must be invested in securities rated A1/P1 or better, other than 15% of short-term holdings which may be rated A2/P2. GE common stock represented 6.1% of trust assets at year-end 2006 and 2005 and is subject to a statutory limit when it reaches 10% of total trust assets.

Our recorded balances for retiree benefit plans are as follows:

RETIREE BENEFIT ASSET (LIABILITY)

December 31 (In millions)	2006	2005
Funded status ^(a)	\$ (6,552)	\$(7,465)
Unrecognized prior service cost	(b)	2,409
Unrecognized net actuarial loss	(b)	902
Net liability recognized	\$ (6,552)	\$(4,154)
Liability recorded in the Statement of Financial Position		
Unfunded liabilities		
Retiree health plans		
Due within one year	\$ (681)	\$(740)
Due after one year	(5,320)	(3,395)
Retiree life plans	(551)	(19)
Net liability recognized	\$ (6,552)	\$(4,154)
Amounts recorded in shareowners' equity		
Prior service cost	\$ 2,046	\$ —
Net actuarial loss	4	—
Total	\$ 2,050	\$ —

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

(b) Amounts recognized in shareowners' equity in 2006 upon adoption of SFAS 158. See note 1.

The estimated prior service cost and net actuarial loss for our retiree benefit plans that will be amortized from shareowners' equity into retiree benefit plans cost in 2007 are \$290 million and \$10 million, respectively. Comparable amortized amounts in 2006 were \$363 million and \$64 million, respectively.

Our estimated future benefit payments are as follows:

ESTIMATED FUTURE BENEFIT PAYMENTS

(In millions)	2007	2008	2009	2010	2011	2012-2016
Gross	\$935	\$920	\$880	\$860	\$840	\$3,760
Expected Medicare						
Part D subsidy	85	95	105	110	115	660
Net	\$850	\$825	\$775	\$750	\$725	\$3,100

Our labor agreements with various U.S. unions expire in June 2007, and we will be engaged in negotiations to attain new agreements. Results of 2007 negotiations cannot be predicted. However, recent past negotiations have resulted in increased per capita costs as well as a corresponding increase in our APBO. There is no assurance that such increases pursuant to 2007 negotiations will be less than recent experience.

Note 7

Pension Benefits

We sponsor a number of pension plans. Principal pension plans, together with affiliate and certain other pension plans (other pension plans), detailed in this note, represent about 99% of our total pension assets. We use a December 31 measurement date for our plans.

PRINCIPAL PENSION PLANS are the GE Pension Plan and the GE Supplementary Pension Plan.

The GE Pension Plan provides benefits to certain U.S. employees based on the greater of a formula recognizing career earnings or a formula recognizing length of service and final average earnings. Certain benefit provisions are subject to collective bargaining.

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

OTHER PENSION PLANS in 2006 included 27 U.S. and non-U.S. pension plans with pension assets or obligations greater than \$50 million. These defined benefit plans provide benefits to employees based on formulas recognizing length of service and earnings.

Effective December 31, 2006, we adopted SFAS 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*. See note 1 for the incremental effects of the initial adoption of SFAS 158 on our Statement of Financial Position at December 31, 2006.

PENSION PLAN PARTICIPANTS

December 31, 2006 (In thousands)	Total	Principal pension plans	Other pension plans
Active employees	179	135	44
Vested former employees	223	185	38
Retirees and beneficiaries	233	210	23
Total	635	530	105

COST OF PENSION PLANS

(In millions)	Total			Principal pension plans			Other pension plans		
	2006	2005	2004	2006	2005	2004	2006	2005	2004
Expected return on plan assets	\$(4,211)	\$(4,242)	\$(4,256)	\$(3,811)	\$(3,885)	\$(3,958)	\$(400)	\$(357)	\$(298)
Service cost for benefits earned	1,719	1,618	1,436	1,402	1,359	1,178	317	259	258
Interest cost on benefit obligation	2,685	2,609	2,511	2,304	2,248	2,199	381	361	312
Prior service cost	258	262	316	253	256	311	5	6	5
Net actuarial loss recognized	893	480	242	729	351	146	164	129	96
Total cost (income)	\$ 1,344	\$ 727	\$ 249	\$ 877	\$ 329	\$ (124)	\$ 467	\$ 398	\$ 373

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

ACTUARIAL ASSUMPTIONS

December 31	Principal pension plans				Other pension plans (weighted average)			
	2006	2005	2004	2003	2006	2005	2004	2003
Discount rate	5.75%	5.50%	5.75%	6.00%	4.97%	4.74%	5.28%	5.53%
Compensation increases	5.00	5.00	5.00	5.00	4.26	4.20	4.03	3.87
Expected return on assets	8.50	8.50	8.50	8.50	7.44	7.47	7.67	7.56

To determine the expected long-term rate of return on pension plan assets, we consider the current and expected asset allocations, as well as historical and expected returns on various categories of plan assets. For the principal pension plans, we apply our expected rate of return to a market-related value of assets, which stabilizes variability in assets to which we apply that expected return.

We amortize experience gains and losses, as well as the effects of changes in actuarial assumptions and plan provisions over a period no longer than the average future service of employees.

FUNDING POLICY for the GE Pension Plan is to contribute amounts sufficient to meet minimum funding requirements as set forth in employee benefit and tax laws plus such additional amounts as we may determine to be appropriate. We have not made contributions to the GE Pension Plan since 1987. We will not make any contributions to the GE Pension Plan in 2007. In 2007, we expect to pay approximately \$140 million for benefit payments under our GE Supplementary Pension Plan and administrative expenses of our principal pension plans (\$121 million in 2006), and expect to contribute approximately \$570 million to other pension plans (\$451 million in 2006).

BENEFIT OBLIGATIONS are described in the following tables. Accumulated and projected benefit obligations (ABO and PBO) represent the obligations of a pension plan for past service as of the measurement date. ABO is the present value of benefits earned to date with benefits computed based on current compensation levels. PBO is ABO increased to reflect expected future compensation.

PROJECTED BENEFIT OBLIGATION

(In millions)	Principal pension plans		Other pension plans	
	2006	2005	2006	2005
Balance at January 1	\$43,331	\$39,969	\$8,097	\$7,122
Service cost for benefits earned	1,402	1,359	317	259
Interest cost on benefit obligations	2,304	2,248	381	361
Participant contributions	162	174	37	36
Plan amendments	80	—	(18)	3
Actuarial (gain) loss ^(a)	(1,514)	1,988	27	909
Benefits paid	(2,472)	(2,407)	(287)	(256)
Exchange rate adjustments	—	—	520	(402)
Acquired plans and other	—	—	(40)	65
Balance at December 31 ^(b)	\$43,293	\$43,331	\$9,034	\$8,097

(a) Principally associated with discount rate changes.

(b) The PBO for the GE Supplementary Pension Plan was \$3,554 million and \$3,534 million at year-end 2006 and 2005, respectively.

ABO balances for our pension plans follow.

ACCUMULATED BENEFIT OBLIGATION

December 31 (In millions)	2006	2005
GE Pension Plan	\$38,137	\$38,044
GE Supplementary Pension Plan	2,314	2,178
Other pension plans	8,053	7,194

Following is information about our pension plans in which the accumulated benefit obligation exceeds the fair value of plan assets.

PLANS WITH ASSETS LESS THAN ABO

December 31 (In millions)	2006	2005
Funded plans with assets less than ABO		
Plan assets	\$4,833	\$4,737
Accumulated benefit obligations	5,828	6,096
Projected benefit obligations	6,667	6,967
Unfunded plans ^(a)		
Accrued pension liability	4,310	3,323
Accumulated benefit obligations	3,052	2,859
Projected benefit obligations	4,310	4,235

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

Pension plan assets are described below.

FAIR VALUE OF PLAN ASSETS

(In millions)	Principal pension plans		Other pension plans	
	2006	2005	2006	2005
Balance at January 1	\$49,096	\$46,665	\$5,213	\$4,602
Actual gain on plan assets	7,851	4,558	679	670
Employer contributions	121	106	451	365
Participant contributions	162	174	37	36
Benefits paid	(2,472)	(2,407)	(287)	(256)
Exchange rate adjustments	—	—	340	(233)
Acquired plans and other	—	—	2	29
Balance at December 31	\$54,758	\$49,096	\$6,435	\$5,213

Our pension plan assets are held in trust, as follows:

PLAN ASSET ALLOCATION

December 31	Principal pension plans		
	2006	2005	
	Target allocation	Actual allocation	Actual allocation
U.S. equity securities	30–45%	41%	42%
Non-U.S. equity securities	15–25	22	21
Debt securities	15–30	17	18
Real estate	4–10	6	6
Private equities	5–11	7	7
Other	1–12	7	6
Total		100%	100%

Plan fiduciaries of the GE Pension Plan set investment policies and strategies for the GE Pension Trust. Long-term strategic investment objectives include preserving the funded status of the plan and balancing risk and return. These plan fiduciaries oversee the investment allocation process, which includes selecting investment managers, commissioning periodic asset-liability studies, setting long-term strategic targets and monitoring asset allocations. Target allocation ranges are guidelines, not limitations, and occasionally plan fiduciaries will approve allocations above or below a target range.

GE Pension Trust assets are invested subject to the following additional guidelines:

- Short-term securities must be rated A1/P1 or better, other than 15% of short-term holdings which may be rated A2/P2,
- Real estate may not exceed 25% of total assets (6% of trust assets at December 31, 2006),
- Investments in securities not freely tradable may not exceed 20% of total assets (13% of trust assets at December 31, 2006), and
- GE stock is limited by statute when it reaches 10% of total trust assets (6.1% and 6.4% at the end of 2006 and 2005, respectively).

December 31	Other pension plans (weighted average)		
	2006	2005	
	Target allocation	Actual allocation	Actual allocation
Equity securities	66%	67%	65%
Debt securities	28	26	28
Real estate	3	3	3
Other	3	4	4
Total		100%	100%

Our recorded assets and liabilities for pension plans are as follows:

PREPAID PENSION ASSET (LIABILITY)

December 31 (In millions)	Principal pension plans		Other pension plans	
	2006	2005	2006	2005
Funded status ^(a)	\$11,465	\$ 5,765	\$(2,599)	\$(2,884)
Unrecognized prior service cost	(b)	1,004	(b)	37
Unrecognized net actuarial loss	(b)	8,445	(b)	2,046
Net amount recognized	\$11,465	\$15,214	\$(2,599)	\$ (801)
Pension asset (liability) recorded in the Statement of Financial Position				
Prepaid pension asset	\$15,019	\$17,853	\$ 46	\$ 114
Unfunded liabilities				
Due within one year ^(c)	(106)	(90)	(49)	(43)
Due after one year ^(c)	(3,448)	(2,549)	(2,596)	(2,154)
Intangible assets	—	—	(b)	54
Shareowners' equity	—	—	(b)	1,228
Net amount recognized	\$11,465	\$15,214	\$(2,599)	\$ (801)
Amounts recorded in shareowners' equity				
Prior service cost	\$ 831	\$ —	\$ 15	\$ —
Net actuarial loss	2,162	—	1,704	—
Total	\$ 2,993	\$ —	\$ 1,719	\$ —

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

(b) Amounts recognized in shareowners' equity in 2006 upon adoption of SFAS 158. See note 1.

(c) For principal pension plans, represents the GE Supplementary Pension Plan liability.

The estimated prior service cost and net actuarial loss for the principal pension plans that will be amortized from shareowners' equity into pension cost in 2007 are \$200 million and \$700 million, respectively. For other pension plans, the estimated prior service cost and net actuarial loss to be amortized over the next fiscal year is \$10 million and \$160 million, respectively. Comparable amortized amounts in 2006, respectively, were \$253 million and \$729 million for principal pension plans and \$5 million and \$164 million for other pension plans.

