

Statement of Earnings

	General Electric Company and consolidated affiliates		
	2006	2005	2004
For the years ended December 31 (In millions; per-share amounts in dollars)			
REVENUES			
Sales of goods	\$ 64,297	\$ 59,837	\$ 55,005
Sales of services	36,403	32,752	29,700
Other income (note 3)	2,537	1,683	1,064
GECS earnings from continuing operations	—	—	—
GECS revenues from services (note 4)	59,957	53,144	48,004
GECS commercial paper interest rate swap adjustment	197	540	518
Total revenues	163,391	147,956	134,291
COSTS AND EXPENSES (note 5)			
Cost of goods sold	50,588	46,169	42,645
Cost of services sold	23,522	20,645	19,114
Interest and other financial charges	19,286	15,102	11,616
Investment contracts, insurance losses and insurance annuity benefits	3,214	3,374	3,086
Provision for losses on financing receivables (note 14)	3,839	3,841	3,888
Other costs and expenses	37,414	35,143	32,917
Minority interest in net earnings of consolidated affiliates	908	986	728
Total costs and expenses	138,771	125,260	113,994
EARNINGS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	24,620	22,696	20,297
Provision for income taxes (note 8)	(3,954)	(4,035)	(3,696)
EARNINGS FROM CONTINUING OPERATIONS	20,666	18,661	16,601
Earnings (loss) from discontinued operations, net of taxes (note 2)	163	(1,950)	559
NET EARNINGS	\$ 20,829	\$ 16,711	\$ 17,160
Per-share amounts (note 9)			
Per-share amounts—earnings from continuing operations			
Diluted earnings per share	\$ 1.99	\$ 1.76	\$ 1.59
Basic earnings per share	1.99	1.77	1.60
Per-share amounts—net earnings			
Diluted earnings per share	2.00	1.57	1.64
Basic earnings per share	2.01	1.58	1.65
DIVIDENDS DECLARED PER SHARE	\$ 1.03	\$ 0.91	\$ 0.82

Consolidated Statement of Changes in Shareowners' Equity

(In millions)	2006	2005	2004
CHANGES IN SHAREOWNERS' EQUITY (note 23)			
Balance at January 1	\$109,351	\$110,908	\$ 79,662
Dividends and other transactions with shareowners	(17,983)	(13,249)	10,009
Changes other than transactions with shareowners			
Increase attributable to net earnings	20,829	16,711	17,160
Investment securities—net	(223)	(437)	412
Currency translation adjustments—net	3,649	(4,318)	3,936
Cash flow hedges—net	223	(47)	150
Benefit plans—net	(3,532)	(217)	(421)
Total changes other than transactions with shareowners	20,946	11,692	21,237
Balance at December 31	\$112,314	\$109,351	\$110,908

The notes to consolidated financial statements are an integral part of these statements.

GE			GECS		
2006	2005	2004	2006	2005	2004
\$ 62,336	\$ 57,378	\$ 52,260	\$ 2,384	\$ 2,528	\$ 2,840
36,772	33,052	29,954	—	—	—
2,690	1,764	1,076	—	—	—
10,495	9,527	8,169	—	—	—
—	—	—	61,021	54,483	49,346
—	—	—	197	540	518
112,293	101,721	91,459	63,602	57,551	52,704
48,808	43,870	39,999	2,204	2,369	2,741
23,891	20,945	19,368	—	—	—
1,834	1,432	979	18,081	14,223	11,081
—	—	—	3,419	3,574	3,303
—	—	—	3,839	3,841	3,888
13,841	13,279	12,001	23,955	22,530	21,609
673	784	538	235	202	190
89,047	80,310	72,885	51,733	46,739	42,812
23,246	21,411	18,574	11,869	10,812	9,892
(2,580)	(2,750)	(1,973)	(1,374)	(1,285)	(1,723)
20,666	18,661	16,601	10,495	9,527	8,169
163	(1,950)	559	163	(1,950)	559
\$ 20,829	\$ 16,711	\$ 17,160	\$10,658	\$ 7,577	\$ 8,728

