GENERAL ELECTRIC CO
Form 10-K
February 26, 2013

United States Securities and Exchange Commission
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)
þ Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 2012
or
¨ Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from ___________to ___________

Commission file number 001-00035

General Electric Company
(Exact name of registrant as specified in charter)

New York (State or other jurisdiction of incorporation or organization)		14-0689340 (I.R.S. Employer Identification No.)
3135 Easton Turnpike, Fairfield, CT (Address of principal executive offices)	06828-0001 (Zip Code)	203/373-2211 (Telephone No.)

Securities Registered Pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common stock, par value $0.06 per share	New York Stock Exchange

Securities Registered Pursuant to Section 12(g) of the Act:

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes þ No ¨

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No þ

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer þ	Accelerated filer ¨
Non-accelerated filer ¨	Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ¨ No þ

The aggregate market value of the outstanding common equity of the registrant not held by affiliates as of the last business day of the registrant's most recently completed second fiscal quarter was at least $217.8 billion. There were 10,398,271,000 shares of voting common stock with a par value of $0.06 outstanding at February 1, 2013.

DOCUMENTS INCORPORATED BY REFERENCE

The definitive proxy statement relating to the registrant's Annual Meeting of Shareowners, to be held April 24, 2013, is incorporated by reference into Part III to the extent described therein.

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Part I

Item 1. Business

General

Unless otherwise indicated by the context, we use the terms "GE" and "GECC" on the basis of consolidation described in Note 1 to the consolidated financial statements in Part II, Item 8. "Financial Statements and Supplementary Data" of this Form 10-K Report. Also, unless otherwise indicated by the context, "General Electric" means the parent company, General Electric Company (the Company).

General Electric's address is 1 River Road, Schenectady, NY 12345-6999; we also maintain executive offices at 3135 Easton Turnpike, Fairfield, CT 06828-0001.

We are one of the largest and most diversified infrastructure and financial services corporations in the world. With products and services ranging from aircraft engines, power generation, oil and gas production equipment, and household appliances to medical imaging, business and consumer financing and industrial products, we serve customers in more than 100 countries and employ approximately 305,000 people worldwide. Since our incorporation in 1892, we have developed or acquired new technologies and services that have broadened and changed considerably the scope of our activities.

In virtually all of our global business activities, we encounter aggressive and able competition. In many instances, the competitive climate is characterized by changing technology that requires continuing research and development. With respect to manufacturing operations, we believe that, in general, we are one of the leading firms in most of the major industries in which we participate. The businesses in which General Electric Capital Corporation (GECC) engages are subject to competition from various types of financial institutions, including commercial banks, thrifts, investment banks, broker-dealers, credit unions, leasing companies, consumer loan companies, independent finance companies and finance companies associated with manufacturers.

On February 22, 2012, we merged our wholly-owned subsidiary, General Electric Capital Services, Inc. (GECS), with and into GECS' wholly-owned subsidiary, GECC. The merger simplified our financial services' corporate structure by consolidating financial services entities and assets within our organization and simplifying Securities and Exchange Commission and regulatory reporting. Upon completion of the merger, (i) all outstanding shares of GECC common stock were cancelled, (ii) all outstanding GECS common stock and all GECS preferred stock held by the Company were converted into an aggregate of 1,000 shares of GECC common stock, and (iii) all treasury shares of GECS and all outstanding preferred stock of GECS held by GECC were cancelled. As a result, GECC became the surviving corporation, assumed all of GECS' rights and obligations and became wholly-owned directly by the Company.

Because we wholly-owned both GECS and GECC, the merger was accounted for as a transfer of assets between entities under common control. Transfers of net assets or exchanges of shares between entities under common control are accounted for at historical value, and as if the transfer occurred at the beginning of the period.

Prior to January 28, 2011, we also operated a media company, NBC Universal, Inc. (NBCU). Effective January 28, 2011, we held a 49% interest in a media entity that includes the NBC Universal businesses. On February 12, 2013, we entered into an agreement to sell our remaining 49% common equity interest to Comcast Corporation, as well as the NBCU floors in 30 Rockefeller Center, for $18.1 billion. The sale is expected to be completed by the end of the first quarter of 2013.

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Forward-Looking Statements

This document contains “forward-looking statements” – that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance and financial condition, and often contain words such as “expect,” “anticipate,” “intend,” “plan,” “believe,” “seek,” “see,” or “will. Forward-looking statements by their nature address matters that are, to different degrees, uncertain. For us, particular uncertainties that could cause our actual results to be materially different than those expressed in our forward-looking statements include: current economic and financial conditions, including volatility in interest and exchange rates, commodity and equity prices and the value of financial assets; potential market disruptions or other impacts arising in the United States or Europe from developments in sovereign debt situations; the impact of conditions in the financial and credit markets on the availability and cost of General Electric Capital Corporation’s (GECC) funding and on our ability to reduce GECC’s asset levels as planned; the impact of conditions in the housing market and unemployment rates on the level of commercial and consumer credit defaults; changes in Japanese consumer behavior that may affect our estimates of liability for excess interest refund claims (GE Money Japan); pending and future mortgage securitization claims and litigation in connection with WMC, which may affect our estimates of liability, including possible loss estimates; our ability to maintain our current credit rating and the impact on our funding costs and competitive position if we do not do so; the adequacy of our cash flows and earnings and other conditions which may affect our ability to pay our quarterly dividend at the planned level or to repurchase shares at planned levels; GECC’s ability to pay dividends to GE at the planned level; our ability to convert pre-order commitments into orders; the level of demand and financial performance of the major industries we serve, including, without limitation, air and rail transportation, energy generation, real estate and healthcare; the impact of regulation and regulatory, investigative and legal proceedings and legal compliance risks, including the impact of financial services regulation; our capital allocation plans, as such plans may change and affect planned share repurchases and strategic actions, including acquisitions, joint ventures and dispositions; our success in completing announced transactions and integrating acquired businesses; the impact of potential information technology or data security breaches; and numerous other matters of national, regional and global scale, including those of a political, economic, business and competitive nature. These uncertainties may cause our actual future results to be materially different than those expressed in our forward-looking statements. These uncertainties are described in more detail in Part I, Item 1A. “Risk Factors” of this Form 10-K Report. We do not undertake to update our forward-looking statements.

Operating Segments

Segment revenue and profit information and additional financial data and commentary on recent financial results for operating segments are provided in the Segment Operations section in Part II, Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and in Note 28 to the consolidated financial statements in Part II, Item 8. “Financial Statements and Supplementary Data” of this Form 10-K Report.

Operating businesses that are reported as segments include Power & Water, Oil & Gas, Energy Management, Aviation, Healthcare, Transportation, Home & Business Solutions and GE Capital. Net earnings of GECC and the effect of transactions between segments are eliminated to arrive at total consolidated data. A summary description of each of our operating segments follows.

On February 22, 2012, we merged our wholly-owned subsidiary, GECS, with and into GECS’ wholly-owned subsidiary, GECC. Our financial services segment, GE Capital, continues to comprise the continuing operations of GECC, which now include the run-off insurance operations previously held and managed in GECS. Unless otherwise indicated, references to GECC and the GE Capital segment in this Form 10-K Report relate to the entity or segment as they exist subsequent to the February 22, 2012 merger.

Effective October 1, 2012, we reorganized the former Energy Infrastructure segment into three segments – Power & Water, Oil & Gas and Energy Management and we began reporting these as separate segments beginning with this Form 10-K Report. We also reorganized our Home & Business Solutions segment by transferring our Intelligent Platforms business to Energy Management. Results for 2012 and prior periods in this Form 10-K Report are reported on this basis.

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We also continue our longstanding practice of providing supplemental information about the businesses within GE Capital.

Power & Water

Power & Water (19.2%, 17.4% and 16.6% of consolidated revenues in 2012, 2011 and 2010, respectively) is a leader in the field of development, implementation and improvement of products and technologies that harness resources such as wind, oil, gas and water to produce electric power.

Our operations are located in North America, Europe, Asia, South America and Africa.

Power & Water serves power generation, industrial, government and other customers worldwide with products and services related to energy production. We sell gas turbines and generators that are used principally in power plants for generation of electricity and for industrial cogeneration and mechanical drive applications. We are a leading provider of Integrated Gasification Combined Cycle (IGCC) technology design and development. IGCC systems convert coal and other hydrocarbons into synthetic gas that is used as the primary fuel for gas turbines in combined-cycle systems. IGCC systems produce fewer air pollutants compared with traditional pulverized coal power plants. We sell steam turbines and generators to the electric utility industry and to private industrial customers for cogeneration applications. We offer wind turbines as part of our renewable energy portfolio, which also includes solar technology. We also sell aircraft engine derivatives for use as industrial power sources. Nuclear reactors, fuel and support services for both new and installed boiling water reactors are offered through joint ventures with Hitachi and Toshiba. We provide our customers with solutions to meet their needs through a broad portfolio of aftermarket services, including equipment upgrades, long-term maintenance service agreements, repairs, equipment installation, monitoring and diagnostics, asset management and performance optimization tools, remote performance testing and Dry Low NOx (DLN) tuning. We continue to invest in advanced technology development that will provide more value to our customers and more efficient solutions that comply with today’s strict environmental regulations.

Power & Water also offers water treatment solutions for industrial and municipal water systems including the supply and related services of specialty chemicals, water purification systems, pumps, valves, filters and fluid handling equipment for improving the performance of water, wastewater and process systems, including mobile treatment systems and desalination processes.