Estimated future benefit payments are as follows:

ESTIMATED FUTURE BENEFIT PAYMENTS

(In millions)	2007	2008	2009	2010	2011	2012-2016
Principal pension plans	\$2,500	\$2,500	\$2,550	\$2,600	\$2,600	\$14,500
Other pension plans	325	300	300	325	350	1,875

Our labor agreements with various U.S. unions expire in June 2007, and we will be engaged in negotiations to attain new agreements. While results of the 2007 union negotiations cannot be predicted, our recent past negotiations have resulted in agreements that increased costs.

Note 8

Provision for Income Taxes

(In millions)	2006	2005	2004
GE			
Current tax expense	\$1,738	\$3,037	\$2,148
Deferred tax expense (benefit) from temporary differences	842	(287)	(175)
	2,580	2,750	1,973
GECS			
Current tax expense	266	1,938	1,497
Deferred tax expense (benefit) from temporary differences	1,108	(653)	226
	1,374	1,285	1,723
CONSOLIDATED			
Current tax expense	2,004	4,975	3,645
Deferred tax expense (benefit) from temporary differences	1,950	(940)	51
Total	\$3,954	\$4,035	\$3,696

GE and GECS file a consolidated U.S. federal income tax return. The GECS provision for current tax expense includes its effect on the consolidated return.

Consolidated current tax expense includes amounts applicable to U.S. federal income taxes of \$61 million, \$2,543 million and \$629 million in 2006, 2005 and 2004, respectively, and amounts applicable to non-U.S. jurisdictions of \$1,738 million, \$2,224 million and \$2,522 million in 2006, 2005 and 2004, respectively. Consolidated deferred taxes related to U.S. federal income taxes were an expense of \$1,723 million in 2006 and benefits of \$137 million and \$27 million in 2005 and 2004, respectively.

Consolidated U.S. earnings from continuing operations before income taxes were \$9,245 million in 2006, \$10,918 million in 2005 and \$9,597 million in 2004. The corresponding amounts for non-U.S.-based operations were \$15,375 million in 2006, \$11,778 million in 2005 and \$10,700 million in 2004.

Deferred income tax balances reflect the effects of temporary differences between the carrying amounts of assets and liabilities and their tax bases, as well as from net operating loss and tax credit carryforwards, and are stated at enacted tax rates expected to be in effect when taxes are actually paid or recovered. Deferred income tax assets represent amounts available to reduce income taxes payable on taxable income in future years. We evaluate the recoverability of these future tax deductions by assessing the adequacy of future expected taxable income from all sources, including reversal of taxable temporary differences, forecasted operating earnings and available tax planning strategies. See note 21 for details.

We have not provided U.S. deferred taxes on cumulative earnings of non-U.S. affiliates and associated companies that have been reinvested indefinitely. These earnings relate to ongoing operations and, at December 31, 2006, were approximately \$47 billion. Because of the availability of U.S. foreign tax credits, it is not practicable to determine the U.S. federal income tax liability that would be payable if such earnings were not reinvested

indefinitely. Deferred taxes are provided for earnings of non-U.S. affiliates and associated companies when we plan to remit those earnings.

The American Jobs Creation Act of 2004 (the Act) allowed U.S. companies a one-time opportunity to repatriate non-U.S. earnings through 2005 at a 5.25% rate of tax rather than the normal U.S. tax rate of 35%, provided that certain criteria, including qualified U.S. reinvestment of those earnings, were met. Available U.S. foreign tax credits related to the repatriation are reduced under provisions of the Act. Because the vast majority of our non-U.S. earnings have been permanently reinvested in active business operations, we repatriated only \$1.2 billion of non-U.S. earnings. Because a U.S. tax provision at normal tax rates had been provided on the majority of this amount, the result was a reduction of the 2005 GE and consolidated tax rates of approximately 0.5 percentage points.

The U.S. Internal Revenue Service (IRS) is currently auditing GE's consolidated 2000–2005 income tax returns. It is reasonably possible that both the 2000–2002 and 2003–2005 audit cycles will be completed during 2007. The effect of the completion of these audit cycles will depend on the result of the examinations. In addition, certain potential deficiency issues and refund claims remain unresolved for years prior to 2000. GE or consolidated affiliates are under audit in numerous state, local and non-U.S. jurisdictions. We believe that adequate provision has been made for all income tax uncertainties.

A reconciliation of the U.S. federal statutory income tax rate to the actual income tax rate is provided below.

RECONCILIATION OF U.S. FEDERAL STATUTORY INCOME TAX RATE TO ACTUAL INCOME TAX RATE

	Consolidated			GE			GECS		
	2006	2005	2004	2006	2005	2004	2006	2005	2004
U.S. federal statutory income tax rate	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%
Increase (reduction) in rate resulting from									
Inclusion of after-tax earnings of GECS in before-tax earnings of GE	—	—	—	(15.8)	(15.6)	(15.4)	—	—	—
Tax on global activities including exports	(17.7)	(15.8)	(12.3)	(7.7)	(5.8)	(5.8)	(21.6)	(21.7)	(14.5)
U.S. business credits	(1.4)	(1.3)	(1.1)	(0.4)	(0.2)	—	(2.1)	(2.5)	(2.3)
IRS settlements of Lockheed Martin tax-free exchange/Puerto Rico subsidiary loss	—	—	(3.4)	—	—	(3.7)	—	—	—
All other — net	0.2	(0.1)	—	—	(0.6)	0.5	0.3	1.1	(0.8)
	(18.9)	(17.2)	(16.8)	(23.9)	(22.2)	(24.4)	(23.4)	(23.1)	(17.6)
Actual income tax rate	16.1%	17.8%	18.2%	11.1%	12.8%	10.6%	11.6%	11.9%	17.4%

Note 9

Earnings Per Share Information

(In millions; per-share amounts in dollars)	2006		2005		2004	
	Diluted	Basic	Diluted	Basic	Diluted	Basic
CONSOLIDATED						
Earnings from continuing operations for per-share calculation ^(a)	\$20,667	\$20,666	\$18,662	\$18,661	\$16,602	\$16,601
Earnings (loss) from discontinued operations for per-share calculation ^(b)	163	163	(1,961)	(1,950)	556	559
Net earnings available for per-share calculation	\$20,830	\$20,829	\$16,701	\$16,711	\$17,158	\$17,160
AVERAGE EQUIVALENT SHARES						
Shares of GE common stock outstanding	10,359	10,359	10,570	10,570	10,400	10,400
Employee compensation-related shares, including stock options	35	—	41	—	45	—
Total average equivalent shares	10,394	10,359	10,611	10,570	10,445	10,400
PER-SHARE AMOUNTS						
Earnings from continuing operations	\$ 1.99	\$ 1.99	\$ 1.76	\$ 1.77	\$ 1.59	\$ 1.60
Earnings (loss) from discontinued operations	0.02	0.02	(0.18)	(0.18)	0.05	0.05
Net earnings per share	\$ 2.00	\$ 2.01	\$ 1.57	\$ 1.58	\$ 1.64	\$ 1.65

(a) Included dividend equivalents of approximately \$1 million in each of the three years ended December 31, 2006.

(b) Included dilutive effects of subsidiary-issued stock-based awards of approximately \$11 million in 2005 and \$2 million in 2004.

Earnings-per-share amounts are computed independently for earnings from continuing operations, earnings (loss) from discontinued operations and net earnings. As a result, the

sum of per-share amounts from continuing operations and discontinued operations may not equal the total per-share amounts for net earnings.

Note 10**Investment Securities**

December 31 (In millions)	2006				2005			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
GE								
Debt—U.S. corporate	\$ 307	\$ 24	\$ —	\$ 331	\$ 307	\$ 2	\$ —	\$ 309
Equity	10	2	(1)	11	26	131	(5)	152
	317	26	(1)	342	333	133	(5)	461
GECS								
Debt								
U.S. corporate	21,323	1,042	(203)	22,162	20,578	1,317	(339)	21,556
State and municipal	915	38	(4)	949	810	47	(2)	855
Mortgage-backed ^(a)	6,356	38	(46)	6,348	5,748	44	(56)	5,736
Asset-backed	8,066	436	(23)	8,479	8,433	205	(19)	8,619
Corporate—non-U.S.	1,664	92	(5)	1,751	2,043	209	(10)	2,242
Government—non-U.S.	1,296	105	(3)	1,398	675	91	—	766
U.S. government and federal agency	820	45	(6)	859	803	61	(5)	859
Equity	4,500	1,060	(14)	5,546	879	231	(33)	1,077
	44,940	2,856	(304)	47,492	39,969	2,205	(464)	41,710 ^(b)
ELIMINATIONS	(7)	(1)	—	(8)	(17)	(6)	—	(23)
Total	\$45,250	\$2,881	\$(305)	\$47,826	\$40,285	\$2,332	\$(469)	\$42,148

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

(b) Included \$16 million in 2005 of debt securities related to consolidated, liquidating securitization entities. See note 28.

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

December 31 (In millions)	Less than 12 months		12 months or more	
	Estimated fair value	Gross unrealized losses	Estimated fair value	Gross unrealized losses
2006				
Debt				
U.S. corporate	\$2,478	\$ (52)	\$ 4,260	\$(151)
State and municipal	164	(2)	77	(2)
Mortgage-backed	668	(4)	1,851	(42)
Asset-backed	1,393	(15)	674	(8)
Corporate—non-U.S.	112	(3)	93	(2)
Government—non-U.S.	33	(3)	—	—
U.S. government and federal agency	66	(1)	247	(5)
Equity	40	(12)	3,895	(3)
Total	\$4,954	\$ (92)	\$11,097	\$(213)
2005				
Debt				
U.S. corporate	\$3,633	\$(131)	\$ 2,584	\$(208)
State and municipal	77	(2)	—	—
Mortgage-backed	1,858	(22)	1,190	(34)
Asset-backed	1,494	(10)	383	(9)
Corporate—non-U.S.	221	(8)	53	(2)
U.S. government and federal agency	297	(5)	—	—
Equity	84	(25)	38	(13)
Total	\$7,664	\$(203)	\$ 4,248	\$(266)

Our portfolio at December 31, 2006 and 2005, contained securities that had been, for 12 months or more, in an unrealized loss position for reasons other than changes in market interest rates. The level of this unrealized loss was insignificant, individually and in the aggregate, at December 31, 2006, reflecting improved pricing in the commercial aircraft Enhanced Equipment Trust Certificate market. We review all of our investment securities routinely for other than temporary impairment as described in note 1. In accordance with that policy, we have provided for all amounts that we did not expect either to collect in accordance with the contractual terms of the instruments or to recover based on underlying collateral values. We presently intend to hold our investment securities in an unrealized loss position at December 31, 2006, at least until we can recover their respective amortized cost and we have the ability to hold our debt securities until their maturities.

CONTRACTUAL MATURITIES OF GECS INVESTMENT IN DEBT SECURITIES (EXCLUDING MORTGAGE-BACKED AND ASSET-BACKED SECURITIES)

(In millions)	Amortized cost	Estimated fair value
Due in		
2007	\$ 1,832	\$ 1,826
2008–2011	4,766	4,784
2012–2016	3,470	3,545
2017 and later	15,950	16,964

We expect actual maturities to differ from contractual maturities because borrowers have the right to call or prepay certain obligations.

Supplemental information about gross realized gains and losses on investment securities follows.

