

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:

- Industrial organic revenue growth in 2008
- Average organic revenue growth for the three years ended December 31, 2008
- Average total shareowners' equity, excluding effects of discontinued operations
- Cash generated by our industrial businesses
- Ratio of debt to equity at GE Capital, net of cash and equivalents and with classification of hybrid debt as equity
- GE pre-tax earnings from continuing operations before income taxes, excluding GECS earnings from continuing operations, the corresponding effective tax rates and the reconciliation of the U.S. federal statutory rate to those effective tax rates for the three years ended December 31, 2008
- Delinquency rates on managed equipment financing loans and leases and managed consumer financing receivables for 2008, 2007 and 2006

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

Industrial Organic Revenue Growth in 2008

(In millions)	2008	2007	% change
GE revenues as reported	\$121,753	\$115,584	
Less GECS earnings from continuing operations	7,774	12,417	
Industrial revenues	113,979	103,167	
Less the effects of			
Acquisitions, business dispositions (other than dispositions of businesses acquired for investment) and currency exchange rates	4,054	2,031	
The 2008 Olympics broadcasts	1,020	—	
Industrial revenues excluding the effects of acquisitions, business dispositions (other than dispositions of businesses acquired for investment), currency exchange rates and the 2008 Olympics broadcasts (Industrial organic revenues)	\$108,905	\$101,136	8%

Organic Revenue Growth in 2008

(In millions)	2008	2007	% change
GE consolidated revenues as reported	\$182,515	\$172,488	
Less the effects of			
Acquisitions, business dispositions (other than dispositions of businesses acquired for investment) and currency exchange rates	10,139	2,992	
The 2008 Olympics broadcasts	1,020	—	
GE consolidated revenues excluding the effects of acquisitions, business dispositions (other than dispositions of businesses acquired for investment), currency exchange rates and the 2008 Olympics broadcasts (organic revenues)	\$171,356	\$169,496	1%

Organic Revenue Growth in 2007

(In millions)	2007	2006	% change
GE consolidated revenues as reported	\$172,488	\$151,568	
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	
Reclassification of discontinued operations	(250)	(275)	
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 and reclassifications of discontinued operations (organic revenues)	\$159,935	\$146,167	9%

Organic Revenue Growth in 2006

(In millions)	2006	2005	% change
GE consolidated revenues as reported	\$151,568	\$136,262	
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	—	
Restatement and immaterial adjustments	(219)	398	
Reclassifications of discontinued operations	(11,407)	(11,552)	
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, restatement and immaterial adjustments and reclassifications of discontinued operations (organic revenues)	\$157,297	\$144,666	9%
Three-year average			6%

Organic revenue growth measures revenue excluding the effects of acquisitions, business dispositions and currency exchange rates, and without the effects of the 2008 and 2006 Olympics broadcasts, the restatement and immaterial adjustments and reclassifications of discontinued operations. We believe that this measure provides management and investors with a more complete understanding of underlying operating results and trends of established, ongoing operations by excluding the effect of acquisitions, dispositions and currency exchange, which activities are subject to volatility and can obscure underlying trends, and the 2008 and 2006 Olympics broadcasts, the restatement and immaterial adjustments and reclassification of discontinued operations, which if included would overshadow trends in ongoing revenues. We also believe that presenting organic revenue growth separately for our industrial businesses provides management and investors with useful information about the trends of our industrial businesses and enables a more direct comparison to other non-financial businesses and companies. Management recognizes that the term "organic revenue growth" may be interpreted differently by other companies and under different circumstances. Although this may have an effect on comparability of absolute percentage growth from company to company, we believe that these measures are useful in assessing trends of the respective businesses or companies and may therefore be a useful tool in assessing period-to-period performance trends.

Average Total Shareowners' Equity, Excluding Effects of Discontinued Operations^(a)

December 31 (In millions)	2008	2007	2006	2005	2004
Average total shareowners' equity ^(b)	\$113,387	\$113,842	\$109,174	\$110,998	\$94,521
Less the effects of					
Cumulative earnings from discontinued operations	—	—	—	2,094	2,985
Average net investment in discontinued operations	(590)	3,640	11,658	13,298	8,743
Average total shareowners' equity, excluding effects of discontinued operations ^(a)	\$113,977	\$110,202	\$ 97,516	\$ 95,606	\$82,793

(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.