On February 1, 2011, we completed the acquisition of Dresser, Inc., which broadened the product portfolio with technologies for gas engines.

Power & Water is party to revenue sharing programs that share the financial results of certain aeroderivative lines. These businesses are controlled by Power & Water, but counterparties have an agreed share of revenues as well as development and component production responsibilities. At December 31, 2012, such counterparty interests ranged from 16% to 49% of various programs; associated distributions to such counterparties are accounted for as costs of production.

Worldwide competition for power generation products and services is intense. Demand for power generation is global and, as a result, is sensitive to the economic and political environment of each country in which we do business. The balance of regional growth and demand side management are important factors to evaluate as we plan for future development.

For information about orders and backlog, see the Segment Operations section in Part II, Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of this Form 10-K Report.

Oil & Gas

Oil & Gas (10.3%, 9.2% and 6.3% of consolidated revenues in 2012, 2011 and 2010, respectively) helps oil and gas companies make more efficient and sustainable use of the world's energy resources.

Our operations are located in North America, Europe, Asia, Australia, South America and Africa.

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Oil & Gas supplies mission critical equipment for the global oil and gas industry, used in applications spanning the entire value chain from drilling and completion through production, liquefied natural gas (LNG) and pipeline compression, pipeline inspection, and downstream processing in refineries and petrochemical plants. The business designs and manufactures surface and subsea drilling and production systems, equipment for floating production platforms, compressors, turbines, turboexpanders, high pressure reactors, industrial power generation and a broad portfolio of auxiliary equipment.

To ensure that the installed base is maintained appropriately, our service business has over 40 service centers and workshops in the world's main oil and gas extraction and production regions. The business also provides upgrades to customers' machines, using the latest available technology, to extend production capability and environmental performance. We also provide pipeline integrity solutions, sensor-based measurement, inspection, asset condition monitoring, controls, and radiation measurement solutions. Oil & Gas also offers integrated solutions using sensors for temperature, pressure, moisture, gas and flow rate as well as non-destructive testing inspection equipment, including radiographic, ultrasonic, remote visual and eddy current.

On February 4, 2011 and April 26, 2011, we completed the acquisitions of Wellstream PLC and the Well Support division of John Wood Group PLC, respectively. Wellstream PLC expands the Oil & Gas portfolio with flexible subsea risers and flow lines. The Well Support division of John Wood Group PLC adds equipment, including electrical submersible pumps, that helps extract more oil and gas from mature fields. On February 1, 2011, we completed the acquisition of Dresser, Inc. which broadens the Oil & Gas product portfolio in control and relief valves, measurement, regulation and control solutions for gas and fuel distributions.

Demand for oil and gas equipment and services is global and, as a result, is sensitive to the economic and political environment of each country in which we do business. The balance of regional growth and demand side management are important factors to evaluate as we plan for future development.

For information about orders and backlog, see the Segment Operations section in Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Form 10-K Report.

Energy Management

Energy Management (5.0%, 4.4% and 3.5% of consolidated revenues in 2012, 2011 and 2010, respectively) designs, manufactures and services leading technology solutions for the delivery, management, conversion and optimization of electrical power for customers across multiple energy-intensive industries.

Our operations are located in North America, Europe, Asia, Latin America and the Middle East.

Energy Management provides integrated electrical products and systems used to distribute, protect and control energy and equipment. We manufacture electrical distribution and control products, lighting and power panels, switchgear and circuit breakers that are used to distribute and manage power in a variety of residential, commercial, consumer and industrial applications. We also provide customer-focused solutions centered on the delivery and control of electric power, and a full portfolio of field services including engineering, inspection, mechanical and emergency services. Energy Management also provides advanced products and services that modernize the grid, from the power plant to the power consumer, such as protection and control, industrial strength communications, smart meters, monitoring & diagnostics, visualization software and advanced analytics. We manufacture advanced motor, drives and control technologies to improve the operational efficiency of energy intensive industries such as metals, mining, marine, oil and gas. Energy Management also provides plant automation, hardware, software and embedded computing systems including advanced software, controllers, single board computers, motion control and operator interfaces.

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On March 2, 2011 and September 2, 2011, we completed the acquisitions of Lineage Power Holdings, Inc. (Lineage Power) and Converteam, respectively. The acquisition of Lineage Power, a provider of high-efficiency power conversion infrastructure technology and services for the telecommunications and datacenter industries, continues the expansion of Energy's offerings from the electric grid to datacenters, cell towers, routers, servers and circuit board electronics. Converteam, a provider of electrification and automation equipment and systems, adds significant product and service capabilities in power electronics, industrial automation and process controls.

For information about orders and backlog, see the Segment Operations section in Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Form 10-K Report.

Aviation

Aviation (13.6%, 12.8% and 11.8% of consolidated revenues in 2012, 2011 and 2010, respectively) is one of the world's leading providers of jet engines and related services with operations in North America, Europe, Asia and South America.

Aviation produces, sells and services jet engines, turboprop and turbo shaft engines, and related replacement parts for use in military and commercial aircraft. Our military engines are used in a wide variety of aircraft including fighters, bombers, tankers, helicopters and surveillance aircraft, as well as marine applications, and our commercial engines power aircraft in all categories of range: short/medium, intermediate and long-range, as well as executive and regional aircraft. We also produce and market engines through CFM International, a company jointly owned by GE and Snecma, a subsidiary of SAFRAN of France, and Engine Alliance, LLC, a company jointly owned by GE and the Pratt & Whitney division of United Technologies Corporation. New engines are also being designed and marketed in a joint venture with Honda Aero, Inc., a division of Honda Motor Co., Ltd.

Aviation is party to agreements in which the financial results, as well as production responsibilities, of certain aircraft and marine engine lines are shared. These agreements take the form of both joint ventures and revenue sharing programs.

Joint ventures market and sell particular aircraft engine lines, but require negligible direct investment because the venture parties conduct essentially all of the development, production, assembly and aftermarket support activities. Under these agreements, Aviation supplies certain engine components and retains related intellectual property rights. The CFM56 engine line is the product of CFM International and the GP7000 engine line is the product of Engine Alliance, LLC.

Revenue sharing programs are a standard form of cooperation for specific product programs in the aviation industry. These businesses are controlled by Aviation, but counterparties have an agreed share of revenues as well as development and component production responsibilities. At December 31, 2012, such counterparty interests ranged from 1% to 47% of various programs; associated distributions to such counterparties are accounted for as costs of production.

Aviation also produces global aerospace systems and equipment, including airborne platform computing systems, power generation and distribution products, mechanical actuation products and landing gear, plus various engine components for use in both military and commercial aircraft.

We provide maintenance, component repair and overhaul services (MRO), including sales of replacement parts for many models of engines and repair and overhaul of engines manufactured by competitors. These MRO services are often provided under long-term maintenance contracts.

On December 21, 2012, we announced an agreement to purchase the aviation business of Avio S.p.A., a manufacturer of aviation propulsion components and systems, for $4.3 billion.

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The worldwide competition in aircraft jet engines and MRO (including parts sales) is intense. Both U.S. and export markets are important. Product development cycles are long and product quality and efficiency are critical to success. Research and development expenditures are important in this business, as are focused intellectual property strategies and protection of key aircraft engine design, manufacture, repair and product upgrade technologies. Our products and services are subject to a number of regulatory standards.

Potential sales for any engine are limited by, among other things, its technological lifetime, which may vary considerably depending upon the rate of advance in technology, the relatively small number of potential customers and the limited number of relevant airframe applications. Aircraft engine orders tend to follow military and airline procurement cycles, although these cycles differ from each other.

For information about orders and backlog, see the Segment Operations section in Part II, Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of this Form 10-K Report.

Healthcare

Healthcare (12.4%, 12.3% and 11.3% of consolidated revenues in 2012, 2011 and 2010, respectively) is one of the world’s leading providers of essential healthcare technologies to developed, developing and emerging countries. Our operations are located in North America, Europe, Asia, South America and Australia.

Healthcare has expertise in medical imaging and information technologies, medical diagnostics, patient monitoring systems, disease research, drug discovery and biopharmaceutical manufacturing technologies. We are dedicated to predicting and detecting disease earlier, monitoring its progress and informing physicians, and helping physicians tailor treatment for patients. Healthcare manufactures, sells and services a wide range of medical equipment that helps provide a fast, non-invasive way for doctors to see broken bones, diagnose trauma cases in the emergency room, view the heart and its function, and identify early stages of cancers or brain disorders. With diagnostic imaging systems such as Magnetic Resonance (MR), Computed Tomography (CT) and Positron Emission Tomography (PET) scanners, X-ray, nuclear imaging, digital mammography, and Molecular Imaging technologies, Healthcare creates products that allow clinicians to see inside the human body more clearly than ever. In addition, Healthcare-manufactured technologies include patient and resident monitoring, diagnostic cardiology, ultrasound, bone densitometry, anesthesiology and oxygen therapy, and neonatal and critical care devices. Medical diagnostics and life sciences products include diagnostic imaging agents used in medical scanning procedures, drug discovery, biopharmaceutical manufacturing and purification, and tools for protein and cellular analysis for pharmaceutical and academic research, including existing and a pipeline of precision molecular diagnostics in development for neurology, cardiology and oncology applications.

Our product services include remote diagnostic and repair services for medical equipment manufactured by GE and by others, as well as computerized data management, information technologies and customer productivity services.