(In millions)	2006	2005	2004
GE			
Gains	\$ 125	\$ 6	\$ 15
Losses, including impairments	(1)	(5)	—
Net	124	1	15
GECS			
Gains	313	509	371
Losses, including impairments	(181)	(132)	(149)
Net	132	377	222
Total	\$ 256	\$ 378	\$ 237

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

Proceeds from investment securities sales amounted to \$12,394 million, \$14,047 million and \$11,685 million in 2006, 2005 and 2004, respectively, principally from the short-term nature of the investments that support the guaranteed investment contracts portfolio.

Note 11**GE Current Receivables**

December 31 (In millions)	2006	2005
Infrastructure	\$ 6,524	\$ 6,827
NBC Universal	3,070	3,633
Healthcare	2,897	2,947
Industrial	1,950	2,255
Corporate items and eliminations	329	154
	14,770	15,816
Less allowance for losses	(492)	(758)
Total	\$14,278	\$15,058

Receivables balances at December 31, 2006 and 2005, before allowance for losses, included \$9,064 million and \$10,250 million, respectively, from sales of goods and services to customers, and \$208 million and \$246 million at December 31, 2006 and 2005, respectively, from transactions with associated companies.

Current receivables of \$248 million and \$563 million at December 31, 2006 and 2005, respectively, arose from sales, principally of Aviation goods and services on open account to various agencies of the U.S. government, our largest single customer. About 4% of our sales of goods and services were to the U.S. government in 2006, 2005 and 2004.

Note 12**Inventories**

December 31 (In millions)	2006	2005
GE		
Raw materials and work in process	\$ 6,547	\$ 5,527
Finished goods	4,998	5,152
Unbilled shipments	424	333
	11,969	11,012
Less revaluation to LIFO	(622)	(697)
	11,347	10,315
GECS		
Finished goods	54	159
Total	\$11,401	\$10,474

As of December 31, 2006, we were obligated to acquire certain raw materials at market prices through the year 2027 under various take-or-pay or similar arrangements. Annual minimum commitments under these arrangements are insignificant.

Note 13**GECS Financing Receivables (investments in loans and financing leases)**

December 31 (In millions)	2006	2005
Loans, net of deferred income	\$270,343	\$227,923
Investment in financing leases, net of deferred income	68,569	64,309
	338,912	292,232
Less allowance for losses (note 14)	(4,680)	(4,593)
Financing receivables — net	\$334,232	\$287,639

Included in the above are the financing receivables of consolidated, liquidating securitization entities as follows:

December 31 (In millions)	2006	2005
Loans, net of deferred income	\$11,399	\$15,868
Investment in financing leases, net of deferred income	134	769
	11,533	16,637
Less allowance for losses	(24)	(22)
Financing receivables — net	\$11,509	\$16,615

Details of financing receivables — net follow.

December 31 (In millions)	2006	2005
COMMERCIAL FINANCE		
Equipment and leasing	\$ 76,057	\$ 70,851
Commercial and industrial	49,222	41,402
Real estate	27,944	19,555
	153,223	131,808
GE MONEY		
Non-U.S. residential mortgages	58,237	46,205
Non-U.S. installment and revolving credit	36,279	31,849
U.S. installment and revolving credit	29,007	21,963
Non-U.S. auto	25,088	22,803
Other	8,059	7,286
	156,670	130,106
INFRASTRUCTURE^(a)	21,200	19,124
OTHER^(b)	7,819	11,194
	338,912	292,232
Less allowance for losses	(4,680)	(4,593)
Total	\$334,232	\$287,639

(a) Included loans and financing leases of \$11,165 million and \$11,192 million at December 31, 2006 and 2005, respectively, related to commercial aircraft at Aviation Financial Services and loans and financing leases of \$7,574 million and \$5,419 million at December 31, 2006 and 2005, respectively, related to Energy Financial Services.

(b) Included loans and financing leases of \$6,853 million and \$10,160 million at December 31, 2006 and 2005, respectively, related to certain consolidated, liquidating securitization entities.

GECS financing receivables include both loans and financing leases. Loans represent transactions in a variety of forms, including revolving charge and credit, mortgages, installment loans, intermediate-term loans and revolving loans secured by business assets. The portfolio includes loans carried at the principal amount on which finance charges are billed periodically, and loans carried at gross book value, which includes finance charges.

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

As the sole owner of assets under direct financing leases and as the equity participant in leveraged leases, GECS is taxed on total lease payments received and is entitled to tax deductions

based on the cost of leased assets and tax deductions for interest paid to third-party participants. GECS is generally entitled to any residual value of leased assets.

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

NET INVESTMENT IN FINANCING LEASES

December 31 (In millions)	Total financing leases		Direct financing leases ^(a)		Leveraged leases ^(b)	
	2006	2005	2006	2005	2006	2005
Total minimum lease payments receivable	\$88,598	\$86,436	\$64,637	\$60,594	\$23,961	\$25,842
Less principal and interest on third-party nonrecourse debt	(17,309)	(19,061)	—	—	(17,309)	(19,061)
Net rentals receivable	71,289	67,375	64,637	60,594	6,652	6,781
Estimated unguaranteed residual value of leased assets	10,062	9,379	7,068	6,260	2,994	3,119
Less deferred income	(12,782)	(12,445)	(9,634)	(9,305)	(3,148)	(3,140)
Investment in financing leases, net of deferred income	68,569	64,309	62,071	57,549	6,498	6,760
Less amounts to arrive at net investment						
Allowance for losses	(392)	(525)	(370)	(380)	(22)	(145)
Deferred taxes	(8,314)	(8,037)	(3,410)	(3,495)	(4,904)	(4,542)
Net investment in financing leases	\$59,863	\$55,747	\$58,291	\$53,674	\$ 1,572	\$ 2,073

(a) Included \$654 million and \$475 million of initial direct costs on direct financing leases at December 31, 2006 and 2005, respectively.

(b) Included pre-tax income of \$306 million and \$248 million and income tax of \$115 million and \$96 million during 2006 and 2005, respectively. Net investment credits recognized during 2006 and 2005 were inconsequential.

CONTRACTUAL MATURITIES

(In millions)	Total loans	Net rentals receivable	December 31 (In millions)	
			2006	2005
Due in				
2007	\$ 89,651	\$18,422	\$1,346	\$1,479
2008	33,413	15,094	497	451
2009	25,731	11,637	\$1,843	\$1,930
2010	14,759	7,860		
2011	17,893	5,244	\$ 446	\$ 627
2012 and later	88,896	13,032	1,860	2,118
Total	\$270,343	\$71,289	34	46

(a) Recognized principally on cash basis.

We expect actual maturities to differ from contractual maturities.

Individually "impaired" loans are defined by GAAP as larger balance or restructured loans for which it is probable that the lender will be unable to collect all amounts due according to original contractual terms of the loan agreement. An analysis of impaired loans follows.

Note 14**GECS Allowance for Losses on Financing Receivables**

(In millions)	2006	2005	2004
BALANCE AT JANUARY 1			
Commercial Finance	\$ 1,110	\$ 1,562	\$ 1,952
GE Money	3,234	3,473	3,984
Infrastructure	220	583	293
Other	29	30	27
	<u>4,593</u>	<u>5,648</u>	<u>6,256</u>
PROVISION CHARGED TO OPERATIONS			
Commercial Finance	121	293	327
GE Money	3,767	3,337	3,219
Infrastructure	(64)	210	325
Other	15	1	17
	<u>3,839</u>	<u>3,841</u>	<u>3,888</u>
OTHER REDUCTIONS, NET			
	(5)	(487)	(74)
GROSS WRITE-OFFS			
Commercial Finance	(558)	(892)	(928)
GE Money	(4,773)	(4,447)	(4,423)
Infrastructure	(112)	(572)	(27)
Other	(34)	(48)	(74)
	<u>(5,477)</u>	<u>(5,959)</u>	<u>(5,452)</u>
RECOVERIES			
Commercial Finance	188	180	161
GE Money	1,533	1,359	846
Infrastructure	—	—	2
Other	9	11	21
	<u>1,730</u>	<u>1,550</u>	<u>1,030</u>
BALANCE AT DECEMBER 31			
Commercial Finance	893	1,110	1,562
GE Money	3,715	3,234	3,473
Infrastructure	44	220	583
Other	28	29	30
Total	<u>\$ 4,680</u>	<u>\$ 4,593</u>	<u>\$ 5,648</u>

See note 13 for amounts related to consolidated, liquidating securitization entities.

SELECTED FINANCING RECEIVABLES RATIOS

December 31	2006	2005
ALLOWANCE FOR LOSSES ON FINANCING RECEIVABLES AS A PERCENTAGE OF TOTAL FINANCING RECEIVABLES		
Commercial Finance	0.58%	0.84%
GE Money	2.37	2.49
Infrastructure	0.21	1.15
Other	0.36	0.26
Total	<u>1.38</u>	<u>1.57</u>
NONEARNING FINANCING RECEIVABLES AS A PERCENTAGE OF TOTAL FINANCING RECEIVABLES		
Commercial Finance	1.0%	1.0%
GE Money	2.1	2.1
Infrastructure	—	0.1
Other	1.1	0.7
Total	<u>1.5</u>	<u>1.4</u>

Note 15**Property, Plant and Equipment**

December 31 (Dollars in millions)	Estimated useful lives- new (years)	2006	2005
ORIGINAL COST			
GE			
Land and improvements	8 ^(a)	\$ 1,054	\$ 1,366
Buildings, structures and related equipment	8-40	10,875	10,044
Machinery and equipment	4-20	24,988	25,811
Leasehold costs and manufacturing plant under construction	1-10	2,716	2,157
		39,633	39,378
GECS^(b)			
Land, buildings and equipment	1-40 ^(a)	5,447	5,543
Equipment leased to others			
Aircraft	20	36,146	32,941
Vehicles	1-14	26,937	23,208
Mobile and modular space	12-25	4,059	2,889
Railroad rolling stock	5-36	3,509	3,327
Construction and manufacturing	2-25	1,932	1,609
All other	2-33	2,771	2,834
		80,801	72,351
Total		\$120,434	\$111,729
NET CARRYING VALUE			
GE			
Land and improvements		\$ 926	\$ 1,269
Buildings, structures and related equipment		5,279	4,823
Machinery and equipment		8,073	8,525
Leasehold costs and manufacturing plant under construction		2,460	1,887
		16,738	16,504
GECS^(b)			
Land, buildings and equipment		3,012	3,116
Equipment leased to others			
Aircraft ^(c)		29,886	27,116
Vehicles		17,132	14,064
Mobile and modular space		2,546	1,496
Railroad rolling stock		2,395	2,188
Construction and manufacturing		1,291	1,088
All other		1,966	1,956
		58,228	51,024
Total		\$ 74,966	\$ 67,528

(a) Estimated useful lives exclude land.

(b) Included \$1,763 million and \$1,935 million of original cost of assets leased to GE with accumulated amortization of \$293 million and \$298 million at December 31, 2006 and 2005, respectively.

(c) The Aviation Financial Services business of Infrastructure recognized impairment losses of \$51 million in 2006 and \$295 million in 2005 recorded in the caption "Other costs and expenses" in the Statement of Earnings to reflect adjustments to fair value based on current market values from independent appraisers.

Amortization of GECS equipment leased to others was \$5,839 million, \$5,642 million and \$5,365 million in 2006, 2005 and 2004, respectively. Noncancellable future rentals due from customers for equipment on operating leases at December 31, 2006, are as follows:

(In millions)	
Due in	
2007	\$ 8,253
2008	7,013
2009	5,744
2010	4,550
2011	3,322
2012 and later	9,647
Total	\$38,529

Note 16**Intangible Assets**

December 31 (In millions)	2006	2005
GE		
Goodwill	\$50,585	\$48,274
Intangible assets subject to amortization	7,585	7,478
Indefinite-lived intangible assets ^(a)	2,295	2,087
	60,465	57,839
GECS		
Goodwill	22,754	21,337
Intangible assets subject to amortization	3,214	2,454
	25,968	23,791
Total	\$86,433	\$81,630

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

Changes in goodwill balances follow.