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

Statement of Financial Position

At December 31 (In millions, except share amounts)	General Electric Company and consolidated affiliates	
	2006	2005
ASSETS		
Cash and equivalents	\$ 14,275	\$ 8,825
Investment securities (note 10)	47,826	42,148
Current receivables (note 11)	13,954	14,851
Inventories (note 12)	11,401	10,474
Financing receivables — net (notes 13 and 14)	334,205	287,639
Other GECS receivables	17,067	14,332
Property, plant and equipment — net (note 15)	74,966	67,528
Investment in GECS	—	—
Intangible assets — net (note 16)	86,433	81,630
All other assets (note 17)	97,112	84,828
Assets of discontinued operations (note 2)	—	61,066
Total assets	\$697,239	\$673,321
LIABILITIES AND EQUITY		
Short-term borrowings (note 18)	\$172,153	\$158,156
Accounts payable, principally trade accounts	21,697	21,183
Progress collections and price adjustments accrued	5,248	4,456
Dividends payable	2,878	2,623
Other GE current liabilities	18,538	18,552
Long-term borrowings (note 18)	260,804	212,281
Investment contracts, insurance liabilities and insurance annuity benefits (note 19)	34,499	33,097
All other liabilities (note 20)	46,884	39,833
Deferred income taxes (note 21)	14,171	16,208
Liabilities of discontinued operations (note 2)	475	49,527
Total liabilities	577,347	555,916
Minority interest in equity of consolidated affiliates (note 22)	7,578	8,054
Common stock (10,277,373,000 and 10,484,268,000 shares outstanding at year-end 2006 and 2005, respectively)	669	669
Accumulated gains (losses) — net		
Investment securities	1,608	1,831
Currency translation adjustments	6,181	2,532
Cash flow hedges	(129)	(352)
Benefit plans	(4,406)	(874)
Other capital	25,486	25,227
Retained earnings	107,798	97,644
Less common stock held in treasury	(24,893)	(17,326)
Total shareowners' equity (notes 23 and 24)	112,314	109,351
Total liabilities and equity	\$697,239	\$673,321

The sum of accumulated gains (losses) on investment securities, currency translation adjustments, cash flow hedges and benefit plans constitutes "Accumulated nonowner changes other than earnings," as shown in note 23, and was \$3,254 million and \$3,137 million at December 31, 2006 and 2005, respectively.

The notes to consolidated financial statements are an integral part of this statement.

GE		GECS	
2006	2005	2006	2005
\$ 4,480	\$ 2,015	\$ 12,629	\$ 7,130
342	461	47,492	41,710
14,278	15,058	—	—
11,347	10,315	54	159
—	—	334,232	287,639
—	—	21,853	18,625
16,738	16,504	58,228	51,024
54,097	50,812	—	—
60,465	57,839	25,968	23,791
34,078	36,752	64,212	49,440
—	—	—	61,066
\$195,825	\$189,756	\$564,668	\$540,584

\$ 2,212	\$ 1,127	\$173,316	\$157,672
11,913	11,870	13,923	13,043
5,248	4,456	—	—
2,878	2,623	—	—
18,538	18,569	—	—
9,085	9,081	252,963	204,397
—	—	34,807	33,387
26,060	23,140	20,935	16,787
1,954	3,733	12,217	12,475
—	—	455	49,763
77,888	74,599	508,616	487,524
5,623	5,806	1,955	2,248

669	669	1	1
1,608	1,831	1,594	1,754
6,181	2,532	4,837	2,287
(129)	(352)	(171)	(343)
(4,406)	(874)	(278)	(179)
25,486	25,227	12,537	12,386
107,798	97,644	35,577	34,906
(24,893)	(17,326)	—	—
112,314	109,351	54,097	50,812
\$195,825	\$189,756	\$564,668	\$540,584