Our ROTC calculation excludes earnings (losses) of discontinued operations from the numerator because U.S. GAAP requires us to display those earnings (losses) in the Statement of Earnings. We exclude the cumulative effect of earnings (losses) of discontinued operations from the denominator in our ROTC calculation (1) for each of the periods for which related discontinued operations were presented, and (2) for our average net investment in discontinued operations since July 1, 2005. Had we disposed of these operations before July 1, 2005, we would have applied the proceeds to reduce parent-supported debt at GE Capital. However, since parent-supported debt at GE Capital was retired by June 30, 2005, we have assumed that we would have distributed the proceeds after that time to shareowners through share repurchases, thus reducing average total shareowners' equity.

Our calculation of average total shareowners' equity may not be directly comparable to similarly titled measures reported by other companies. We believe that it is a clearer way to measure the ongoing trend in return on total capital for the continuing operations of our businesses given the extent that discontinued operations have affected our reported results. We believe that this results in a more relevant measure for management and investors to evaluate performance of our continuing operations, on a consistent basis, and to evaluate and compare the performance of our continuing operations with the ongoing operations of other businesses and companies.

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.

Cash Generated by our Industrial Businesses

(In millions)	2008
Cash from GE's operating activities as reported	\$19,086
Less dividends from GECS	2,351
Cash from GE's operating activities excluding dividends from GECS (industrial CFOA)	\$16,735

We refer to cash generated by our industrial businesses as "industrial CFOA," which we define as GE's cash from operating activities less the amount of dividends received by GE from GECS. This includes the effects of intercompany transactions, including GECS services for material procurement, trade receivables management and factoring; buildings and equipment leasing by GE from GECS; information technology 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. We believe that investors may find it useful to compare GE's operating cash flows without the effect of GECS dividends, since these dividends are not representative of the operating cash flows of our industrial businesses and can vary from period to period based upon the results of the financial services businesses. Management recognizes that this measure may not be comparable to cash flow results of companies which contain both industrial and financial services businesses, but believes that this comparison is aided by the provision of additional information about the amounts of dividends paid by our financial services business and the separate presentation in our financial statements, of the Financial Services (GECS) cash flows statement. We believe that our measure of industrial CFOA provides management and investors with a useful measure to compare the capacity of our industrial operations to generate operating cash flow with the operating cash flow of other non-financial businesses and companies and as such provides a useful measure to supplement the reported GAAP CFOA measure.

Ratio of Debt to Equity at GE Capital, Net of Cash and Equivalents and with Classification of Hybrid Debt as Equity

December 31 (Dollars in millions)	2008
GE Capital debt	\$510,356
Less cash and equivalents	36,430
Less hybrid debt	7,725
	\$466,201
GE Capital equity	\$ 58,229
Plus hybrid debt	7,725
	\$ 65,954
Ratio	7.07:1

We have provided the GE Capital ratio of debt to equity on a basis that reflects the use of cash and equivalents to reduce debt, and with long-term debt due in 2066 and 2067 classified as equity. We believe this is a useful comparison to a GAAP-based ratio of debt to equity because cash balances may be used to reduce debt and because this long-term debt has equity-like characteristics. The usefulness of this supplemental measure may be limited, however, as the total amount of cash and equivalents at any point in time may be different than the amount that could practically be applied to reduce outstanding debt, and it may not be advantageous or practical to replace debt that does not mature for more than 50 years with equity. Also, in February 2009, the GE Board authorized a capital contribution of up to \$9.5 billion to GE Capital, which is expected to be made in the first quarter of 2009. The effect of this contribution on GE Capital equity is not reflected in the ratio above. Despite these potential limitations, we believe that this measure, considered along with the corresponding GAAP measure, provides investors with additional information that may be more comparable to other financial institutions and businesses.