(In millions)	2006				2005			
	Balance January 1	Acquisitions/ purchase accounting adjustments	Dispositions, currency exchange and other	Balance December 31	Balance January 1	Acquisitions/ purchase accounting adjustments	Dispositions, currency exchange and other	Balance December 31
Infrastructure	\$10,166	\$ 590	\$ 175	\$10,931	\$ 9,759	\$ 770	\$ (363)	\$10,166
Commercial Finance	10,621	603	91	11,315	10,141	766	(286)	10,621
GE Money	9,184	309	352	9,845	9,860	(24)	(652)	9,184
Healthcare	13,404	1,396	48	14,848	13,259	226	(81)	13,404
NBC Universal	17,534	838	(372)	18,000	16,672	946	(84)	17,534
Industrial	8,702	550	(852)	8,400	7,674	1,236	(208)	8,702
Total	\$69,611	\$4,286	\$(558)	\$73,339	\$67,365	\$3,920	\$(1,674)	\$69,611

Goodwill balances increased \$4,476 million in 2006 as a result of new acquisitions. The largest goodwill balance increases arose from acquisitions of IDX Systems Corporation (\$1,133 million) and Biacore International AB (\$308 million) by Healthcare, iVillage Inc. (\$521 million) by NBC Universal, ZENON Environmental Inc. (\$506 million) by Infrastructure, and Banque Artesia Nederland N.V., a subsidiary of Dexia Group (\$340 million) and the custom fleet business of National Australia Bank Ltd. (\$306 million) by Commercial Finance. Goodwill declined in 2006 as a result of the sale of Advanced Materials (\$930 million) by Industrial and the sale of television stations (\$304 million) by NBC Universal. The goodwill balance also declined by \$190 million related to purchase accounting adjustments to prior-year acquisitions during 2006.

Goodwill balances increased \$3,705 million in 2005 as a result of new acquisitions. The largest goodwill balance increases arose from acquisitions of Edwards Systems Technology (\$996 million) by Industrial, Ionics, Inc. (\$681 million) by Infrastructure, Antares Capital Corp. (\$407 million) by Commercial Finance, an additional interest in MSNBC (\$402 million) and the previously outstanding minority interest in Vivendi Universal Entertainment LLLP (VUE) (\$329 million) by NBC Universal. Goodwill also increased by \$215 million related to purchase accounting adjustments to prior-year acquisitions during 2005, primarily associated with the 2004 acquisition of Amersham by Healthcare and the combination of NBC and VUE.

Upon closing an acquisition, we estimate the fair values of assets and liabilities acquired and consolidate the acquisition as quickly as possible. Given the time it takes to obtain pertinent information to finalize the acquired company's balance sheet (frequently with implications for the price of the acquisition), then to adjust the acquired company's accounting policies, procedures, books and records to our standards, it is often several quarters before we are able to finalize those initial fair value estimates. Accordingly, it is not uncommon for our initial estimates to be subsequently revised.

INTANGIBLE ASSETS SUBJECT TO AMORTIZATION

December 31 (In millions)	Gross carrying amount	Accumulated amortization	Net
GE			
2006			
Patents, licenses and trademarks	\$ 4,670	\$(1,308)	\$3,362
Capitalized software	4,543	(2,741)	1,802
All other	2,859	(438)	2,421
Total	\$12,072	\$(4,487)	\$7,585
2005			
Patents, licenses and trademarks	\$ 4,814	\$(1,134)	\$3,680
Capitalized software	4,109	(2,261)	1,848
All other	2,172	(222)	1,950
Total	\$11,095	\$(3,617)	\$7,478
GECS			
2006			
Patents, licenses and trademarks	\$ 467	\$ (302)	\$ 165
Capitalized software	1,684	(981)	703
All other	3,591	(1,245)	2,346
Total	\$ 5,742	\$(2,528)	\$3,214
2005			
Patents, licenses and trademarks	\$ 497	\$ (272)	\$ 225
Capitalized software	1,477	(798)	679
All other	2,565	(1,015)	1,550
Total	\$ 4,539	\$(2,085)	\$2,454

Consolidated amortization expense related to intangible assets subject to amortization was \$1,789 million and \$1,413 million for 2006 and 2005, respectively.

Note 17**All Other Assets**

December 31 (In millions)	2006	2005
GE		
Investments		
Associated companies	\$ 1,729	\$ 1,824
Other ^(a)	752	1,089
	2,481	2,913
Prepaid pension asset—principal plans	15,019	17,853
Contract costs and estimated earnings	5,988	4,664
Film and television costs	3,646	3,828
Long-term receivables, including notes	2,908	2,790
Derivative instruments	193	247
Other	3,843	4,457
	34,078	36,752
GECS		
Investments		
Real estate ^(b)	27,252	15,708
Assets held for sale ^(c)	12,524	8,574
Associated companies	12,053	13,481
Cost method ^(d)	2,348	2,280
Other	931	1,330
	55,108	41,373
Derivative instruments	1,982	1,556
Advances to suppliers	1,714	1,762
Deferred acquisition costs	1,380	1,471
Other	4,028	3,278
	64,212	49,440
ELIMINATIONS	(1,178)	(1,364)
Total^(e)	\$97,112	\$84,828

(a) The fair value of and unrealized loss on cost method investments in a continuous loss position in 2006 and 2005 were insignificant.

(b) GECS investment in real estate consisted principally of two categories: real estate held for investment and equity method investments. Both categories contained a wide range of properties including the following at December 31, 2006: office buildings (54%), apartment buildings (16%), retail facilities (10%), industrial properties (5%), parking facilities (4%), franchise properties (2%) and other (9%). At December 31, 2006, investments were located in North America (39%), Europe (37%) and Asia (24%).

(c) Assets were classified as held for sale on the date a decision was made to dispose of them through sale, securitization or other means. Such assets consisted primarily of real estate properties and mortgage and credit card receivables, and were accounted for at the lower of carrying amount or estimated fair value less costs to sell.

(d) The fair value of and unrealized loss on those investments in a continuous loss position for less than 12 months in 2006 were \$113 million and \$25 million, respectively. The fair value of and unrealized loss on those investments in a continuous loss position for 12 months or more in 2006 were \$38 million and \$8 million, respectively. The fair value of and unrealized loss on those investments in a continuous loss position for less than 12 months in 2005 were \$100 million and \$31 million, respectively. The fair value of and unrealized loss on those investments in a continuous loss position for 12 months or more in 2005 were \$22 million and \$9 million, respectively.

(e) Included \$98 million in 2006 and \$1,235 million in 2005 related to consolidated, liquidating securitization entities. See note 28.

Note 18**Borrowings****SHORT-TERM BORROWINGS**

December 31 (Dollars in millions)	2006		2005	
	Amount	Average rate ^(a)	Amount	Average rate ^(a)
GE				
Commercial paper				
U.S.	\$ 1,097	5.35%	\$ 497	4.40%
Non-U.S.	1	3.74	1	2.85
Payable to banks	319	5.61	358	3.99
Current portion of				
long-term debt	32	5.32	129	4.84
Other	763		142	
	2,212		1,127	
GECS				
Commercial paper				
U.S.				
Unsecured	67,423	5.37	67,643	4.30
Asset-backed ^(b)	6,430	5.35	9,267	4.21
Non-U.S.	26,328	4.38	20,456	3.47
Current portion of				
long-term debt ^{(c)(d)}	44,553	4.86	41,792	4.05
GE Interest Plus notes ^(e)	9,161	5.43	7,708	4.35
Other	19,421		10,806	
	173,316		157,672	
ELIMINATIONS	(3,375)		(643)	
Total	\$172,153		\$158,156	

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

(b) Entirely obligations of consolidated, liquidating securitization entities. See note 28.

(c) Included short-term borrowings by consolidated, liquidating securitization entities of \$697 million at December 31, 2005, which matured in 2006. See note 28.

(d) Included \$250 million of subordinated notes guaranteed by GE at December 31, 2005, which matured in 2006.

(e) Entirely variable denomination floating rate notes.

LONG-TERM BORROWINGS

December 31 (Dollars in millions)	2006 Average rate ^(a)	Maturities	2006	2005
GE				
Senior notes	5.06%	2008–2013	\$ 6,488	\$ 6,486
Industrial development/ pollution control bonds	4.11	2011–2027	307	299
Payable to banks, principally U.S.	5.68	2008–2015	1,836	1,912
Other ^(b)			454	384
			9,085	9,081
GECS				
Senior notes				
Unsecured	4.95	2008–2055	235,952	180,546
Asset-backed ^(c)	5.83	2008–2035	5,810	6,845
Extendible notes	5.32	2009–2011	6,000	14,022
Subordinated notes ^(d)	5.92	2009–2066	5,201	2,984
			252,963	204,397
ELIMINATIONS			(1,244)	(1,197)
Total			\$260,804	\$212,281

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

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

(c) Included \$4,684 million and \$6,845 million of asset-backed senior notes, issued by consolidated, liquidating securitization entities at December 31, 2006 and 2005, respectively. See note 28.

(d) Included \$750 million of subordinated notes guaranteed by GE at December 31, 2006 and 2005.

Our borrowings are addressed below from the perspectives of liquidity, interest rate and currency risk management. Additional information about borrowings and associated swaps can be found in note 27.

LIQUIDITY is affected by debt maturities and our ability to repay or refinance such debt. Long-term debt maturities over the next five years follow.

(In millions)	2007	2008	2009	2010	2011
GE	\$ 32	\$ 1,572	\$ 1,716	\$ 42	\$ 39
GECS	44,522 ^(a)	53,282 ^(b)	44,069	34,175	20,889

(a) Floating rate extendible notes of \$256 million are due in 2007, but are extendible at the option of the investors to a final maturity in 2008. Fixed and floating rate notes of \$975 million contain put options with exercise dates in 2007, and which have final maturity dates in 2008 (\$350 million), 2009 (\$100 million) and beyond 2012 (\$525 million).

(b) Floating rate extendible notes of \$6,000 million are due in 2008, of which \$2,000 million are extendible at the option of the investors to a final maturity in 2009, and \$4,000 million are extendible to a final maturity in 2011.

Committed credit lines totaling \$59.9 billion had been extended to us by 75 banks at year-end 2006. Included in this amount was \$50.4 billion provided directly to GECS and \$9.5 billion provided by 16 banks to GE, to which GECS also has access. The GECS lines include \$28.6 billion of revolving credit agreements under which we can borrow funds for periods exceeding one year. The remaining \$31.3 billion are 364-day lines of which \$31.2 billion contain a term-out feature that allows GE or GECS to extend the borrowings for one year from the date of expiration of the lending agreement. We pay banks for credit facilities, but compensation amounts were insignificant in each of the past three years.

INTEREST RATE AND CURRENCY RISK is managed through the direct issuance of debt or use of derivatives. We take positions in view of anticipated behavior of assets, including prepayment behavior. We use a variety of instruments, including interest rate and currency swaps and currency forwards, to achieve our interest rate objectives.

The following table provides additional information about derivatives designated as hedges of borrowings in accordance with SFAS 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended.