We compete with a variety of U.S. and non-U.S. manufacturers and services providers. Technological competence and innovation, excellence in design, high product performance, quality of services and competitive pricing are among the key factors affecting competition for these products and services. Products and services are sold worldwide primarily to hospitals, medical facilities, pharmaceutical and biotechnology companies, and to the life science research market.

Throughout the world, we deliver healthymagination solutions that provide greater efficiency to help control costs, better quality to improve patient outcomes, and extended access to healthcare for patients in underserved markets.

Our products are subject to regulation by numerous government agencies, including the U.S. Food and Drug Administration (U.S. FDA), as well as various laws that apply to claims submitted under Medicare, Medicaid or other government funded healthcare programs.

For information about orders and backlog, see the Segment Operations section in Part II, Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of this Form 10-K Report.

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Transportation

Transportation (3.8%, 3.3% and 2.3% of consolidated revenues in 2012, 2011 and 2010, respectively) is a global technology leader and supplier to the railroad, marine, drilling and mining industries. We serve customers in more than 100 countries in North America, Europe, Asia, South America, Africa and Australia.

Transportation manufactures high-horsepower diesel-electric locomotives, including the Evolution Series™ which meets or exceeds the U.S. Environmental Protection Agency's Tier III requirements. We also offer leading drive technology solutions to the mining, transit, marine and stationary, and drilling industries. We announced the launch of our Energy Storage business in 2012. GE's Durathon Battery technology is designed for energy storage solutions for stationary and motive applications in the telecommunications, power generation, grid operation and energy management applications. Also, on November 30, 2012, we completed the acquisition of Industrea Limited, a provider of mining products and services with a focus in underground mining.

Transportation provides a portfolio of service offerings designed to improve fleet efficiency and reduce operating expenses, including repair services, locomotive enhancements, modernizations, and information-based services like remote monitoring and diagnostics. We provide train control products, railway management services, and signaling systems to increase service levels, optimize asset utilization, and streamline operations for railroad owners and operators. We deliver leading edge tools that improve asset availability and reliability, optimize network planning, and control network execution to plan.

For information about orders and backlog, see the Segment Operations section in Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Form 10-K Report.

Home & Business Solutions

Home & Business Solutions (5.4%, 5.2% and 5.3% of consolidated revenues in 2012, 2011 and 2010, respectively) sells products that share several characteristics – competitive design, efficient manufacturing and effective distribution and service. Home & Business Solutions' products such as major appliances and a subset of lighting products are primarily directed to consumer applications, while other lighting products are directed towards commercial and industrial applications. Cost control, including productivity, is key in the highly competitive markets in which we compete. We also invest in the development of differentiated, premium products that are more profitable such as energy efficient solutions for both consumers and businesses.

We sell and service major home appliances including refrigerators, freezers, electric and gas ranges, cooktops, dishwashers, clothes washers and dryers, microwave ovens, room air conditioners, residential water systems for filtration, softening and heating, and hybrid water heaters. Our brands include GE Monogram®, GE Profile™, GE®, Hotpoint® and GE Café™. We manufacture certain products and also source finished product and component parts from third-party global manufacturers. A large portion of our appliances sales are through a variety of retail outlets for replacement of installed units. Residential building contractors installing units in new construction is our second major U.S. channel. We offer one of the largest original equipment manufacturer (OEM) service organizations in the appliances industry, providing in-home repair and aftermarket parts.

We also manufacture, source and sell a variety of lamp products for commercial, industrial and consumer markets, including full lines of incandescent, halogen, fluorescent, high-intensity discharge, light-emitting diode, automotive and miniature products.

We have global operations located in North America, Europe, Asia and Latin America.

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GE Capital

GE Capital (31.2%, 33.3% and 33.3% of consolidated revenues in 2012, 2011 and 2010, respectively) businesses offer a broad range of financial services and products worldwide for businesses of all sizes. Services include commercial loans and leases, fleet management, financial programs, home loans, credit cards, personal loans and other financial services. GE Capital also develops strategic partnerships and joint ventures that utilize GE’s industry-specific expertise in aviation, energy, infrastructure and healthcare to capitalize on market-specific opportunities.

During 2012, GE Capital provided approximately $107 billion of new financings in the U.S. to various companies, infrastructure projects and municipalities. Additionally, we extended approximately $96 billion of credit to approximately 57 million U.S. consumers. GE Capital provided credit to approximately 37,100 new commercial customers and 34,000 new small businesses in the U.S. during 2012 and ended the period with outstanding credit to more than 243,000 commercial customers and 201,000 small businesses through retail programs in the U.S.

Within our GE Capital operating segment, we operate the businesses described below along product lines.

Our operations are located in North America, South America, Europe, Australia and Asia.

GE Capital has communicated its goal of reducing its ending net investment (ENI). To achieve this goal, we are more aggressively focusing our businesses on selective financial services products where we have domain knowledge, broad distribution, and the ability to earn a consistent return on capital, while managing our overall balance sheet size and risk. We have a strategy of exiting those businesses that are underperforming or that are deemed to be non-strategic. We have completed a number of dispositions in our businesses in the past and will continue to evaluate options going forward.

Commercial Lending and Leasing (CLL)

CLL provides customers around the world with a broad range of financing solutions. We have particular mid-market expertise, and primarily offer collateralized 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; vehicles; corporate aircraft; and equipment used in many industries, including the construction, manufacturing, transportation, media, communications, entertainment and healthcare industries.

In 2011, we completed the sale of our CLL marine container leasing business, which consists of our controlling interests in the GE SeaCo joint venture along with other owned marine container assets, and our CLL trailer fleet services business in Mexico.

We operate in a highly competitive environment. Our competitors include commercial banks, investment banks, leasing companies, financing companies associated with manufacturers, and independent finance companies. Competition related to our lending and leasing operations is based on price, that is, interest rates and fees, as well as deal structure and terms. In recent years, there has been a disruption in the capital markets and in access to and availability of capital as well as the exit of some competitors. Profitability is affected not only by broad economic conditions that affect customer credit quality and the availability and cost of capital funding, but also by successful management of credit risk, operating risk and market risks such as interest rate and currency exchange risks. Success requires high quality risk management systems, customer and industry specific knowledge, diversification, service and distribution channels, strong collateral and asset management knowledge, deal structuring expertise and the ability to reduce costs through technology and productivity.

Consumer

Consumer, through consolidated entities and associated companies, is a leading provider of financial services to consumers and retailers around the world. We offer a full range of financial products to suit customers' needs. These products include, on a global basis, private-label credit cards; personal loans; bank cards; auto loans and leases; mortgages; debt consolidation; home equity loans; deposit and other savings products; and small and medium enterprise lending.

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In January 2013, we acquired the deposit business of MetLife Bank, N.A., which is an online banking platform with approximately $6.4 billion in U.S. retail deposits that will allow us to better serve our customers.

In 2011, we entered into agreements to sell our Consumer Singapore business and our Consumer home lending operations in Australia and New Zealand (Australian Home Lending) and classified them as discontinued operations. Both dispositions were completed during 2011.

In the first quarter of 2011, we sold a substantial portion of our Garanti Bank equity investment. During 2012, we sold our remaining equity interest in Garanti Bank, which was classified as an available-for-sale security.

In 2010, we entered into agreements to sell our U.S. recreational vehicle and marine equipment financing portfolio (Consumer RV Marine) and Consumer Mexico and classified them as discontinued operations. Both dispositions were completed during 2011.

In 2010, we committed to sell our Consumer business in Canada, which was completed during 2011; in 2010, we also purchased sales finance portfolios from Citi Retail Partner Cards, which provides consumer financing programs and related services to small to mid-sized retailers and dealers.

Our operations are subject to a variety of bank and consumer protection regulations. Further, a number of countries have ceilings on rates chargeable to consumers in financial service transactions. We are subject to competition from various types of financial institutions including commercial banks, leasing companies, consumer loan companies, independent finance companies, finance companies associated with manufacturers, and insurance companies. Industry participants compete on the basis of price, servicing capability, promotional marketing, risk management, and cross selling. The markets in which we operate are also subject to the risks from fluctuations in retail sales, interest and currency exchange rates, and the consumer’s capacity to repay debt.

Real Estate

Real Estate offers a range of capital and investment solutions, including equity capital for acquisition or development, as well as fixed and floating rate mortgages for new acquisitions or re-capitalizations of commercial real estate worldwide. Our business finances, with both equity and loan structures, the acquisition, refinancing and renovation of office buildings, apartment buildings, retail facilities, hotels and industrial properties. Our typical real estate loans are intermediate term, senior, fixed or floating-rate, and are secured by existing income-producing commercial properties. We invest in, and provide restructuring financing for, portfolios of commercial mortgage loans, limited partnerships and tax-exempt bonds.

We own and operate a global portfolio of real estate with the objective of maximizing property cash flows and asset values. In the normal course of our business operations we sell certain real estate equity investments when it is economically advantageous for us to do so. However, as real estate values are affected by certain forces beyond our control (e.g., market fundamentals and demographic conditions), it is difficult to predict with certainty the level of future sales, sales prices, impairments or write-offs.

In 2012, we completed the sale of a portion of our Business Properties portfolio (Business Property), including certain commercial loans, the origination and servicing platforms and the servicing rights on loans previously securitized by GECC. The portion retained comprises our owner-occupied/credit tenant portfolio.