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Statement of Cash Flows

For the years ended December 31 (In millions)	General Electric Company and consolidated affiliates		
	2006	2005	2004
CASH FLOWS—OPERATING ACTIVITIES			
Net earnings	\$ 20,829	\$ 16,711	\$ 17,160
Loss (earnings) from discontinued operations	(163)	1,950	(559)
Adjustments to reconcile net earnings to cash provided from operating activities			
Depreciation and amortization of property, plant and equipment	9,158	8,537	8,348
Net earnings retained by GECS	—	—	—
Deferred income taxes	1,950	(940)	51
Decrease (increase) in GE current receivables	(2,152)	(974)	(1,617)
Decrease (increase) in inventories	(1,779)	(578)	(468)
Increase (decrease) in accounts payable	(119)	245	3,756
Increase (decrease) in GE progress collections	926	510	(464)
Provision for losses on GECS financing receivables	3,839	3,841	3,888
All other operating activities	530	3,362	777
Cash from operating activities—continuing operations	33,019	32,664	30,872
Cash from (used for) operating activities—discontinued operations	(2,373)	5,027	5,621
CASH FROM OPERATING ACTIVITIES	30,646	37,691	36,493
CASH FLOWS—INVESTING ACTIVITIES			
Additions to property, plant and equipment	(16,650)	(14,381)	(12,936)
Dispositions of property, plant and equipment	6,799	6,027	5,839
Net increase in GECS financing receivables	(38,134)	(16,400)	(14,668)
Proceeds from sales of discontinued operations	9,022	8,106	3,437
Proceeds from principal business dispositions	3,870	481	1,179
Payments for principal businesses purchased	(11,652)	(11,498)	(18,703)
All other investing activities	(4,274)	(1,701)	5,080
Cash used for investing activities—continuing operations	(51,019)	(29,366)	(30,772)
Cash used for investing activities—discontinued operations	(383)	(5,733)	(7,651)
CASH USED FOR INVESTING ACTIVITIES	(51,402)	(35,099)	(38,423)
CASH FLOWS—FINANCING ACTIVITIES			
Net increase (decrease) in borrowings (maturities of 90 days or less)	4,582	(4,600)	(1,558)
Newly issued debt (maturities longer than 90 days)	88,362	66,523	58,538
Repayments and other reductions (maturities longer than 90 days)	(49,346)	(53,133)	(47,106)
Net dispositions (purchases) of GE shares for treasury	(8,554)	(4,844)	3,993
Dividends paid to shareowners	(10,420)	(9,352)	(8,278)
All other financing activities	(1,174)	(1,128)	(3,304)
Cash from (used for) financing activities—continuing operations	23,450	(6,534)	2,285
Cash from (used for) financing activities—discontinued operations	(220)	415	2,309
CASH FROM (USED FOR) FINANCING ACTIVITIES	23,230	(6,119)	4,594
INCREASE (DECREASE) IN CASH AND EQUIVALENTS DURING YEAR	2,474	(3,527)	2,664
Cash and equivalents at beginning of year	11,801	15,328	12,664
Cash and equivalents at end of year	14,275	11,801	15,328
Less cash and equivalents of discontinued operations at end of year	—	2,976	3,267
Cash and equivalents of continuing operations at end of year	\$ 14,275	\$ 8,825	\$ 12,061
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION			
Cash paid during the year for interest	\$(18,254)	\$(16,446)	\$(11,907)
Cash recovered (paid) during the year for income taxes	(2,869)	(3,254)	(1,339)

The notes to consolidated financial statements are an integral part of this statement.

GE			GECS		
2006	2005	2004	2006	2005	2004
\$ 20,829	\$ 16,711	\$ 17,160	\$ 10,658	\$ 7,577	\$ 8,728
—	—	—	(163)	1,950	(559)
2,624	2,501	2,533	6,534	6,036	5,815
(811)	239	(5,623)	—	—	—
842	(287)	(175)	1,108	(653)	226
813	(266)	(908)	—	—	—
(1,756)	(608)	(459)	(23)	30	(9)
392	983	1,888	(1)	(397)	2,593
926	510	(464)	—	—	—
—	—	—	3,839	3,841	3,888
768	1,826	1,252	(41)	1,403	(167)
24,627	21,609	15,204	21,911	19,787	20,515
—	—	—	(2,373)	5,027	5,621
24,627	21,609	15,204	19,538	24,814	26,136
(3,637)	(2,812)	(2,427)	(13,184)	(11,629)	(10,665)
—	—	—	6,799	6,027	5,839
—	—	—	(41,046)	(16,954)	(15,280)
—	—	—	9,022	8,106	3,437
3,484	272	707	386	209	472
(4,353)	(4,331)	(4,815)	(7,299)	(7,167)	(13,888)
(11)	430	(75)	(5,555)	(2,706)	4,156
(4,517)	(6,441)	(6,610)	(50,877)	(24,114)	(25,929)
—	—	—	(383)	(5,733)	(7,651)
(4,517)	(6,441)	(6,610)	(51,260)	(29,847)	(33,580)
1,292	(392)	(1,690)	6,461	(4,044)	33
130	1,704	434	88,278	65,054	58,143
(93)	(3,424)	(1,568)	(49,253)	(49,709)	(45,538)
(8,554)	(4,844)	3,993	—	—	—
(10,420)	(9,352)	(8,278)	(9,847)	(7,816)	(3,105)
—	—	—	(1,174)	(1,128)	(3,304)
(17,645)	(16,308)	(7,109)	34,465	2,357	6,229
—	—	—	(220)	415	2,309
(17,645)	(16,308)	(7,109)	34,245	2,772	8,538
2,465	(1,140)	1,485	2,523	(2,261)	1,094
2,015	3,155	1,670	10,106	12,367	11,273
4,480	2,015	3,155	12,629	10,106	12,367
—	—	—	—	2,976	3,267
\$ 4,480	\$ 2,015	\$ 3,155	\$ 12,629	\$ 7,130	\$ 9,100
\$ (1,159)	\$ (928)	\$ (603)	\$ (17,095)	\$ (15,518)	\$ (11,304)
(2,203)	(1,829)	(2,261)	(666)	(1,425)	922

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