DERIVATIVE FAIR VALUES BY ACTIVITY/INSTRUMENT

December 31 (In millions)	2006	2005
Cash flow hedges	\$ 763	\$ 726
Fair value hedges	(147)	(39)
Total	\$ 616	\$ 687
Interest rate swaps	\$ (860)	\$ (423)
Currency swaps	1,476	1,110
Total	\$ 616	\$ 687

We regularly assess the effectiveness of all other hedge positions using a variety of techniques, including cumulative dollar offset and regression analysis, depending on which method was selected at inception of the respective hedge. Adjustments related to fair value hedges decreased the carrying amount of debt outstanding at December 31, 2006, by \$111 million. At December 31, 2006, the maximum term of derivative instruments that hedge forecasted transactions was 29 years and related to hedges of long-term, non-U.S. dollar denominated fixed rate debt. See note 27.

Note 19**GECS Investment Contracts, Insurance Liabilities and Insurance Annuity Benefits**

December 31 (In millions)	2006	2005
Investment contracts	\$ 5,089	\$ 6,034
Guaranteed investment contracts of SPEs	11,870	11,685
Total investment contracts	16,959	17,719
Life insurance benefits ^(a)	14,054	13,220
Unpaid claims and claims adjustment expenses	2,714	1,707
Unearned premiums	740	401
Universal life benefits	340	340
Total	\$34,807	\$33,387

(a) Life insurance benefits are accounted for mainly by a net-level-premium method using estimated yields generally ranging from 3.0% to 8.5% in both 2006 and 2005.

When insurance affiliates cede insurance to third parties, they are not relieved of their primary obligation to policyholders. Losses on ceded risks give rise to claims for recovery; we establish allowances for probable losses on such receivables from reinsurers as required.

We recognize reinsurance recoveries as a reduction of the Statement of Earnings caption "Investment contracts, insurance losses and insurance annuity benefits." Reinsurance recoveries were \$162 million, \$183 million and \$223 million for the years ended December 31, 2006, 2005 and 2004, respectively.

Note 20**All Other Liabilities**

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

Accruals for non-current compensation and benefits amounted to \$17,214 million and \$13,856 million for year-end 2006 and 2005, respectively. These amounts include postretirement benefits, international and supplemental pension benefits, and other compensation and benefit accruals such as deferred incentive compensation. The increase in 2006 reflected our adoption of SFAS 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*, as of December 31, 2006.

We are involved in numerous remediation actions to clean up hazardous wastes as required by federal and state laws. Liabilities for remediation costs at each site are based on our best estimate of undiscounted future costs, excluding possible insurance recoveries. When there appears to be a range of possible costs with equal likelihood, liabilities are based on the low end of such range. Uncertainties about the status of laws, regulations, technology and information related to individual sites make it difficult to develop a meaningful estimate of the reasonably possible aggregate environmental remediation exposure. However, even in the unlikely event that remediation costs amounted to the high end of the range of costs for each site, the resulting additional liability would not be material to our financial position, results of operations or liquidity.

Note 21**Deferred Income Taxes**

Aggregate deferred income tax amounts are summarized below.

December 31 (In millions)	2006	2005
ASSETS		
GE	\$11,990	\$ 9,928
GECS	8,563	6,209
	20,553	16,137
LIABILITIES		
GE	13,944	13,661
GECS	20,780	18,684
	34,724	32,345
Net deferred income tax liability	\$14,171	\$16,208

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

December 31 (In millions)	2006	2005
GE		
Provision for expenses ^(a)	\$ (7,218)	\$ (6,521)
Retiree insurance plans	(2,654)	(1,503)
Non-U.S. loss carryforwards ^(b)	(1,214)	(731)
Prepaid pension asset—principal plans	5,257	6,249
Contract costs and estimated earnings	2,053	1,078
Intangible assets	1,934	1,490
Depreciation	1,830	2,130
Other—net	1,966	1,541
	1,954	3,733
GECS		
Financing leases	8,314	8,037
Operating leases	4,327	4,024
Intangible assets	1,278	1,195
Allowance for losses	(1,763)	(2,025)
Non-U.S. loss carryforwards ^(b)	(835)	(688)
Cash flow hedges	(226)	(372)
Other—net	1,122	2,304
	12,217	12,475
Net deferred income tax liability	\$14,171	\$16,208

(a) Represented the tax effects of temporary differences related to expense accruals for a wide variety of items, such as employee compensation and benefits, interest on tax liabilities, product warranties and other sundry items that are not currently deductible.

(b) Net of valuation allowances of \$679 million and \$890 million for GE and \$203 million and \$132 million for GECS, for 2006 and 2005, respectively. Of the net deferred tax asset as of December 31, 2006, of \$2,049 million, \$41 million relates to net operating loss carryforwards that expire in various years ending from December 31, 2007, through December 31, 2009, \$698 million relates to net operating losses that expire in various years ending from December 31, 2010, through December 31, 2021, and \$1,310 million relates to net operating loss carryforwards that may be carried forward indefinitely.

Note 22**Minority Interest in Equity of Consolidated Affiliates**

Minority interest in equity of consolidated affiliates includes common shares in consolidated affiliates and preferred stock issued by GE Capital and by affiliates of GE Capital. Preferred shares that we are required to redeem at a specified or determinable date are classified as liabilities. The balance is summarized as follows:

December 31 (In millions)	2006	2005
Minority interest in consolidated affiliates		
NBC Universal	\$4,774	\$4,597
Others ^(a)	1,572	2,073
Minority interest in preferred stock ^(b)		
GE Capital	—	70
GE Capital affiliates	1,232	1,314
Total	\$7,578	\$8,054

(a) Included minority interest in partnerships, common shares of consolidated affiliates and consolidated, liquidating securitization entities.

(b) The preferred stock primarily pays cumulative dividends at variable rates. Dividend rates in local currency on the preferred stock ranged from 3.28% to 5.49% during 2006 and 1.94% to 5.38% during 2005.

Note 23**Shareowners' Equity**

(In millions)	2006	2005	2004
COMMON STOCK ISSUED	\$ 669	\$ 669	\$ 669
ACCUMULATED NONOWNER CHANGES			
OTHER THAN EARNINGS			
Balance at January 1	\$ 3,137	\$ 8,156	\$ 4,079
Investment securities— net of deferred taxes of \$111, \$(307) and \$503	297	(231)	677
Currency translation adjustments— net of deferred taxes of \$(1,417), \$646 and \$(1,314)	3,776	(4,315)	3,936
Cash flow hedges— net of deferred taxes of \$75, \$493 and \$75	599	724	203
Benefit plans— net of deferred taxes of \$(2,533), \$(159) and \$(184) ^(a)	(3,532)	(217)	(421)
Reclassification adjustments			
Investment securities— net of deferred taxes of \$(279), \$(100) and \$(142)	(520)	(206)	(265)
Currency translation adjustments	(127)	(3)	—
Cash flow hedges— net of deferred taxes of \$(60), \$(494) and \$(55)	(376)	(771)	(53)
Balance at December 31^{(b)(c)}	\$ 3,254	\$ 3,137	\$ 8,156
OTHER CAPITAL			
Balance at January 1	\$ 25,227	\$ 24,265	\$ 17,497
Gains on treasury stock dispositions and other ^(d)	259	962	4,615
Issuance of subsidiary shares ^{(d)(e)}	—	—	2,153
Balance at December 31	\$ 25,486	\$ 25,227	\$ 24,265
RETAINED EARNINGS			
Balance at January 1	\$ 97,644	\$ 90,580	\$ 82,014
Net earnings	20,829	16,711	17,160
Dividends ^(d)	(10,675)	(9,647)	(8,594)
Balance at December 31	\$107,798	\$ 97,644	\$ 90,580
COMMON STOCK HELD IN TREASURY			
Balance at January 1	\$ (17,326)	\$ (12,762)	\$ (24,597)
Purchases ^(d)	(10,512)	(6,868)	(1,892)
Dispositions ^{(d)(f)}	2,945	2,304	13,727
Balance at December 31	\$ (24,893)	\$ (17,326)	\$ (12,762)
TOTAL EQUITY			
Balance at December 31	\$112,314	\$109,351	\$110,908

(a) The 2006 change includes transition effect related to adoption of SFAS 158 of \$(3,819) million, net of taxes of \$(2,715) million. See note 1 for further information regarding SFAS 158.

(b) Included accumulated nonowner changes related to discontinued operations of \$(9) million, \$652 million and \$1,878 million at December 31, 2006, 2005 and 2004, respectively.

(c) At December 31, 2006, included reductions of equity of \$838 million related to hedges of our investments in financial services subsidiaries that have functional currencies other than the U.S. dollar and \$129 million related to cash flow hedges of forecasted transactions, of which we expect to transfer \$120 million to earnings in 2007 along with the earnings effects of the related forecasted transaction.

(d) Total dividends and other transactions with shareowners reduced equity by \$17,983 million in 2006 and \$13,249 million in 2005; and increased equity by \$10,009 million in 2004.

(e) Related to the 2004 combination of NBC with Vivendi Universal Entertainment LLLP (VUE) whereby 20% of NBC Universal's common stock was issued to a subsidiary of Vivendi S.A. (Vivendi) as partial consideration for Vivendi's interest in VUE.

(f) In 2004, included 341.7 million shares valued at \$10,674 million issued in the Amersham acquisition, and 119.4 million shares valued at \$3,765 million sold to partially fund the NBC and VUE combination.

At December 31, 2006 and 2005, the aggregate statutory capital and surplus of the insurance activities and discontinued insurance operations totaled \$1.7 billion and \$9.8 billion, respectively. Accounting practices prescribed by statutory authorities are used in preparing statutory statements.

In December 2004, our Board of Directors authorized a three-year, \$15 billion share repurchase program, expanded that program in 2005 to \$25 billion and extended it through 2008. Under this share repurchase program, on a book basis we repurchased 229.4 million shares for a total of \$7.8 billion during 2006.

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

SHARES OF GE COMMON STOCK

December 31 (In thousands)	2006	2005	2004
Issued	11,145,212	11,145,212	11,145,212
In treasury	(867,839)	(660,944)	(558,854)
Outstanding	10,277,373	10,484,268	10,586,358

GE has 50 million authorized shares of preferred stock (\$1.00 par value), but has not issued any such shares as of December 31, 2006.

Note 24

Other Stock-Related Information

We grant stock options, restricted stock units (RSUs) and performance share units (PSUs) to employees under the 1990 Long-Term Incentive Plan as described in our current Proxy Statement. In addition, we grant options and RSUs in limited circumstances to consultants, advisors and independent contractors (primarily non-employee talent at NBC Universal) under a plan approved by our Board of Directors in 1997 (the consultants' plan). There are outstanding grants under two separate shareowner-approved option plans for non-employee directors. Share requirements for all plans may be met from either unissued or treasury shares. Stock options expire 10 years from the date they are granted and vest over service periods that range from one to five years. RSUs give the recipients the right to receive shares of our stock upon the lapse of their related restrictions. Restrictions on RSUs lapse in various increments and at various dates, beginning after three years from date of grant through grantee retirement. Although the plan permits us to issue RSUs settleable in cash, we have only issued RSUs settleable in shares of our stock. PSUs give recipients the right to receive shares of our stock upon the achievement of certain performance targets.

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

STOCK COMPENSATION PLANS

December 31, 2006 (Shares in thousands)	Securities to be issued upon exercise	Weighted average exercise price	Securities available for future issuance
APPROVED BY SHAREOWNERS			
Options	231,713	\$35.25	(a)
RSUs	34,224	(b)	(a)
PSUs	1,380	(b)	(a)
NOT APPROVED BY SHAREOWNERS (CONSULTANTS' PLAN)			
Options	707	34.26	(c)
RSUs	103	(b)	(c)
Total	268,127	\$35.25	130,093

(a) Under the 1990 Long-Term Incentive Plan, 0.95% of issued common stock (including treasury shares) as of the first day of each calendar year during which the plan is in effect becomes available for awards in that calendar year. Total shares available for future issuance under the 1990 Long-Term Incentive Plan amounted to 105.9 million shares.