Our competitors include banks, financial institutions, real estate companies, real estate investment funds and other financial companies. Competition in our equity investment business is primarily based on price, and competition in our lending business is primarily based on interest rates and fees, as well as deal structure and terms. As we compete globally, our success is sensitive to the economic and political environment of each country in which we do business.

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Energy Financial Services

Energy Financial Services invests in long-lived, capital-intensive energy projects and companies by providing structured equity, debt, leasing, partnership financing, project finance and broad-based commercial finance. We also invest in early-to-later-stage companies that are pursuing new technologies and services in the energy industry. In May 2010, we sold our general partnership interest in Regency Energy Partners L.P. (Regency), a midstream natural gas services provider, and retained a limited partnership interest. This resulted in the deconsolidation of Regency.

We operate in a highly competitive environment. Our competitors include banks, financial institutions, energy companies, and other finance and leasing companies. Competition is primarily based on price, that is, interest rates and fees, as well as deal structure and terms. As we compete globally, our success is sensitive to the economic and political environment of each country in which we do business.

GE Capital Aviation Services (GECAS)

GECAS engages in commercial aircraft leasing and finance, delivering fleet and financing services to companies across the spectrum of the aviation industry. Our product offerings include leases and secured loans on commercial passenger aircraft, freighters and regional jets; engine leasing and financing services; aircraft parts solutions; and airport equity and debt financing. We also co-sponsor an infrastructure private equity fund, which invests in large infrastructure projects including gateway airports.

We operate in a highly competitive environment. Our competitors include aircraft manufacturers, banks, financial institutions, equity investors, and other finance and leasing companies. Competition is based on lease rate financing terms, aircraft delivery dates, condition and availability, as well as available capital demand for financing.

GECC Corporate Items and Eliminations

GECC Corporate Items and Eliminations primarily include unallocated Treasury and Tax operations; Trinity, a group of run-off sponsored special purpose entities; the effects of eliminating transactions between GE Capital’s five operating businesses; results of our run-off insurance operations remaining in continuing operations attributable to GECC; unallocated corporate costs; and certain non-allocated amounts determined by the GECC Chairman.

GE Corporate Items and Eliminations

GE Corporate Items and Eliminations includes the results of disposed businesses in which we retain an unconsolidated interest (including NBC Universal LLC), principal retirement plan costs and unallocated corporate costs, which includes research and development spending (including our Global Research Centers) and costs related to our Global Growth & Operations organization.

Discontinued Operations

Discontinued operations primarily comprised GE Money Japan (our Japanese personal loan business, Lake, and our Japanese mortgage and card businesses, excluding our investment in GE Nissen Credit Co., Ltd.), our U.S. mortgage business (WMC), BAC Credomatic GECF Inc. (BAC) (our Central American bank and card business), Consumer RV Marine, Consumer Mexico, Consumer Singapore, Australian Home Lending and Consumer Ireland.

For further information about discontinued operations, see Part II, Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and Note 2 to the consolidated financial statements in Part II, Item 8. “Financial Statements and Supplementary Data” of this Form 10-K Report.

Geographic Data

Geographic data is reported in Note 28 to the consolidated financial statements in Part II, Item 8. “Financial Statements and Supplementary Data” of this Form 10-K Report.

Additional financial data about our geographic operations is provided in the Geographic Operations section in Part II, Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of this Form 10-K Report.

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Orders and Backlog

Orders and backlog information is provided in the Segment Operations and Other Information sections in Part II, Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of this Form 10-K Report.

Research and Development

Research and development expenditures information is provided in Note 19 to the consolidated financial statements in Part II, Item 8. “Financial Statements and Supplementary Data” and the Other Information section in Part II, Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of this Form 10-K Report.

Environmental Matters

Our operations, like operations of other companies engaged in similar businesses, involve the use, disposal and cleanup of substances regulated under environmental protection laws. We are involved in a number of remediation actions to clean up hazardous wastes as required by federal and state laws. Additional information is provided in Part II, Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of this Form 10-K Report.

Employees and Employee Relations

At year-end 2012, General Electric Company and consolidated affiliates employed approximately 305,000 persons, of whom approximately 134,000 were employed in the United States. For further information about employees, see Part II, Item 6. “Selected Financial Data” of this Form 10-K Report.

Approximately 17,600 GE manufacturing and service employees in the United States are represented for collective bargaining purposes by a total of approximately 108 different union local bargaining units. A majority of such employees are represented by union locals that are affiliated with, and bargain in coordination with, the IUE-CWA, The Industrial Division of the Communication Workers of America, AFL-CIO, CLC. During 2011, we negotiated four-year agreements with most of our U.S. unions. These agreements modestly increase ongoing costs over the term of the contracts on an aggregate basis. However, the agreements also implement new features that focus on cost containment for health and pension plans. Effective January 1, 2012, all production employees participate in a new consumer-directed health plan. In addition, production employees who commence service on or after that date will not be eligible to participate in the GE Pension Plan, but will participate in a defined contribution retirement program.

Other GE affiliates are parties to labor contracts with various labor unions, also with varying terms and expiration dates, that cover approximately 3,500 employees.

Executive Officers

See Part III, Item 10. “Directors, Executive Officers and Corporate Governance” of this Form 10-K Report for information about Executive Officers of the Registrant.

Other

Because of the diversity of our products and services, as well as the wide geographic dispersion of our production facilities, we use numerous sources for the wide variety of raw materials needed for our operations. We have not been adversely affected by the inability to obtain raw materials.

We own, or hold licenses to use, numerous patents. New patents are continuously being obtained through our research and development activities as existing patents expire. Patented inventions are used both within the Company and are licensed to others, but no operating segment is substantially dependent on any single patent or group of related patents.

Sales of goods and services to agencies of the U.S. Government as a percentage of revenues follow.

	% of Consolidated Revenues		
	2012	2011	2010
Total sales to U.S. Government Agencies	3 %	3 %	3 %
Aviation segment defense-related sales	3	3	3

GE is a trademark and service mark of General Electric Company.

The Company's Internet address is www.ge.com. Our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports are available, without charge, on our website, www.ge.com/en/company/investor/secfilings.htm, as soon as reasonably practicable after they are filed electronically with the U.S. Securities and Exchange Commission (SEC). Copies are also available, without charge, from GE Corporate Investor Communications, 3135 Easton Turnpike, Fairfield, CT 06828-0001. Reports filed with the SEC may be viewed at www.sec.gov or obtained at the SEC Public Reference Room in Washington, D.C. Information regarding the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. References to our website addressed in this report are provided as a convenience and do not constitute, and should not be viewed as, an incorporation by reference of the information contained on, or available through, the website. Therefore, such information should not be considered part of this report.

Item 1A. Risk Factors

The following discussion of risk factors contains "forward-looking statements," as discussed in Item 1. "Business". These risk factors may be important to understanding any statement in this Annual Report on Form 10-K or elsewhere. The following information should be read in conjunction with Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" (MD&A), and the consolidated financial statements and related notes in Part II, Item 8. "Financial Statements and Supplementary Data" of this Form 10-K Report.

Our businesses routinely encounter and address risks, some of which will cause our future results to be different – sometimes materially different – than we presently anticipate. Discussion about important operational risks that our businesses encounter can be found in the MD&A section and in the business descriptions in Item 1. "Business" of this Form 10-K Report. Below, we describe certain important operational and strategic risks. Our reactions to material future developments as well as our competitors' reactions to those developments will affect our future results.

Our growth is subject to global economic and political risks.
We operate in virtually every part of the world and serve customers in more than 100 countries. In 2012, approximately 52% of our revenue was attributable to activities outside the United States. Our operations are subject to the effects of global competition and geopolitical risks. They are also affected by local economic environments, including inflation, recession, currency volatility and actual or anticipated default on sovereign debt. Political changes, some of which may be disruptive, can interfere with our supply chain, our customers and all of our activities in a particular location. While some of these global economic and political risks can be hedged using derivatives or other financial instruments and some are insurable, such attempts to mitigate these risks are costly and not always successful, and our ability to engage in such mitigation may decrease or become even more costly as a result of more volatile market conditions.

We are subject to a wide variety of laws, regulations and government policies that may change in significant ways.

