

## Financial Measures that Supplement Generally Accepted Accounting Principles

We sometimes use information derived from consolidated financial information but not presented in our financial statements prepared in accordance with U.S. generally accepted accounting principles (GAAP). Certain of these data are considered "non-GAAP financial measures" under U.S. Securities and Exchange Commission rules. Specifically, we have referred, in various sections of this Annual Report, to:

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

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

### Organic revenue growth in 2007

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

### Organic revenue growth in 2006

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

### Organic revenue growth in 2005

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

**Organic revenue growth in 2004**

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

**Organic revenue growth in 2003**

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

**Growth in industrial CFOA in 2007**

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

**Free cash flow**

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

## Operating profit margin

(In millions)	2007		2006		2005		2004		2003	
	Revenues	Operating profit	Revenues	Operating profit	Revenues	Operating profit	Revenues	Operating profit	Revenues	Operating profit
As reported										
Infrastructure	\$ 57,925	\$10,810	\$46,965	\$ 8,848	\$41,695	\$ 7,711	\$37,488	\$ 6,798	\$36,595	\$ 7,349
Industrial	17,725	1,743	17,741	1,602	17,060	1,308	15,921	1,027	14,658	850
Healthcare	16,997	3,056	16,560	3,142	15,016	2,601	13,411	2,263	10,167	1,686
NBC Universal	15,416	3,107	16,188	2,919	14,689	3,092	12,886	2,558	6,871	1,998
	108,063	18,716	97,454	16,511	88,460	14,712	79,706	12,646	68,291	11,883
Less effects of										
Financial services components reported in										
Infrastructure	7,244	1,935	6,018	1,869	5,044	1,475	4,305	975	3,791	822
Inter-company transactions between GE industrial and financial services components										
	(555)	—	(542)	—	(60)	—	—	—	—	—
GE industrial operating profit margin, excluding the effects of the GE industrial portion of Corporate items and eliminations										
	\$101,374	\$16,781	\$91,978	\$14,642	\$83,476	\$13,237	\$75,401	\$11,671	\$64,500	\$11,061
Operating profit margin percentage										
	2007		2006		2005		2004		2003	
	16.6%		15.9%		15.9%		15.5%		17.1%	

Average total shareowners' equity, excluding effects of discontinued operations<sup>(a)</sup>

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

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

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

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

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

#### GE income tax rate, excluding GECS earnings

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

#### Reconciliation of U.S. federal statutory income tax rate to GE income tax rate, excluding GECS earnings

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

We believe that meaningful analysis of our financial performance requires an understanding of the factors underlying that performance and our judgments about the likelihood that particular factors will repeat. In some cases, short-term patterns and long-term trends may be obscured by large factors or events. For example, events or trends in a particular segment may be so significant as to obscure patterns and trends of our industrial or financial services businesses in total. For this reason, we believe that investors may find it useful to see our revenue growth without the effect of acquisitions, dispositions and currency exchange rates, and without the effects of the 2006 and 2004 Olympics broadcasts, the investigation-related adjustments and the reclassification of discontinued operations, which if included would overshadow trends in ongoing revenues. Similarly, we believe that investors would find it useful to compare our 2007 operating cash flow against our 2006 operating cash flow without the effects of GECS dividends, which can vary from period to period, and to compare our GE industrial segment's operating margins without the effects of the financial services businesses within Infrastructure.

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

#### Delinquency rates on certain financing receivables

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

#### COMMERCIAL FINANCE

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

#### GE MONEY

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

(a) Not meaningful.

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

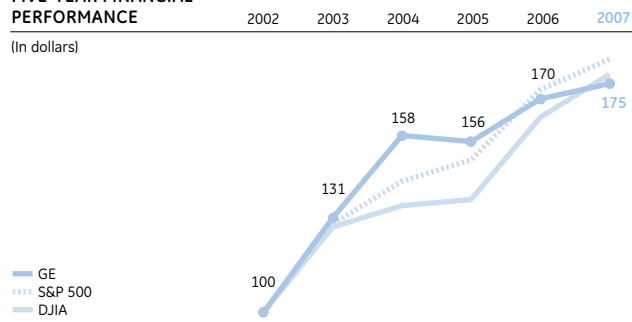
We believe that delinquency rates on managed financing receivables provide a useful perspective on our on and off-book portfolio quality and are key indicators of financial performance.

**Five-year financial performance graph: 2003–2007**

**COMPARISON OF FIVE-YEAR CUMULATIVE RETURN AMONG GE, S&P 500 AND DOW JONES INDUSTRIAL AVERAGE**

The annual changes for the five-year period shown in the graph on this page are based on the assumption that \$100 had been invested in GE stock, the Standard & Poor’s 500 Stock Index and the Dow Jones Industrial Average on December 31, 2002, and that all quarterly dividends were reinvested. The total cumulative dollar returns shown on the graph represent the value that such investments would have had on December 31, 2007.

**FIVE-YEAR FINANCIAL PERFORMANCE**



	2002	2003	2004	2005	2006	2007
GE	\$100	\$131	\$158	\$156	\$170	\$175
S&P 500	100	129	143	150	173	183
DJIA	100	128	135	137	164	178