(b) Not applicable.

(c) Total shares available for future issuance under the consultants' plan amount to 24.2 million shares.

Outstanding options expire on various dates through December 14, 2016.

The following table summarizes information about stock options outstanding at December 31, 2006.

STOCK OPTIONS OUTSTANDING

Exercise price range	Outstanding			Exercisable	
	Shares	Average life ^(a)	Average exercise price	Shares	Average exercise price
Under \$25.00	18,698	0.9	\$22.69	18,683	\$22.69
25.01–30.00	46,383	4.5	26.90	40,181	26.87
30.01–35.00	60,887	8.1	33.16	18,346	32.39
35.01–40.00	45,728	3.2	37.18	45,283	37.19
40.01–45.00	47,089	3.9	43.23	47,089	43.23
Over \$45.00	13,635	3.7	56.16	13,635	56.16
Total	232,420	4.7	\$35.25	183,217	\$35.93

At year-end 2005, options with an average exercise price of \$33.48 were exercisable on 200 million shares.

(a) Average contractual life remaining in years.

STOCK OPTION ACTIVITY

	Shares (in thousands)	Weighted average exercise price	Weighted average remaining contractual term (in years)	Aggregate intrinsic value (in millions)
Outstanding at				
January 1, 2006 ^(a)	259,116	\$33.07		
Granted	20,464	34.00		
Exercised	(35,335)	17.52		
Forfeited	(4,453)	32.46		
Expired	(7,372)	41.84		
Outstanding at				
December 31, 2006	232,420	\$35.25	4.7	\$1,040
Exercisable at				
December 31, 2006	183,217	\$35.93	3.8	\$ 818
Options expected to vest	43,994	\$32.61	8.1	\$ 202

(a) Included 1.2 million options with a weighted average exercise price of \$21.81 related to various acquisitions.

We measure the fair value of each stock option grant at the date of grant using a Black-Scholes option pricing model. The weighted average grant-date fair value of options granted during 2006, 2005 and 2004 amounted to \$7.99, \$8.87 and \$8.33, respectively. The following assumptions were used in arriving at the fair value of options granted during 2006, 2005 and 2004, respectively: risk-free interest rates of 4.8%, 4.1% and 4.0%; dividend yields of 2.9%, 2.5% and 2.5%; expected volatility of 24%, 28% and 28%; and expected lives of six years and two months, six years and six years. Risk free interest rates reflect the yield on zero-coupon U.S. Treasury securities. Expected dividend yields presume a set dividend rate. Expected volatilities are based on implied volatilities from traded options and historical volatility of our stock. The expected option lives are based on our historical experience of employee exercise behavior.

The total intrinsic value of options exercised during 2006, 2005 and 2004 amounted to \$1,312 million, \$731 million and \$958 million, respectively. As of December 31, 2006, there was \$200 million of total unrecognized compensation cost related to nonvested options. That cost is expected to be recognized over a weighted average period of three years and 11 months.

Cash received from option exercises during 2006, 2005 and 2004 was \$622 million, \$403 million and \$459 million, respectively.

RSU ACTIVITY

	Shares (in thousands)	Weighted average remaining contractual term (in years)	Aggregate intrinsic value (in millions)
Outstanding at January 1, 2006			
Granted	9,167		
Vested	(4,879)		
Forfeited	(3,039)		
Outstanding at December 31, 2006			
RSUs expected to vest	30,972	4.9	\$1,152

The fair value of each restricted stock unit is the market price of our stock on the date of grant. The weighted average grant-date fair value of RSUs granted during 2006, 2005 and 2004 amounted to \$33.95, \$34.72 and \$32.47, respectively. The total intrinsic value of RSUs vested during 2006, 2005 and 2004 amounted to \$132 million, \$90 million and \$85 million, respectively. As of December 31, 2006, there was \$535 million of total unrecognized compensation cost related to nonvested RSUs. That cost is expected to be recognized over a weighted average period of four years and 11 months.

PSU activity

As of December 31, 2006, 1.4 million PSUs with a weighted average remaining contractual term of two years, an aggregate intrinsic value of \$51 million and \$18 million of unrecognized compensation cost were outstanding.

Note 25

Supplemental Cash Flows Information

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

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

Amounts reported in the "All other operating activities" line in the Statement of Cash Flows consists primarily of adjustments to current and noncurrent accruals and deferrals of costs and expenses, adjustments for gains and losses on assets, increases and decreases in assets held for sale and adjustments to assets.

Significant non-cash transactions include the following: In 2006, in connection with our sale of GE Insurance Solutions, Swiss Re assumed \$1,700 million of debt, and GE received \$2,238 million of newly issued Swiss Re common stock. See note 2. In 2005, NBC Universal acquired IAC/InterActiveCorp's 5.44% common interest in VUE for a total purchase price that included \$115 million of non-cash consideration, representing the fair value of future services to be performed by NBC Universal; and in 2004, the issuance of GE common stock valued at \$10,674 million in connection with the acquisition of Amersham and the issuance of NBC Universal common stock valued at \$5,845 million in connection with the combination of NBC and VUE.

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

December 31 (In millions)	2006	2005	2004
GE			
NET DISPOSITIONS (PURCHASES) OF GE SHARES FOR TREASURY			
Open market purchases under share repurchase program	\$ (8,054)	\$ (5,024)	\$ (203)
Other purchases	(2,458)	(1,844)	(1,689)
Dispositions	1,958	2,024	5,885
	\$ (8,554)	\$ (4,844)	\$ 3,993
GECS			
ALL OTHER OPERATING ACTIVITIES			
Net change in assets held for sale	\$ (1,578)	\$ 2,192	\$ 84
Amortization of intangible assets	627	459	519
Realized gains on sale of investment securities	(146)	(377)	(222)
Other	1,056	(871)	(548)
	\$ (41)	\$ 1,403	\$ (167)
NET INCREASE IN GECS FINANCING RECEIVABLES			
Increase in loans to customers	\$(376,050)	\$(315,697)	\$(342,357)
Principal collections from customers — loans	300,150	267,728	305,846
Investment in equipment for financing leases	(25,618)	(23,508)	(22,649)
Principal collections from customers — financing leases	18,791	21,770	19,715
Net change in credit card receivables	(25,790)	(21,391)	(20,651)
Sales of financing receivables	67,471	54,144	44,816
	\$ (41,046)	\$ (16,954)	\$ (15,280)
ALL OTHER INVESTING ACTIVITIES			
Purchases of securities by insurance activities	\$ (11,891)	\$ (8,825)	\$ (6,472)
Dispositions and maturities of securities by insurance activities	11,635	10,792	8,922
Other assets — investments	(6,242)	(919)	(386)
Other	943	(3,754)	2,092
	\$ (5,555)	\$ (2,706)	\$ 4,156
NEWLY ISSUED DEBT HAVING MATURITIES LONGER THAN 90 DAYS			
Short-term (91 to 365 days)	\$ 1,237	\$ 4,675	\$ 3,940
Long-term (longer than one year)	86,026	60,176	53,641
Proceeds — nonrecourse, leveraged lease	1,015	203	562
	\$ 88,278	\$ 65,054	\$ 58,143
REPAYMENTS AND OTHER REDUCTIONS OF DEBT HAVING MATURITIES LONGER THAN 90 DAYS			
Short-term (91 to 365 days)	\$ (42,271)	\$ (38,132)	\$ (41,443)
Long-term (longer than one year)	(5,578)	(10,746)	(3,443)
Principal payments — nonrecourse, leveraged lease	(1,404)	(831)	(652)
	\$ (49,253)	\$ (49,709)	\$ (45,538)
ALL OTHER FINANCING ACTIVITIES			
Proceeds from sales of investment contracts	\$ 16,418	\$ 15,806	\$ 11,170
Redemption of investment contracts	(17,603)	(16,934)	(14,474)
Other	11	—	—
	\$ (1,174)	\$ (1,128)	\$ (3,304)

Note 26**Operating Segments****REVENUES**

(In millions)	Total revenues ^(a)			Intersegment revenues ^(b)			External revenues		
	2006	2005	2004	2006	2005	2004	2006	2005	2004
Infrastructure	\$ 47,429	\$ 41,803	\$ 37,373	\$ 246	\$ 448	\$ 535	\$ 47,183	\$ 41,355	\$ 36,838
Commercial Finance	23,792	20,646	19,524	871	761	718	22,921	19,885	18,806
GE Money	21,759	19,416	15,734	51	63	41	21,708	19,353	15,693
Healthcare	16,562	15,153	13,456	4	9	—	16,558	15,144	13,456
NBC Universal	16,188	14,689	12,886	52	—	—	16,136	14,689	12,886
Industrial	33,494	32,631	30,722	593	714	524	32,901	31,917	30,198
Corporate items and eliminations	4,167	3,618	4,596	(1,817)	(1,995)	(1,818)	5,984	5,613	6,414
Total	\$163,391	\$147,956	\$134,291	\$ —	\$ —	\$ —	\$163,391	\$147,956	\$134,291

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

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

Revenues originating from operations based in the United States were \$89,123 million, \$83,823 million and \$76,874 million in 2006, 2005 and 2004, respectively. Revenues originating from operations

based outside the United States were \$74,268 million, \$64,133 million and \$57,417 million in 2006, 2005 and 2004, respectively.

(In millions)	Assets ^(a)			Property, plant and equipment additions ^(b)			Depreciation and amortization		
	At December 31			For the years ended December 31			For the years ended December 31		
	2006	2005	2004	2006	2005	2004	2006	2005	2004
Infrastructure	\$100,237	\$ 89,555	\$ 82,798	\$ 4,873	\$ 4,188	\$ 3,938	\$ 2,497	\$2,436	\$2,162
Commercial Finance	233,536	190,546	184,388	7,056	5,426	4,573	3,188	2,648	2,772
GE Money	190,403	158,829	151,255	238	189	217	438	393	334
Healthcare	26,949	24,661	24,871	655	460	1,590	786	617	565
NBC Universal	31,425	31,196	34,206	245	275	1,189	361	339	273
Industrial	81,178	41,556	42,040	4,887	4,367	4,111	3,298	3,292	3,292
Corporate items and eliminations	33,511	136,978	231,059	192	199	194	258	208	245
Total	\$697,239	\$673,321	\$750,617	\$18,146	\$15,104	\$15,812	\$10,826	\$9,933	\$9,643

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

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

(In millions)	Interest and other financial charges			Provision for income taxes		
	2006	2005	2004	2006	2005	2004
Infrastructure ^(a)	\$ 2,067	\$ 1,706	\$ 1,436	\$ 199	\$ (202)	\$ 62
Commercial Finance	7,878	5,893	4,720	893	971	1,144
GE Money	6,766	5,443	3,564	389	529	449
Industrial ^(a)	609	536	526	61	64	(124)
Corporate items and eliminations ^(b)	1,966	1,524	1,370	2,412	2,673	2,165
Total	\$19,286	\$15,102	\$11,616	\$3,954	\$4,035	\$3,696

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

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

Property, plant and equipment associated with operations based in the United States were \$27,413 million, \$26,195 million and \$25,296 million at year-end 2006, 2005 and 2004, respectively. Property, plant and equipment associated with operations based outside the United States were \$47,553 million, \$41,333 million and \$37,807 million at year-end 2006, 2005 and 2004, respectively.