Our businesses are subject to regulation under a wide variety of U.S. federal and state and non-U.S. laws, regulations and policies. There can be no assurance that laws, regulations and policies will not be changed in ways that will require us to modify our business models and objectives or affect our returns on investments by restricting existing activities and products, subjecting them to escalating costs or prohibiting them outright. In particular, U.S. and non-U.S. governments are undertaking a substantial revision of the regulation and supervision of bank and non-

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bank financial institutions, consumer lending, the over-the-counter derivatives market and tax laws and regulations, which changes may have an effect on GE's and GE Capital's structure, operations, liquidity, capital requirements, effective tax rate and performance. For example, under the Dodd-Frank Wall Street Reform and Consumer Protection Act, GE Capital is subject to prudential oversight by the Federal Reserve, which subjects us to increased and evolving regulatory requirements. We are also subject to a number of trade control laws and regulations that may affect our ability to sell our products in global markets. In addition, we are subject to regulatory risks from laws that reduce the allowable lending rate or limit consumer borrowing, local capital requirements that may increase the risk of not being able to retrieve assets, and changes to tax law that may affect our return on investments. For example, GE's effective tax rate is reduced because active business income earned and indefinitely reinvested outside the United States is taxed at less than the U.S. rate. A significant portion of this reduction depends upon a provision of U.S. tax law that defers the imposition of U.S. tax on certain active financial services income until that income is repatriated to the United States as a dividend. This provision is consistent with international tax norms and permits U.S. financial services companies to compete more effectively with non-U.S. financial institutions in global markets. This provision, which had expired at the end of 2011, was reinstated in January 2013 retroactively for two years through the end of 2013. This provision also had been scheduled to expire and had been extended by Congress on six previous occasions, but there can be no assurance that it will continue to be extended. In the event the provision is not extended after 2013, the current U.S. tax imposed on active financial services income earned outside the United States would increase, making it more difficult for U.S. financial services companies to compete in global markets. If this provision is not extended, we expect our effective tax rate to increase significantly after 2014. In addition, efforts by public and private sectors to control the growth of healthcare costs may lead to lower reimbursements and increased utilization controls related to the use of our products by healthcare providers. Continued government scrutiny, including reviews of the U.S. Food and Drug Administration (U.S. FDA) medical device pre-market authorization and post-market surveillance processes, may impact the requirements for marketing our products and slow our ability to introduce new products, resulting in an adverse impact on our business. Furthermore, we have been, and expect to continue, participating in U.S. and international governmental programs, which require us to comply with strict governmental regulations. Inability to comply with these regulations could adversely affect our status in these projects and adversely affect our results of operations, financial position and cash flows.

We are subject to legal proceedings and legal compliance risks.
We are subject to a variety of legal proceedings and legal compliance risks in virtually every part of the world. We, our representatives, and the industries in which we operate are at times being reviewed or investigated by regulators and other governmental authorities, which could lead to enforcement actions, fines and penalties or the assertion of private litigation claims and damages. Additionally, we and our subsidiaries are involved in a sizable number of remediation actions to clean up hazardous wastes as required by federal and state laws. These include the dredging of polychlorinated biphenyls from a 40-mile stretch of the upper Hudson River in New York State, as described in Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Form 10-K Report. We are also subject to certain other legal proceedings described in Item 3. "Legal Proceedings" of this Form 10-K Report. While we believe that we have adopted appropriate risk management and compliance programs, the global and diverse nature of our operations means that legal and compliance risks will continue to exist and additional legal proceedings and other contingencies, the outcome of which cannot be predicted with certainty, will arise from time to time.

The success of our business depends on achieving our strategic objectives, including through acquisitions, joint ventures, dispositions and restructurings.
With respect to acquisitions, joint ventures and restructuring actions, we may not achieve expected returns and other benefits as a result of various factors, including integration and collaboration challenges, such as personnel and technology. In addition, we may not achieve anticipated cost savings from restructuring actions, which could result in lower margin rates. We also participate in a number of joint ventures with other companies or government enterprises in various markets around the world, including joint ventures where we may have a lesser degree of control over the

business operations, which may expose us to additional operational, financial, legal or compliance risks. We also continue to evaluate the potential disposition of assets and businesses that may no longer help us meet our objectives. When we decide to sell assets or a business, we may encounter difficulty in finding buyers or alternative exit strategies on acceptable terms in a timely manner, which could delay the accomplishment of our strategic

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objectives. Alternatively, we may dispose of a business at a price or on terms that are less than we had anticipated. After reaching an agreement with a buyer or seller for the acquisition or disposition of a business, we are subject to satisfaction of pre-closing conditions as well as to necessary regulatory and governmental approvals on acceptable terms, which may prevent us from completing the transaction. Dispositions may also involve continued financial involvement in the divested business, such as through continuing equity ownership, guarantees, indemnities or other financial obligations. Under these arrangements, performance by the divested businesses or other conditions outside our control could affect our future financial results.

Sustained increases in costs of pension and healthcare benefits may reduce our profitability.
Our results of operations may be positively or negatively affected by the amount of income or expense we record for our defined benefit pension plans. U.S. generally accepted accounting principles (GAAP) require that we calculate income or expense for the plans using actuarial valuations. These valuations reflect assumptions about financial market and other economic conditions, which may change based on changes in key economic indicators. The most significant year-end assumptions we use to estimate pension expense for 2013 are the discount rate and the expected long-term rate of return on the plan assets. In addition, we are required to make an annual measurement of plan assets and liabilities, which may result in a significant change to equity through a reduction or increase to Accumulated gains (losses) – net, Benefit plans. At the end of 2012, the GE Pension Plan was underfunded, on a U.S. GAAP basis, by $13.3 billion, and the GE Supplementary Pension Plan, an unfunded plan, had a projected benefit obligation of $5.5 billion. For a discussion regarding how our financial statements can be affected by pension plan accounting policies, see Critical Accounting Estimates – Pension Assumptions in Part II, Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and Note 12 to the consolidated financial statements in Part II, Item 8. “Financial Statements and Supplementary Data” of this Form 10-K Report. Although GAAP expense and pension funding contributions are not directly related, key economic factors that affect GAAP expense would also likely affect the amount of cash we would contribute to pension plans as required under the Employee Retirement Income Security Act (ERISA). Failure to achieve expected returns on plan assets driven by various factors, which could include a continued environment of low interest rates or sustained market volatility, could also result in an increase to the amount of cash we would be required to contribute to pension plans. In addition, upward pressure on the cost of providing healthcare benefits to current employees and retirees may increase future funding obligations. Although we have actively sought to control increases in these costs, there can be no assurance that we will succeed in limiting cost increases, and continued upward pressure could reduce our profitability.

Conditions in the financial and credit markets may affect the availability and cost of funding.
As disclosed in more detail in the Liquidity and Borrowings section in Part II, Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of this Form 10-K Report, a large portion of our borrowings is in the form of commercial paper and long-term debt. We continue to rely on the availability of the unsecured debt markets to access funding for term and commercial paper maturities for 2013 and beyond and to fund our operations without incurring additional U.S. tax. In addition, we rely on the availability of the commercial paper markets to refinance maturing commercial paper debt throughout the year. In order to further diversify our funding sources, GE Capital continues to expand its reliance on alternative sources of funding, including bank deposits, securitizations and other asset-based funding. There can be no assurance that we will succeed in increasing the diversification of our funding sources or that the short and long-term credit markets will be available or, if available, that the cost of funding will not substantially increase and affect our overall profitability. Factors that may affect the availability of funding or cause an increase in our funding costs include: a decreased reliance on short-term funding, such as commercial paper, in favor of longer-term funding arrangements; decreased capacity and increased competition among debt issuers; increased competition for deposits in our affiliate banks’ markets; and potential market disruptions or other impacts arising in the United States or Europe from developments in sovereign debt situations. If GE Capital’s cost of funding were to increase, it may adversely affect its competitive position and result in lower net interest margins, earnings and cash flows as well as lower returns on its shareowner’s equity and invested capital.

If conditions in the financial markets deteriorate, they may adversely affect the business and results of operations of GE Capital as well as the soundness of financial institutions and governments we deal with.
If conditions in the financial markets deteriorate, there can be no assurance that we will be able to recover fully the value of certain assets, including goodwill, intangibles and tax assets. In addition, deterioration in the economy and in default and recovery rates could require us to increase allowances for loan losses, impairments or write-offs, which,

depending on the amount of the increase, could have a material adverse effect on our business, financial position and results of operations.

In addition, GE Capital has exposure to many different industries and counterparties, including sovereign governments, and routinely executes transactions with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks and other institutional clients. Many of these transactions expose GE Capital to credit risk in the event of default of its counterparty or client. In addition, GE Capital's credit risk may be increased when the value of collateral held cannot be realized through sale or is liquidated at prices insufficient to recover the full amount of the loan or derivative exposure due to it. GE Capital also has exposure to these financial institutions in the form of cash on deposit and unsecured debt instruments held in its investment portfolios. GE Capital has policies relating to credit rating requirements and to exposure limits to counterparties (as described in Note 22 to the consolidated financial statements in Part II, Item 8. "Financial Statements and Supplementary Data" of this Form 10-K Report), which are designed to limit credit and liquidity risk. There can be no assurance, however, that any losses or impairments to the carrying value of financial assets would not materially and adversely affect GE Capital's business, financial position and results of operations.

The real estate markets in which GE Capital participates are highly dependent on economic conditions, the deterioration of which may adversely affect GE Capital's business, financial position and results of operations.
GE Capital participates in the commercial real estate market in two ways: it provides financing for the acquisition, refinancing and renovation of various types of properties, and, in a limited number of markets, it also acquires equity positions in various types of properties or real estate investments. The profitability of real estate investments is largely dependent upon the economic conditions in specific geographic markets in which the properties are located and the perceived value of those markets at the time of sale. The level of transactions for real estate assets continues to remain below historical norms in several markets in which GE Capital operates. High levels of unemployment, slowdown in business activity, excess inventory capacity and limited availability of credit may continue to adversely affect the value of real estate assets and collateral to real estate loans GE Capital holds. Under current market and credit conditions, there can be no assurance as to the level of sales GE Capital will complete or the net sales proceeds it will realize. Also, occupancy rates and market rent levels may worsen, which may result in impairments to the carrying value of equity investments or increases in the allowance for loan losses on commercial real estate loans.

