

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 earnings, excluding NBCU
- Cash generated by our Industrial businesses
- Average GE shareowners' equity, excluding effects of discontinued operations
- Ratio of debt to equity at GE Capital, net of cash and equivalents and with classification of hybrid debt as equity
- Capital Finance ending net investment (ENI), excluding the effects of currency exchange rates, at December 31, 2009 and 2008
- GE pre-tax earnings from continuing operations, 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, 2009
- Delinquency rates on managed equipment financing loans and leases and managed consumer financing receivables for 2009, 2008 and 2007

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

Industrial Earnings, Excluding NBCU

(In millions)	2009	2008	% change
Total segment profit	\$19,339	\$26,360	
Less Capital Finance	2,344	8,632	
Less NBC Universal	2,264	3,131	
Segment profit, excluding Capital Finance and NBC Universal (Industrial earnings, excluding NBCU)	\$14,731	\$14,597	1%

We have provided the increase in 2009 segment profit excluding the earnings of our financial services segment, Capital Finance, and our media business, NBC Universal. We believe that this is a useful comparison because it provides investors with information on the results of our industrial businesses without the NBC Universal business, which is classified as a business held for sale at December 31, 2009. We believe that this measure, considered along with the corresponding GAAP measure, provides management and investors with additional information for comparison to other industrial businesses.

Cash Generated by Our Industrial Businesses

(In millions)	2009
Cash from GE's operating activities as reported	\$16,581
Less dividends from GECS	—
Cash from GE's operating activities, excluding dividends from GECS (Industrial CFOA)	\$16,581

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 GE customer receivables sold to GECS; GECS services for trade receivables management and material procurement; buildings and equipment (including automobiles) leased between GE and 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; 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. 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.

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

December 31 (In millions)	2009	2008	2007	2006	2005
Average GE shareowners' equity ^(b)	\$110,535	\$113,387	\$113,842	\$109,174	\$110,998
Less the effects of					
Cumulative earnings from discontinued operations	—	—	—	—	2,094
Average net investment in discontinued operations	(642)	(590)	3,640	11,658	13,298
Average GE shareowners' equity, excluding effects of discontinued operations ^(a)	\$111,177	\$113,977	\$110,202	\$ 97,516	\$ 95,606

(a) Used for computing return on average GE 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 GE shareowners' equity. Our calculation of average GE 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 GE shareowners' equity, excluding effects of discontinued operations, can be found in the Glossary.

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)	2009	2008
GE Capital debt	\$496,558	\$510,356
Less cash and equivalents	63,693	36,430
Less hybrid debt	7,725	7,725
	\$425,140	\$466,201
GE Capital equity	\$ 73,718	\$ 58,229
Plus hybrid debt	7,725	7,725
	\$ 81,443	\$ 65,954
Ratio	5.22:1	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 that 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 certain long-term debt with equity. In the first quarter of 2009, GE made a \$9.5 billion payment to GECS (of which \$8.8 billion was further contributed to GE Capital through capital contribution and share issuance). 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.

Capital Finance Ending Net Investment (ENI), Excluding the Effects of Currency Exchange Rates

December 31 (In billions)	2009	2008
GECS total assets	\$650.2	\$660.9
Less assets of discontinued operations	1.5	1.7
Less non-interest bearing liabilities	75.7	85.5
Less GECS headquarters ENI	79.4	48.5
Capital Finance ENI	493.6	525.2
Less effects of currency exchange rates	21.4	—
Capital Finance ENI, excluding the effects of currency exchange rates	\$472.2	\$525.2

We use ENI to measure the size of our financial services business. We believe that this measure is a better indicator of the capital (debt or equity) required to fund a business as it adjusts for non-interest bearing current liabilities generated in the normal course of business that do not require a capital outlay. We also believe that by excluding the impact of GECS discontinued operations, GECS headquarters items and the effects of currency exchange movements during the year, we provide a more meaningful measure for our Capital Finance segment.

GE Pre-Tax Earnings from Continuing Operations, Excluding GECS Earnings and the Corresponding Effective Tax Rates

(Dollars in millions)	2009	2008	2007
GE earnings from continuing operations before income taxes	\$14,142	\$21,926	\$25,958
Less GECS earnings from continuing operations	1,590	7,774	12,417
Total	\$12,552	\$14,152	\$13,541
GE provision for income taxes	\$ 2,739	\$ 3,427	\$ 2,794
GE effective tax rate, excluding GECS earnings	21.8%	24.2%	20.6%

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

	2009	2008	2007
U.S. federal statutory income tax rate	35.0%	35.0%	35.0%
Reduction in rate resulting from			
Tax on global activities including exports	(12.0)	(8.0)	(9.4)
U.S. business credits	(1.1)	(0.5)	(0.6)
All other — net	(0.1)	(2.3)	(4.4)
	(13.2)	(10.8)	(14.4)
GE effective tax rate, excluding GECS earnings	21.8%	24.2%	20.6%

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 14, 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	2009	2008	2007
Managed	2.81%	2.17%	1.21%
Off-book	2.29	1.20	0.71
On-book	2.91	2.34	1.33

Consumer

December 31	2009	2008	2007
Managed	8.82%	7.43%	5.38%
U.S.	7.66	7.14	5.52
Non-U.S.	9.34	7.57	5.32
Off-book	7.20	8.24	6.64
U.S.	7.20	8.24	6.64
Non-U.S.	(a)	(a)	(a)
On-book	9.10	7.31	5.22
U.S.	8.08	6.39	4.78
Non-U.S.	9.34	7.57	5.32

(a) Not applicable.

Delinquency rates on on-book and off-book equipment financing loans and leases increased from December 31, 2008 and 2007, to December 31, 2009, as a result of continuing weakness in the global economic and credit environment. In addition, delinquency rates on on-book equipment financing loans and leases increased nine basis points from December 31, 2008, to December 31, 2009, as a result of the inclusion of the CitiCapital acquisition.

The increase in on-book delinquencies for consumer financing receivables in the U.S. from December 31, 2008 and 2007, to December 31, 2009, primarily reflects the continued rise in delinquencies across the U.S. credit card receivables platforms. The increase in on-book delinquencies for consumer financing receivables outside of the U.S. from December 31, 2008 and

2007, to December 31, 2009, 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, 2007, to December 31, 2008, primarily reflects the rise in delinquencies across the U.S. credit card receivables platform. The decrease in off-book delinquencies for consumer financing receivables in the U.S. from December 31, 2008, to December 31, 2009, reflected the replacement of certain lower-credit quality receivables from a securitization trust in 2009.

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: 2005–2009

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 (S&P 500) and the Dow Jones Industrial Average (DJIA) on December 31, 2004, 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, 2009.

FIVE-YEAR FINANCIAL PERFORMANCE

(In dollars)