Basis for presentation

Our operating businesses are organized based on the nature of markets and customers. Segment accounting policies are the same as described in note 1.

A description of our operating segments can be found on page 108 and details of segment profit by operating segment can be found in the Summary of Operating Segments table on page 53 of this report.

Note 27**Financial Instruments**

December 31 (In millions)	2006			2005		
	Notional amount	Assets (liabilities)		Notional amount	Assets (liabilities)	
		Carrying amount (net)	Estimated fair value		Carrying amount (net)	Estimated fair value
GE						
Assets						
Investments and notes receivable	\$ (a)	\$ 494	\$ 494	\$ (a)	\$ 573	\$ 625
Liabilities						
Borrowings ^{(b)(c)}	(a)	(11,297)	(11,204)	(a)	(10,208)	(10,223)
GECS						
Assets						
Loans	(a)	266,055	265,578	(a)	223,855	224,259
Other commercial and residential mortgages held for sale	(a)	7,296	7,439	(a)	6,696	6,696
Other financial instruments ^(d)	(a)	3,714	4,158	(a)	4,138	4,494
Liabilities						
Borrowings ^{(b)(c)}	(a)	(426,279)	(432,275)	(a)	(362,069)	(369,972)
Investment contract benefits	(a)	(5,089)	(5,080)	(a)	(6,034)	(6,020)
Insurance – credit life ^(e)		2,634	(81)		2,365	(8)

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

(b) Included effects of interest rate and cross-currency swaps.

(c) See note 18.

(d) Principally cost method investments.

(e) Net of reinsurance of \$840 million and \$292 million at December 31, 2006 and 2005, respectively.

Assets and liabilities not carried at fair value in our Statement of Financial Position are discussed below. Apart from certain of our borrowings and certain marketable securities, few of the instruments discussed below are actively traded and their fair values must often be determined using financial models. Realization of the fair value of these instruments depends upon market forces beyond our control, including marketplace liquidity. Therefore, the disclosed fair values may not be indicative of net realizable value or reflect future fair values.

A description of how we estimate fair values follows.

Loans

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

Borrowings

Based on discounted future cash flows using current market rates which are comparable to market quotes.

Investment contract benefits

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

All other instruments

Based on comparable market transactions, discounted future cash flows, quoted market prices, and/or estimates of the cost to terminate or otherwise settle obligations. The fair values of our cost method investments that are not exchange traded represent our best estimates of amounts we could have received other than on a forced or liquidation basis.

Assets and liabilities that are reflected in the accompanying financial statements at fair value are not included in the above disclosures; such items include cash and equivalents, investment securities and derivative financial instruments.

Additional information about certain categories in the table above follows.

Residential mortgages

Residential mortgage products amounting to \$13,325 million (23% of all residential mortgages) and \$12,633 million (27% of all residential mortgages) at December 31, 2006 and 2005, respectively, were either high loan-to-value, those permitting interest-only payments or those with below market introductory rates. We originate such loans either for our portfolio or for sale in secondary markets. The portfolio was geographically diverse, with Europe and North America the most significant market segments.

Insurance — credit life

Certain insurance affiliates, primarily in GE Money, issue credit life insurance designed to pay the balance due on a loan if the borrower dies before the loan is repaid. As part of our overall risk management process, we cede to third parties a portion of this associated risk, but are not relieved of our primary obligation to policyholders.

LOAN COMMITMENTS

December 31 (In millions)	Notional amount	
	2006	2005
Ordinary course of business lending commitments ^(a)		
Fixed rate	\$ 3,186	\$ 4,188
Variable rate	9,515	6,068
Unused revolving credit lines ^(b)		
Commercial		
Fixed rate	868	779
Variable rate	24,095	20,779
Consumer — principally credit cards		
Fixed rate	136,920	170,367
Variable rate	341,656	281,113

(a) Excluded investment commitments of \$2,881 million and \$1,418 million as of December 31, 2006 and 2005, respectively.

(b) Excluded inventory financing arrangements, which may be withdrawn at our option, of \$11,044 million and \$11,383 million as of December 31, 2006 and 2005, respectively.

Derivatives and hedging

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

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

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

Earnings effects of derivatives designated as hedges

At December 31, 2006, approximately 57% of our total interest rate swaps accounted for as hedges were exempt from ongoing tests of effectiveness. The following table provides information about the earnings effects of derivatives designated and qualifying as hedges, but not qualifying for the assumption of no ineffectiveness.

PRE-TAX GAINS (LOSSES)

December 31 (In millions)	2006	2005	2004
CASH FLOW HEDGES			
Ineffectiveness	\$10	\$(27)	\$20
Amounts excluded from the measure of effectiveness	(16)	17	25
FAIR VALUE HEDGES			
Ineffectiveness	(47)	4	11
Amounts excluded from the measure of effectiveness	33	(8)	3

In 2006 and 2005, we recognized insignificant gains and losses related to hedged forecasted transactions and firm commitments that did not occur by the end of the originally specified period. In 2004, we recognized a pre-tax loss of \$46 million, before cancellation penalties, for terminating a forward euro contract when our customer cancelled its hedged, firm order for equipment and services.

Additional information regarding the use of derivatives is provided in note 18 and note 23.

Counterparty credit risk

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

Swaps are required to be executed under master agreements containing mutual credit downgrade provisions that provide the ability to require assignment or termination in the event either party is downgraded below A3 or A-. In certain cases we have entered into collateral arrangements that provide us with the right to hold collateral (cash or U.S. Treasury or other highly-rated securities) when the current market value of derivative contracts exceeds a specified limit. We evaluate credit risk exposures and compliance with credit exposure limits net of such collateral.

Fair values of our derivatives assets and liabilities represent the replacement value of existing derivatives at market prices and can change significantly from period to period based on, among other factors, market movements and changes in our positions. At December 31, 2006, our exposure to counterparties, after consideration of netting arrangements and collateral, was about \$1,400 million.

Following is GECS policy relating to initial credit rating requirements and to exposure limits to counterparties.

COUNTERPARTY CREDIT CRITERIA

	Credit rating	
	Moody's	S&P
Foreign exchange forwards and other derivatives less than one year	P-1	A-1
All derivatives between one and five years	Aa3 ^(a)	AA- ^(a)
All derivatives greater than five years	Aaa ^(a)	AAA ^(a)

(a) Counterparties that have an obligation to provide collateral to cover credit exposure in accordance with a credit support agreement must have a minimum A3/A-rating.

EXPOSURE LIMITS

(In millions)

Minimum rating		Exposure ^(a)	
Moody's	S&P	With collateral arrangements	Without collateral arrangements
Aaa	AAA	\$100	\$75
Aa3	AA-	50	50
A3	A-	5	—

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

Note 28**Securitization Entities**

We securitize financial assets in the ordinary course of business to improve shareowner returns. The securitization transactions we engage in are similar to those used by many financial institutions. Beyond improving returns, these securitization transactions serve as funding sources for a variety of diversified lending and securities transactions. Historically, we have used both GE-supported and third-party entities to execute securitization transactions funded in the commercial paper and term bond markets.

Securitized assets that are on-balance sheet include assets consolidated upon adoption of FIN 46, *Consolidation of Variable Interest Entities* (the predecessor to FIN 46R). Although we do not control these entities, consolidation was required because we provided a majority of the credit and liquidity support for their activities. A majority of these entities were established to issue asset-backed securities, using assets that were sold by us and by third parties. These entities differ from others included in our consolidated financial statements because the assets they hold are legally isolated and are unavailable to us under any circumstances. Repayment of their liabilities depends primarily on cash flows generated by their assets. Because we have ceased transferring assets to these entities, balances will decrease as the assets repay. We refer to these entities as "consolidated, liquidating securitization entities."

The following table represents assets in securitization entities, both consolidated and off-balance sheet.

December 31 (In millions)	2006	2005
Receivables secured by		
Equipment	\$ 9,590	\$12,949
Commercial real estate	11,324	13,010
Residential real estate	7,329	8,882
Other assets	14,743	12,869
Credit card receivables	12,947	10,039
Trade receivables, principally GE	3,918	3,960
Total securitized assets	\$59,851	\$61,709

December 31 (In millions)	2006	2005
Off-balance sheet ^{(a)(b)}	\$48,204	\$43,805
On-balance sheet ^(c)	11,647	17,904
Total securitized assets	\$59,851	\$61,709

(a) At December 31, 2006 and 2005, liquidity support amounted to \$753 million and \$1,931 million, respectively. These amounts are net of \$3,034 million and \$3,786 million, respectively, participated or deferred beyond one year. Credit support amounted to \$3,815 million and \$5,988 million at December 31, 2006 and 2005, respectively.

(b) Liabilities for recourse obligations related to off-balance sheet assets were \$27 million and \$93 million at December 31, 2006 and 2005, respectively.

(c) At December 31, 2006 and 2005, liquidity support amounted to \$6,585 million and \$10,044 million, respectively. For December 31, 2005, this amount is net of \$138 million participated or deferred beyond one year. No amounts have been participated or deferred beyond one year at December 31, 2006. Credit support amounted to \$2,926 million and \$4,780 million at December 31, 2006 and 2005, respectively.

The portfolio of financing receivables consisted of loans and financing lease receivables secured by equipment, commercial and residential real estate and other assets; credit card receivables; and trade receivables. Examples of these assets include loans and leases on manufacturing and transportation equipment, loans on commercial property, commercial loans, and balances of high credit quality accounts from sales of a broad range of products and services to a diversified customer base.

Assets in consolidated, liquidating securitization entities are shown in the following captions in the Statement of Financial Position.

December 31 (In millions)	2006	2005
Financing receivables — net (note 13)	\$11,509	\$16,615
Other assets	138	1,289
Total	\$11,647	\$17,904

Off-balance sheet arrangements

We engage in off-balance sheet securitization transactions with third-party entities and use public market term securitizations. As discussed above, assets in off-balance sheet securitization entities amounted to \$48.2 billion and \$43.8 billion at December 31, 2006 and 2005, respectively. Gross securitization gains amounted to \$1,199 million in 2006 compared with \$939 million in 2005 and \$1,195 million in 2004.

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

December 31 (In millions)	2006	2005
Retained interests	\$4,760	\$4,515
Servicing assets	9	29
Recourse liability	(27)	(93)
Total	\$4,742	\$4,451

- **RETAINED INTERESTS.** When we securitize receivables, we determine fair value of retained interests based on discounted cash flow models that incorporate, among other things, assumptions about loan pool credit losses, prepayment speeds and discount rates. These assumptions are based on our experience, market trends and anticipated performance related to the particular assets securitized. We classify retained interests in securitized receivables as investment securities and mark them to fair value each reporting period, updating our models for current assumptions. These assets decrease as cash is received in payment. When the carrying amounts exceed fair value, we evaluate whether the unrealized loss is other than temporary and, if so, record any indicated loss in earnings currently.

- **SERVICING ASSETS.** Following a securitization transaction, we also may provide servicing for a market-based fee based on remaining outstanding principal balances. Servicing assets are primarily associated with residential mortgage loans. Their value is subject to credit, prepayment and interest rate risk.
- **RECOURSE LIABILITY.** Certain transactions involve credit support agreements. As a result, we provide for expected credit losses at amounts that approximate fair value.

The following table summarizes data related to securitization sales that we completed during 2006 and 2005.