GE Capital is also a residential mortgage lender in certain geographic markets outside the United States that have been, and may continue to be, adversely affected by declines in real estate values and home sale volumes, job losses, government austerity measures and mandated programs, consumer bankruptcies and other factors that may negatively impact the credit performance of our mortgage loans. Our allowance for loan losses on these mortgage loans is based on our analysis of current and historical delinquency, property values and loan performance, as well as other management assumptions that may be inaccurate predictors of credit performance in this environment. There can be no assurance that, in this environment, credit performance will not be materially worse than anticipated and, as a result, materially and adversely affect GE Capital's business, financial position and results of operations.

Failure to maintain our credit ratings could adversely affect our cost of funds and related margins, liquidity, competitive position and access to capital markets.
The major debt rating agencies routinely evaluate our debt. This evaluation is based on a number of factors, which include financial strength as well as transparency with rating agencies and timeliness of financial reporting. As of December 31, 2012, GE and GECC's long-term unsecured debt credit rating from Standard and Poor's Ratings Service (S&P) was AA+ (the second highest of 22 rating categories) with a stable outlook. The long-term unsecured debt credit rating from Moody's Investors Service (Moody's) for GE was Aa3 (the fourth highest of 21 rating categories) and for GECC was A1 (the fifth highest of 21 credit ratings), both with stable outlooks. As of December 31, 2012, GE and GECC's short-term credit rating from S&P was A-1+ (the highest rating category of six categories) and from Moody's was P-1 (the highest rating category of four categories). There can be no assurance that we will be able to

maintain our credit ratings and failure to do so could adversely affect our cost of funds and related margins, liquidity, competitive position and access to capital markets. Various debt and derivative instruments, guarantees and

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covenants would require posting additional capital or collateral in the event of a ratings downgrade, which, depending on the extent of the downgrade, could have a material adverse effect on our liquidity and capital position.

Current conditions in the global economy and the major industries we serve also may materially and adversely affect the business and results of operations of our non-financial businesses.
The business and operating results of our industrial businesses have been, and will continue to be, affected by worldwide economic conditions, including conditions in the air and rail transportation, energy generation, healthcare, home building and other major industries we serve. As a result of slower global economic growth, the credit market crisis, declining consumer and business confidence, continued high unemployment levels, reduced levels of capital expenditures, fluctuating commodity prices, bankruptcies, government deficit reduction and austerity measures, including sequestrations, and other challenges affecting the global economy, some of our government and non-government customers have experienced deterioration of their businesses, cash flow shortages, and difficulty obtaining financing. As a result, existing or potential customers may delay or cancel plans to purchase our products and services, including large infrastructure projects, and may not be able to fulfill their obligations to us in a timely fashion. In particular, the airline industry is highly cyclical, and the level of demand for air travel is correlated to the strength of the U.S. and international economies. An extended period of slow growth in the U.S. or internationally that results in the loss of business and leisure traffic could have a material adverse effect on our airline customers and the viability of their business. Service contract cancellations or customer dynamics such as early aircraft retirements could affect our ability to fully recover our contract costs and estimated earnings. Further, our vendors may be experiencing similar conditions, which may impact their ability to fulfill their obligations to us. If slower growth in the global economy continues for a significant period or there is additional significant deterioration in the global economy, our results of operations, financial position and cash flows could be materially adversely affected.

Increased IT security requirements, vulnerabilities, threats and more sophisticated and targeted computer crime could pose a risk to our systems, networks, products, solutions, services and data.
Increased global IT security vulnerabilities, threats and more sophisticated and targeted IT-related attacks pose a risk to the security of our and our customers' and suppliers' systems and networks and the confidentiality, availability and integrity of our data. While we attempt to mitigate these risks by employing a number of measures, including employee training, comprehensive monitoring of our networks and systems, and maintenance of backup and protective systems, our systems, networks, products, solutions and services remain potentially vulnerable to additional known or unknown threats. We also may have access to sensitive, confidential or personal data or information in certain of our businesses that is subject to privacy and security laws, regulations and customer-imposed controls. Despite our efforts to protect sensitive, confidential or personal data or information, our facilities and systems and those of our customers, suppliers and third-party service providers may be vulnerable to security breaches, theft, misplaced or lost data, programming and/or human errors that could potentially lead to the compromising of sensitive, confidential or personal data or information, improper use of our systems, software solutions or networks, unauthorized access, use, disclosure, modification or destruction of information, defective products, production downtimes and operational disruptions, which in turn could adversely affect our reputation, competitiveness and results of operations.

We may face operational challenges that could have a material adverse effect on our business, reputation, financial position and results of operations, and we are dependent on maintenance of existing product lines, market acceptance of new product introductions and product innovations for continued revenue growth.
We produce highly sophisticated products and provide specialized services for both our and third-party products that incorporate or use leading-edge technology, including both hardware and software. While we have built extensive operational processes to ensure that the design, manufacture and servicing of such products meet the most rigorous quality standards, there can be no assurance that we or our customers or other third parties will not experience operational process failures or other problems, including through intentional acts, that could result in potential product, safety, regulatory or environmental risks. Such operational failures or quality issues could have a material

adverse effect on our business, reputation, financial position and results of operations. In addition, the markets in which we operate are subject to technological change and require skilled talent. Our long-term operating results depend substantially upon our ability to continually develop, introduce, and market new and innovative products, to modify existing products, to customize products, to respond to technological change and to execute our product development in line with our projected cost estimates.

Our intellectual property portfolio may not prevent competitors from independently developing products and services similar to or duplicative to ours.
Our patents and other intellectual property may not prevent competitors from independently developing or selling products and services similar to or duplicative of ours, and there can be no assurance that the resources invested by us to protect our intellectual property will be sufficient or that our intellectual property portfolio will adequately deter misappropriation or improper use of our technology. We could also face competition in some countries where we have not invested in an intellectual property portfolio. We also face attempts by third-parties to gain unauthorized access to our information technology systems for the purpose of improperly acquiring our trade secrets or confidential business information. The theft or unauthorized use or publication of our trade secrets and other confidential business information as a result of such an incident could adversely affect our competitive position and the value of our investment in research and development. In addition, we may be the target of aggressive and opportunistic enforcement of patents by third parties, including non-practicing entities. Regardless of the merit of such claims, responding to infringement claims can be expensive and time-consuming. If GE is found to infringe any third-party rights, we could be required to pay substantial damages or we could be enjoined from offering some of our products and services. Also, there can be no assurances that we will be able to obtain or re-new from third parties the licenses we need in the future, and there is no assurance that such licenses can be obtained on reasonable terms.

Significant raw material shortages, supplier capacity constraints, supplier production disruptions, supplier quality and sourcing issues or price increases could increase our operating costs and adversely impact the competitive positions of our products.
Our reliance on third-party suppliers, contract manufacturers and service providers, and commodity markets to secure raw materials, parts, components and sub-systems used in our products exposes us to volatility in the prices and availability of these materials, parts, components, systems and services. Some of these suppliers or their sub-suppliers are limited- or sole-source suppliers. A disruption in deliveries from our third-party suppliers, contract manufacturers or service providers, capacity constraints, production disruptions, price increases, or decreased availability of raw materials or commodities, including as a result of catastrophic events, could have an adverse effect on our ability to meet our commitments to customers or increase our operating costs. Quality and sourcing issues experienced by third-party providers can also adversely affect the quality and effectiveness of our products and services and result in liability and reputational harm.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 2. Properties

Manufacturing operations are carried out at approximately 232 manufacturing plants located in 38 states in the United States and Puerto Rico and at approximately 283 manufacturing plants located in 42 other countries.

Item 3. Legal Proceedings

As previously reported, in March and April 2009, shareholders filed purported class actions under the federal securities laws in the United States District Court for the Southern District of New York naming as defendants GE, a number of GE officers (including our chief executive officer and chief financial officer) and our directors. The complaints, which have now been consolidated, seek unspecified damages based on allegations related to statements regarding the GE dividend and projected losses and earnings for GECC in 2009. In January 2012, the District Court granted in part, and denied in part, our motion to dismiss. In April 2012, the District Court granted a portion of our motion for reconsideration, resulting in the dismissal of plaintiffs' claims under the Securities Act of 1933. In July 2012, the District Court denied plaintiffs' motion seeking to amend their complaint to include the alleged claims under the Securities Act of 1933. In January 2013, plaintiffs attempted unsuccessfully to file a new amended complaint. We have filed a motion for judgment on the pleadings.

As also previously reported, in March 2010, a shareholder derivative action was filed in the United States District

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Court for the Southern District of New York naming as defendants GE, a number of GE officers (including our chief executive officer and chief financial officer) and our directors. The complaint seeks unspecified damages and principally alleges breaches of fiduciary duty and other causes of action related to the GE dividend and SEC matter which GE resolved in August 2009 and alleged mismanagement of our financial services businesses. In September 2011, our motion to dismiss was granted. In June 2012, plaintiff's motion to file an amended complaint was denied. The plaintiff has filed an appeal.

As also previously reported, in February and March 2012, two shareholder derivative actions were filed in New York Supreme Court naming as defendants GE, a number of GE officers (including our chief executive officer and chief financial officer) and our directors. The complaints seek unspecified damages and principally allege breaches of fiduciary duty and other causes of action related to 2009 earnings forecasts for GE Capital, changes in the GE dividend and GE's credit rating in 2009 and GE's 2008 commercial paper program. In June 2012, these two cases were consolidated into a single action. GE filed a motion to dismiss the consolidated action in December 2012.