GE Income Tax Rate, Excluding GECS Earnings

(In millions)	2008	2007	2006
GE earnings from continuing operations before income taxes	\$21,516	\$25,251	\$21,896
Less GECS earnings from continuing operations	7,774	12,417	10,219
Total	\$13,742	\$12,834	\$11,677
GE provision for income taxes	\$ 3,427	\$ 2,794	\$ 2,552
GE effective tax rate, excluding GECS earnings	24.9%	21.8%	21.9%

Reconciliation of U.S. Federal Statutory Income Tax Rate to GE Income Tax Rate, Excluding GECS Earnings

	2008	2007	2006
U.S. federal statutory income tax rate	35.0%	35.0%	35.0%
Reduction in rate resulting from			
Tax on global activities including exports	(8.2)	(9.9)	(12.2)
U.S. business credits	(0.6)	(0.6)	(0.7)
All other — net	(1.3)	(2.7)	(0.2)
	(10.1)	(13.2)	(13.1)
GE income tax rate, excluding GECS earnings	24.9%	21.8%	21.9%

We believe that the GE effective tax rate is best analyzed in relation to GE earnings before income taxes excluding the GECS net earnings from continuing operations, as GE tax expense does not include taxes on GECS earnings. Management believes that in addition to the Consolidated and GECS tax rates shown in Note 7, this supplemental measure provides investors with useful information as it presents the GE effective tax rate that can be used in comparing the GE results to other non-financial services businesses.

Delinquency Rates on Certain Financing Receivables

Delinquency rates on managed equipment financing loans and leases and managed consumer financing receivables follow.

Equipment Financing

December 31	2008	2007	2006
Managed	2.17%	1.21%	1.22%
Off-book	1.20	0.71	0.52
On-book	2.34	1.33	1.42

Consumer

December 31	2008	2007	2006
Managed	7.47%	5.38%	5.22%
U.S.	7.14	5.52	4.93
Non-U.S.	7.64	5.32	5.34
Off-book	8.24	6.64	5.49
U.S.	8.24	6.64	5.49
Non-U.S.	(a)	(a)	(a)
On-book	7.35	5.22	5.20
U.S.	6.39	4.78	4.70
Non-U.S.	7.64	5.32	5.34

(a) Not applicable.

Delinquency rates on on-book and off-book equipment financing loans and leases increased from December 31, 2007 to December 31, 2008, as a result of continuing weakness in the economic and credit environment. In addition, delinquency rates on on-book equipment financing loans and leases increased from December 31, 2007 to December 31, 2008, as a result of the inclusion of the CitiCapital acquisition and Sanyo acquisition in Japan, which contributed an additional 12 and 9 basis points, respectively, at December 31, 2008.

The increases in off-book and on-book delinquencies for consumer financing receivables in the U.S. from December 31, 2007 to December 31, 2008, reflect the continued rise in delinquencies across the U.S. credit card receivables platforms. The increase in on-book delinquency for consumer financing receivables outside of the U.S. reflects the effects of the declining U.K. housing market. The increase in off-book delinquencies for consumer financing receivables in the U.S. from December 31, 2006 to December 31, 2007, reflected 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 card portfolio—as well as the risk in the delinquencies across the broader portfolio of U.S. credit card receivables.

We believe that delinquency rates on managed financing receivables provide a useful perspective of our portfolio quality and are key indicators of financial performance. We use this non-GAAP financial measure because it provides information that enables management and investors to understand the underlying operational performance and trends of certain financing receivables and facilitates a comparison with the performance of our

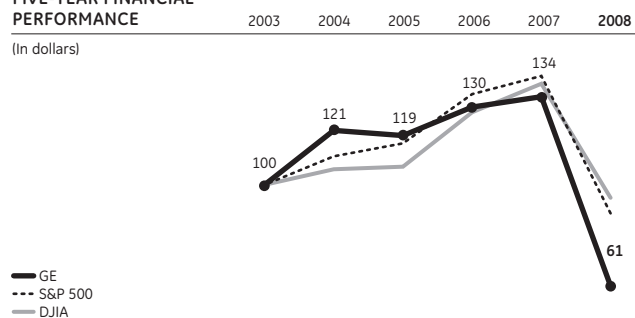
competitors. The same underwriting standards and ongoing risk monitoring are used for both on-book and off-book portfolios as the customer's credit performance will affect both loans retained on the Statement of Financial Position and securitized loans. We believe that managed basis information is useful to management and investors, enabling them to understand both the credit risks associated with the loans reported on the Statement of Financial Position and our retained interests in securitized loans.

Five-Year Financial Performance Graph: 2004–2008

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, 2003, 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, 2008.

FIVE-YEAR FINANCIAL PERFORMANCE



	2003	2004	2005	2006	2007	2008
GE	\$100	\$121	\$119	\$130	\$134	\$61
S&P 500	100	111	116	135	142	89
DJIA	100	106	107	128	139	95