(Dollars in millions)	Equipment	Commercial real estate	Credit card receivables	Other assets
2006				
Cash proceeds from securitization	\$2,784	\$4,427	\$ 5,251	\$ 7,782
Proceeds from collections reinvested in new receivables	—	—	16,360	30,584
Cash received on retained interests	236	80	2,307	341
Cash received from servicing and other sources	45	26	219	126
Weighted average lives (in months)	23	75	7	39
Assumptions as of sale date ^(a)				
Discount rate	8.3%	12.8%	12.0%	12.6%
Prepayment rate	10.4	7.6	12.5	20.2
Estimate of credit losses	1.4	0.5	6.8	0.8
2005				
Cash proceeds from securitization	\$3,702	\$5,571	\$ 6,985	\$ 4,705
Proceeds from collections reinvested in new receivables	—	—	10,067	27,697
Cash received on retained interests	190	69	1,644	10
Cash received from servicing and other sources	75	36	155	91
Weighted average lives (in months)	37	80	8	35
Assumptions as of sale date ^(a)				
Discount rate	8.8%	13.4%	11.7%	12.6%
Prepayment rate	8.8	6.5	12.6	21.2
Estimate of credit losses	2.3	0.8	7.5	0.6

(a) Based on weighted averages.

Key assumptions used in measuring the fair value of retained interests in securitizations and the sensitivity of the current fair value of residual cash flows to changes in those assumptions related to all outstanding retained interests as of December 31, 2006, are noted in the following table.

(Dollars in millions)	Equipment	Commercial real estate	Credit card receivables	Other assets
DISCOUNT RATE^(a)	8.9%	13.2%	11.2%	6.6%
Effect of				
10% Adverse change	\$ (10)	\$(19)	\$ (15)	\$ (6)
20% Adverse change	(21)	(35)	(30)	(13)
PREPAYMENT RATE^(a)	11.7%	3.0%	12.0%	13.2%
Effect of				
10% Adverse change	\$ (5)	\$ (7)	\$ (59)	\$ (13)
20% Adverse change	(9)	(13)	(110)	(22)
ESTIMATE OF CREDIT LOSSES^(a)	2.3%	0.8%	6.6%	0.3%
Effect of				
10% Adverse change	\$ (7)	\$ (6)	\$ (48)	\$ (9)
20% Adverse change	(14)	(8)	(95)	(17)
Remaining weighted average lives (in months)				
	31	47	8	18
Net credit losses	\$ 58	\$ —	\$ 576	\$ 8
Delinquencies	121	13	437	315

(a) Based on weighted averages.

Note 29**Commitments and Guarantees****Commitments, including guarantees**

In our Aviation business of Infrastructure, we had committed to provide financial assistance on \$2,481 million of future customer acquisitions of aircraft equipped with our engines, including commitments made to airlines in 2006 for future sales under our GE90 and GENx engine campaigns. The Aviation Financial Services business of Infrastructure had placed multiple-year orders for various Boeing, Airbus and other aircraft with list prices approximating \$14,019 million at December 31, 2006.

At December 31, 2006, we were committed under the following guarantee arrangements beyond those provided on behalf of securitization entities. See note 28.

- **LIQUIDITY SUPPORT.** Liquidity support provided to holders of certain variable rate bonds issued by municipalities amounted to \$1,093 million at December 31, 2006. If holders elect to sell supported bonds that cannot be remarketed, we are obligated to repurchase them at par. If called upon, our position would be secured by the repurchased bonds. While we hold any such bonds, we would receive interest payments from the municipalities at a rate that is in excess of the stated rate on the bond. To date, we have not been required to perform under such arrangements and our existing liquidity support will decrease \$1,033 million in 2007 and the remaining \$60 million by the end of 2008 as the underlying variable rate bonds reach their maturity date. We are currently not providing any such new liquidity facilities.
- **CREDIT SUPPORT.** We have provided \$7,436 million of credit support on behalf of certain customers or associated companies, predominantly joint ventures and partnerships, using arrangements such as standby letters of credit and performance guarantees. These arrangements enable these customers and associated companies to execute transactions or obtain desired financing arrangements with third parties. Should the customer or associated company fail to perform under the terms of the transaction or financing arrangement, we would be required to perform on their behalf. Under most such arrangements, our guarantee is secured, usually by the asset being purchased or financed, but possibly by certain other assets of the customer or associated company. The length of these credit support arrangements parallels the length of the related financing arrangements or transactions. The liability for such credit support was \$146 million at December 31, 2006.
- **INDEMNIFICATION AGREEMENTS.** These are agreements that require us to fund up to \$629 million under residual value guarantees on a variety of leased equipment and \$854 million of other indemnification commitments arising primarily from sales of businesses or assets. Under most of our residual value guarantees, our commitment is secured by the leased asset at termination of the lease. The liability for these indemnification agreements was \$38 million at December 31, 2006.
- **CONTINGENT CONSIDERATION.** These are agreements to provide additional consideration in a business combination to the seller if contractually specified conditions related to the acquired entity are achieved. At December 31, 2006, we had total maximum exposure for future estimated payments of \$255 million, of which none was earned and payable.

At year-end 2006, NBC Universal had \$10,230 million of commitments to acquire film and broadcast material and the rights to broadcast television programs, including U.S. television rights to future Olympic Games and National Football League (NFL) games, contractual commitments under various creative talent arrangements and commitments under long-term television station affiliation agreements that require payments through 2014.

Our guarantees are provided in the ordinary course of business. We underwrite these guarantees considering economic, liquidity and credit risk of the counterparty. We believe that the likelihood is remote that any such arrangements could have a significant adverse effect on our financial position, results of operations or liquidity. We record liabilities for guarantees at estimated fair value, generally the amount of the premium received, or if we do not receive a premium, the amount based on appraisal, observed market values or discounted cash flows. Any associated expected recoveries from third parties are recorded as other receivables; not netted against the liabilities.

Product warranties

We provide for estimated product warranty expenses when we sell the related products. Because warranty estimates are forecasts that are based on the best available information—mostly historical claims experience—claims costs may differ from amounts provided. An analysis of changes in the liability for product warranties follows.

(In millions)	2006	2005	2004
Balance at January 1	\$1,075	\$1,326	\$1,437
Current year provisions	735	448	720
Expenditures ^(a)	(665)	(699)	(838)
Other changes	(3)	—	7
Balance at December 31	\$1,142	\$1,075	\$1,326

(a) Primarily related to Infrastructure and Healthcare.

Note 30**Quarterly Information (Unaudited)**

(In millions; per-share amounts in dollars)	First quarter		Second quarter		Third quarter		Fourth quarter	
	2006	2005	2006	2005	2006	2005	2006	2005
CONSOLIDATED OPERATIONS								
Earnings from continuing operations	\$ 4,177	\$ 3,785	\$ 4,948	\$ 4,237	\$ 4,962	\$ 4,765	\$ 6,579	\$ 5,874
Earnings (loss) from discontinued operations	263	405	(2)	271	(95)	85	(3)	(2,711)
Net earnings	\$ 4,440	\$ 4,190	\$ 4,946	\$ 4,508	\$ 4,867	\$ 4,850	\$ 6,576	\$ 3,163
Per-share amounts — earnings from continuing operations								
Diluted earnings per share	\$ 0.40	\$ 0.36	\$ 0.48	\$ 0.40	\$ 0.48	\$ 0.45	\$ 0.64	\$ 0.56
Basic earnings per share	0.40	0.36	0.48	0.40	0.48	0.45	0.64	0.56
Per-share amounts — earnings (loss) from discontinued operations								
Diluted earnings per share	0.03	0.04	—	0.03	(0.01)	0.01	—	(0.26)
Basic earnings per share	0.03	0.04	—	0.03	(0.01)	0.01	—	(0.26)
Per-share amounts — net earnings								
Diluted earnings per share	0.42	0.39	0.48	0.42	0.47	0.46	0.64	0.30
Basic earnings per share	0.43	0.40	0.48	0.43	0.47	0.46	0.64	0.30
SELECTED DATA								
GE								
Sales of goods and services	\$23,086	\$20,833	\$24,448	\$22,408	\$24,478	\$21,567	\$27,096	\$25,622
Gross profit from sales	5,781	5,824	6,701	6,358	6,283	5,978	7,644	7,455
GECS								
Total revenues	14,889	13,963	15,455	13,722	16,112	15,137	17,146	14,729
Earnings from continuing operations	2,405	2,088	2,594	1,889	2,607	2,773	2,889	2,777

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

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

Our Businesses

A description of operating segments for General Electric Company and consolidated affiliates as of December 31, 2006, and the basis for presentation in this report, follows.

Infrastructure

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

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

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

Power plant products and services, including design, installation, operation and maintenance services are sold into global markets. Gas, steam and aeroderivative turbines, generators, combined cycle systems, controls and related services, including total asset optimization solutions, equipment upgrades and long-term maintenance service agreements, are sold to power generation and other industrial customers. Renewable energy solutions include wind turbines and hydro turbines, solar and geothermal technology. Advanced technology turbomachinery, principally compressors and turbines, and associated services (including pipeline inspection and integrity solutions) for applications across the oil and gas industry from the wellhead through distribution by pipeline.

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

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

Commercial Finance

Loans, leases and other financial services to customers, including manufacturers, distributors and end-users for a variety of equipment and major capital assets. These assets include industrial-related facilities and equipment; commercial and residential real estate; vehicles; corporate aircraft; and equipment used in many industries, including the construction, manufacturing, telecommunications and healthcare industries.

GE Money

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

Healthcare

Medical imaging systems such as magnetic resonance (MR) and computed tomography (CT) scanners, X-ray, nuclear imaging and ultrasound, as well as diagnostic cardiology and patient monitoring devices; related services, including equipment monitoring and repair, information technologies and customer productivity services. Diagnostic imaging agents used in medical scanning procedures, protein separations products including chromatography purification systems used in the manufacture of biopharmaceuticals, and high-throughput systems for applications in genomics, proteomics and bioassays. Products and services are sold worldwide to hospitals, medical facilities, pharmaceutical and biotechnology companies and to the life science research market.

NBC Universal

Principal businesses are the furnishing of U.S. network television services to 230 affiliated stations, production of television programs, the production and distribution of motion pictures, operation of 26 television broadcasting stations, operation of cable/satellite networks around the world, operation of theme parks, and investment and programming activities in multimedia and the Internet.

Industrial

Major appliances and related services for products such as refrigerators, freezers, electric and gas ranges, cooktops, dishwashers, clothes washers and dryers, microwave ovens, room air conditioners and residential water system products. These products are distributed to both retail outlets and direct to consumers, mainly for the replacement market, and to building contractors and distributors for new installations. Lighting products include a wide variety of lamps and lighting fixtures. Electrical distribution and control equipment includes power delivery and control products such as transformers, meters and relays. Also included GE Supply, a network of electrical supply houses, until its sale in the third quarter of 2006. Products and services are sold in North America and in global markets under various GE and private-label brands.

High-performance engineered plastics and structured products used in a variety of applications such as automotive parts, computer enclosures, telecommunications equipment and construction materials. Products also included silicones and high-purity quartzware until this business was sold in December 2006. Products and services are sold worldwide to a diverse customer base consisting mainly of manufacturers.

Asset management services—rentals, leases, sales and remote tracking and monitoring services for commercial and transportation equipment, including tractors, trailers, railroad rolling stock, modular space units, land and marine shipping containers.

Measurement equipment (products and subsystems for sensing temperature, flow rates, humidity, pressure and detection of material defects). Security equipment and systems, including card access systems, video and sensor monitoring equipment, integrated facility monitoring systems and explosive detection systems. A broad range of automation hardware and software. Markets are extremely diverse. Products and services are sold to commercial and industrial end-users, including utilities; original equipment manufacturers; electrical distributors; retail outlets; airports; railways; and transit authorities. Increasingly, products and services are developed for and sold in global markets.