We sold WMC, our U.S. mortgage business, in 2007. WMC substantially discontinued all new loan originations in 2007, and was not a loan servicer. In connection with the sale, WMC retained certain representation and warranty obligations related to loans sold to third parties prior to the disposal of the business.

WMC is a party to 15 lawsuits relating to mortgage loan repurchase claims. The adverse parties in these cases are trustees to private label residential mortgage-backed securitization trusts or parties claiming to act on their behalf. While the alleged claims for relief vary from case to case, the complaints and counterclaims in these actions generally assert claims for breach of contract, indemnification, and/or declaratory judgment, and seek specific performance (repurchase) and/or monetary damages.

Four WMC cases are pending in the United States District Court for the District of Connecticut. All of these cases were initiated in 2012, including two in the fourth quarter. Deutsche Bank National Trust Company (Deutsche Bank) is the adverse party in three cases, and Law Debenture Trust Company of New York (Law Debenture) is the adverse party in one case. The Deutsche Bank complaints assert claims on approximately $2,700 million of mortgage loans and seek to recover damages on these loans in excess of approximately $1,300 million. The Law Debenture complaint asserts claims on approximately $1,000 million of mortgage loans, and seeks to recover damages on these loans in excess of approximately $425 million. GECC was initially named a defendant in each of the Connecticut cases and has been dismissed from all of those cases without prejudice.

Seven WMC cases are pending in the United States District Court for the District of Minnesota against US Bank National Association (US Bank), of which four were initiated by WMC seeking declaratory judgment. Six of these cases were filed in 2012 (including one in the fourth quarter), and one was filed in 2011. The Minnesota cases involve claims on approximately $1,800 million of mortgage loans and do not specify the amount of damages plaintiffs seek to recover.

One WMC case is pending in New York State Supreme Court and was initiated in the fourth quarter 2012. This action was filed by BNY and names as defendants WMC, GECC, J.P. Morgan Mortgage Acquisition Corp., and JPMorgan Chase Bank, N.A. This case arises from the same securitization as one of the Minnesota cases. BNY asserts claims on approximately $1,900 million of mortgage loans, and seeks to recover damages in excess of $550 million.

Three WMC cases are pending in the United States District Court for the Southern District of New York. One case in which the plaintiff is The Bank of New York Mellon (BNY) was filed in the third quarter 2012, asserts claims on approximately $800 million of mortgage loans, and seeks to recover damages in excess of $278 million. Two of the cases were filed by the Federal Housing Finance Agency (FHFA), claiming to act on behalf of a securitization trustee, in the fourth quarter 2012. The summonses with notice filed by the FHFA do not allege the amount of loans at issue in the cases or allege the amount of any damages.

The amounts of the mortgage loans at issue in these cases (discussed above) reflect the purchase price or unpaid principal balances of the loans at the time of purchase and do not give effect to pay downs, accrued interest or fees,

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or potential recoveries based upon the underlying collateral. Of the mortgage loans involved in these lawsuits, approximately $3,800 million were included in WMC's pending claims at December 31, 2012. The claims relating to other mortgage loans not included in WMC's pending claims consist of sampling-based claims in two cases on approximately $900 million of mortgage loans and, in six cases, claims for repurchase or damages based on the alleged failure to provide notice of defective loans, breach of a corporate representation and warranty, and/or non-specific claims for rescissionary damages on approximately $3,100 million of mortgage loans. See Note 2 to the consolidated financial statements in Part II, Item 8 "Financial Statements and Supplementary Data" of this Form 10-K Report for additional information.

As previously reported, in 2000, GE and the Environmental Protection Agency (EPA) entered into a consent decree relating to PCB cleanup in the Massachusetts area of the Housatonic River. In May 2012, the EPA issued a status report describing potential conceptual approaches to a 10-mile stretch of the river downstream from a previously remediated area. We are currently discussing this report with EPA. A proposed remedy may be issued in the first half of 2013.

The company is reporting the following matter in compliance with SEC requirements to disclose environmental proceedings where the government is a party potentially involving monetary sanctions of $100,000 or greater:

As previously reported, in June 2008, EPA issued a notice of violation and in January 2011 filed a complaint alleging non-compliance with the Clean Air Act at a power cogeneration plant in Homer City, PA. The Pennsylvania Department of Environmental Protection, the New York Attorney General's Office and the New Jersey Department of Environmental Protection have intervened in the EPA case. The plant is operated exclusively by EME Homer City Generation L.P., and is owned and leased to EME Homer City Generation L.P. by subsidiaries of GECC and one other entity. EME Homer City Generation L.P. has entered into an agreement with Homer City Generation L.P., a subsidiary of GECC, to transfer the operational control of the plant to Homer City Generation L.P. upon satisfaction of certain conditions. The complaints did not indicate a specific penalty amount but make reference to statutory fines. In October 2011, the U.S. District Court for the Western District of Pennsylvania granted a motion to dismiss the matter with prejudice with regard to all federal counts, and with leave to re-file in state court for the non-federal counts. On December 8, 2011, EPA filed notice of its intent to appeal. NY, NJ and PA filed similar notices on December 9, 2011.

Item 4. Mine Safety Disclosures.

Not applicable.

Part II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

With respect to "Market Information," in the United States, GE common stock is listed on the New York Stock Exchange (its principal market). GE common stock is also listed on the London Stock Exchange and on Euronext Paris. Trading prices, as reported on the New York Stock Exchange, Inc., Composite Transactions Tape, and dividend information follow:

(In dollars)	Common stock market price High	Low	Dividends declared
2012			
Fourth quarter	$ 23.18	$ 19.87	$ 0.19
Third quarter	22.96	19.36	0.17
Second quarter	20.84	18.02	0.17
First quarter	21.00	18.23	0.17
2011			
Fourth quarter	$ 18.28	$ 14.02	$ 0.17
Third quarter	19.53	14.72	0.15
Second quarter	20.85	17.97	0.15
First quarter	21.65	18.12	0.14

As of January 31, 2013, there were approximately 523,000 shareowner accounts of record.

During the fourth quarter of 2012, we purchased shares of our common stock as follows.

Period(a)	Total number of shares purchased(a)(b)	Average price paid per share	Total number of shares purchased as part of our share repurchase program(a)(c)	Approximate dollar value of shares that may yet be purchased under our share repurchase program(c)
(Shares in thousands)				
2012				
October	54,941	$ 21.90	54,573	
November	14,970	$ 20.61	14,732	
December	31,044	$ 21.10	30,692	
Total	100,955	$ 21.46	99,997	$ 12.7 billion

(a) Information is presented on a fiscal calendar basis, consistent with our quarterly financial reporting.

(b) This category includes 958 thousand shares repurchased from our various benefit plans, primarily the GE Savings and Security Program (the S&SP). Through the S&SP, a defined contribution plan with Internal Revenue Service Code 401(k) features, we repurchase shares resulting from changes in investment options by plan participants.

(c) Shares are repurchased through the 2007 GE Share Repurchase Program (the Program). Effective December 14, 2012, we increased the existing Program authorization by $10 billion to $25 billion and extended the Program, which would have otherwise expired on December 31, 2013, through 2015. As of December 31, 2012, we had repurchased a total of approximately $12.3 billion of common stock under the Program. Effective February 12, 2013, we increased this Program authorization by an additional $10 billion resulting in authorization to repurchase up to a total of $35 billion of our common stock through 2015. The Program is flexible and shares are acquired with a combination of borrowings and free cash flow from the public markets and other sources, including GE Stock Direct, a stock purchase plan that is available to the public.

For information regarding compensation plans under which equity securities are authorized for issuance, see Note 16 to the consolidated financial statements in Part II, Item 8. "Financial Statements and Supplementary Data" of this Form 10-K Report.

Five-year financial performance graph: 2008-2012

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, 2007, 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, 2012.

	2007	2008	2009	2010	2011	2012
GE	$ 100	$ 46	$ 46	$ 56	$ 57	$ 69
S&P 500	100	63	80	92	94	109
DJIA	100	68	83	95	103	114

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Item 6. Selected Financial Data.

The following table provides key information for Consolidated, GE and GECC.

(Dollars in millions; per-share amounts in dollars)	2012	2011	2010	2009	2008
General Electric Company and Consolidated Affiliates					
Revenues and other income	$ 147,359	$ 147,288	$ 149,567	$ 154,396	$ 179,769
Earnings from continuing operations attributable to the Company	14,679	14,227	12,613	10,881	17,786
Earnings (loss) from discontinued operations, net of taxes, attributable to the Company	(1,038)	(76)	(969)	144	(376)
Net earnings attributable to the Company	13,641	14,151	11,644	11,025	17,410
Dividends declared(a)	7,372	7,498	5,212	6,785	12,649
Return on average GE shareowners' equity(b)	12.1 %	12.1 %	12.3 %	11.7 %	17.1 %
Per common share					
Earnings from continuing operations – diluted	$ 1.39	$ 1.24	$ 1.15	$ 0.99	$ 1.75
Earnings (loss) from discontinued operations – diluted	(0.10)	(0.01)	(0.09)	0.01	(0.04)
Net earnings – diluted	1.29	1.23	1.06	1.01	1.72
Earnings from continuing operations – basic	1.39	1.24	1.15	0.99	1.76
Earnings (loss) from discontinued operations – basic	(0.10)	(0.01)	(0.09)	0.01	(0.04)
Net earnings – basic	1.29	1.24	1.06	1.01	1.72
Dividends declared	0.70	0.61	0.46	0.61	1.24
Stock price range	23.18-18.02	21.65-14.02	19.70-13.75	17.52-5.87	38.52-12.58
Year-end closing stock price	20.99	17.91	18.29	15.13	16.20
Cash and equivalents	77,356	84,501	78,943	70,479	48,378
Total assets of continuing operations	684,193	716,468	735,431	756,897	773,191
Total assets	685,328	718,189	748,491	782,714	798,398
Long-term borrowings	236,084	243,459	293,323	336,172	320,522
Common shares outstanding – average (in thousands)	10,522,922	10,591,146	10,661,078	10,613,717	10,079,923
Common shareowner accounts – average	537,000	570,000	588,000	605,000	604,000
Employees at year end(c)					

United States		134,000		131,000		121,000		122,000		139,000
Other countries		171,000		170,000		152,000		168,000		169,000
Total employees(c)		305,000		301,000		273,000		290,000		308,000
GE data										
Short-term borrowings	$	6,041	$	2,184	$	456	$	504	$	2,375
Long-term borrowings		11,428		9,405		9,656		11,681		9,827
Noncontrolling interests		777		1,006		4,098		5,797		6,678
GE shareowners' equity		123,026		116,438		118,936		117,291		104,665
Total capital invested	$	141,272	$	129,033	$	133,146	$	135,273	$	123,545
Return on average total capital invested(b)		11.7 %		11.7 %		12.0 %		10.7 %		15.7 %
Borrowings as a percentage of total capital invested(b)		12.4 %		9.0 %		7.6 %		9.0 %		9.9 %
Working capital(b)	$	1,031	$	(10)	$	(1,618)	$	(1,596)	$	3,904
GECC data										
Revenues	$	46,039	$	49,068	$	49,856	$	51,776	$	68,541
Earnings from continuing operations attributable to GECC		7,401		6,584		3,120		1,253		7,470
Earnings (loss) from discontinued operations, net of taxes,										
attributable to GECC		(1,186)		(74)		(965)		162		(415)
Net earnings attributable to GECC		6,215		6,510		2,155		1,415		7,055
Net earnings attributable to GECC common shareowner		6,092		6,510		2,155		1,415		7,055
GECC shareowners' equity		81,890		77,110		68,984		70,833		53,279
Total borrowings and bank deposits		397,300		443,097		470,520		493,324		512,745
Ratio of debt to equity at GECC		4.85:1(d)		5.75:1(d)		6.82:1(d)		6.96:1		9.62:1
Total assets	$	539,223	$	584,536	$	605,255	$	650,372	$	661,009

Transactions between GE and GECC have been eliminated from the consolidated information.

(a) Included $1,031 million of preferred stock dividends ($806 million related to our preferred stock redemption) in 2011, $300 million in both 2010 and 2009 and $75 million in 2008.

(b) Indicates terms are defined in the Glossary.

(c) Excludes NBC Universal employees of 14,000, 14,000 and 15,000 in 2010, 2009 and 2008, respectively.

(d) Ratios of 3.66:1, 4.23:1 and 5.25:1 for 2012, 2011 and 2010, respectively, net of cash and equivalents and with classification of hybrid debt as equity.

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Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Operations

The consolidated financial statements of General Electric Company (the Company) combine the industrial manufacturing and services businesses of General Electric Company (GE) with the financial services businesses of General Electric Capital Corporation (GECC or financial services). Unless otherwise indicated by the context, we use the terms "GE" and "GECC" on the basis of consolidation described in Note 1 to the consolidated financial statements in Part II, Item 8. "Financial Statements and Supplementary Data" of this Form 10-K Report.

In the accompanying analysis of financial information, 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 the U.S. Securities and Exchange Commission (SEC) rules. For such measures, we have provided supplemental explanations and reconciliations in the Supplemental Information section.

We present Management's Discussion of Operations in five parts: Overview of Our Earnings from 2010 through 2012, Global Risk Management, Segment Operations, Geographic Operations and Environmental Matters. Unless otherwise indicated, we refer to captions such as revenues and other income and earnings from continuing operations attributable to the company simply as "revenues" and "earnings" throughout this Management's Discussion and Analysis. Similarly, discussion of other matters in our consolidated financial statements relates to continuing operations unless otherwise indicated.

On February 22, 2012, we merged our wholly-owned subsidiary, General Electric Capital Services, Inc. (GECS), with and into GECS' wholly-owned subsidiary, GECC. The merger simplified our financial services' corporate structure by consolidating financial services entities and assets within our organization and simplifying Securities and Exchange Commission and regulatory reporting. Upon the merger, GECC became the surviving corporation and assumed all of GECS' rights and obligations and became wholly-owned directly by General Electric Company. Our financial services segment, GE Capital, continues to comprise the continuing operations of GECC, which now include the run-off insurance operations previously held and managed in GECS. Unless otherwise indicated, references to GECC and the GE Capital segment in this Form 10-K Report relate to the entity or segment as they exist subsequent to the February 22, 2012 merger.

Effective October 1, 2012, we reorganized the former Energy Infrastructure segment into three segments – Power & Water, Oil & Gas and Energy Management and we began reporting these as separate segments beginning with this Form 10-K Report. We also reorganized our Home & Business Solutions segment by transferring our Intelligent Platforms business to Energy Management. Results for 2012 and prior periods in this Form 10-K Report are reported on this basis.

We supplement our GAAP net earnings and earnings per share (EPS) reporting by also reporting operating earnings and operating EPS (non-GAAP measures). Operating earnings and operating EPS include service costs and plan amendment amortization for our principal pension plans as these costs represent expenses associated with employee benefits earned. Operating earnings and operating EPS exclude non-operating pension cost/income such as interest costs, expected return on plan assets and non-cash amortization of actuarial gains and losses. We believe that this reporting provides better transparency to the employee benefit costs of our principal pension plans and Company operating results.

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Overview of Our Earnings from 2010 through 2012

Earnings from continuing operations attributable to the Company increased 3% to $14.7 billion in 2012 and 13% to $14.2 billion in 2011, reflecting the relative stabilization of overall economic conditions during the last two years. Operating earnings (non-GAAP measure) which exclude non-operating pension costs increased 8% to $16.1 billion in 2012 compared with a 20% increase to $14.9 billion in 2011. Earnings per share (EPS) from continuing operations increased 12% to $1.39 in 2012 compared with an 8% increase to $1.24 in 2011. Operating EPS (non-GAAP measure) increased 16% to $1.52 in 2012 compared with a 16% increase to $1.31 in 2011. Operating EPS excluding the effects of our 2011 preferred stock redemption (non-GAAP measure) increased 10% to $1.52 in 2012 compared with $1.38 in 2011. We believe that we are seeing continued signs of stabilization in much of the global economy, including in financial services, as GECC earnings from continuing operations attributable to the Company increased 12% in 2012 and 111% in 2011. Net earnings attributable to the Company decreased 4% in 2012 reflecting an increase of losses from discontinued operations partially offset by a 3% increase in earnings from continuing operations. Net earnings attributable to the Company increased 22% in 2011, as losses from discontinued operations in 2011 decreased and earnings from continuing operations increased 13%. We begin 2013 with a record backlog of $210 billion, continue to invest in market-leading technology and services and expect to continue our trend of revenue and earnings growth.

Power & Water (18% and 27% of consolidated three-year revenues and total segment profit, respectively) revenues increased 10% in 2012 primarily as a result of higher volume mainly driven by an increase in equipment sales at the Wind business after increasing 4% in 2011 primarily as a result of higher volume. Segment profit increased 8% in 2012 primarily driven by higher volume. Segment profit decreased 13% in 2011 primarily due to lower productivity and lower prices in the wind turbines business.

Oil & Gas (9% and 8% of consolidated three-year revenues and total segment profit, respectively) revenues increased 12% in 2012 primarily as a result of higher volume driven by acquisitions and higher sales of both equipment and services, after increasing 44% in 2011 as a result of acquisitions and higher volume. Segment profit increased 16% in 2012 primarily on higher volume and increased productivity reflecting increased equipment margins. Segment profit increased 18% in 2011 primarily driven by higher volume.

Energy Management (4% and 1% of consolidated three-year revenues and total segment profit, respectively) revenues increased 15% in 2012 primarily as a result of acquisitions after increasing 24% in 2011 driven by acquisitions and higher volume. Segment profit increased 68% in 2012 primarily driven by higher prices and increased other income. Segment profit decreased 50% in 2011 primarily driven by the effects of inflation and decreased other income.

Aviation (13% and 17% of consolidated three-year revenues and total segment profit, respectively) revenues increased 6% in 2012 as a result of higher prices and higher volume primarily driven by increased commercial and military engine sales. Segment profit increased 7%, in 2012 as a result of higher prices partially offset by the effects of inflations and lower productivity. In 2011, Aviation revenues increased 7% as a result of higher volume and higher prices driven by equipment sales and services. Segment profit increased 6% in 2011 as a result of higher volume and higher prices.

Healthcare (12% and 14% of consolidated three-year revenues and total segment profit, respectively) revenues increased 1% in 2012 on higher equipment sales, with the strongest growth in emerging markets. Segment profit increased 4% in 2012 as a result of increased productivity. Revenues increased 7% in 2011 due to higher volume of both equipment and service sales. Segment profit increased 2% in 2011 primarily due to increased productivity.

Transportation (3% and 3% of consolidated three-year revenues and total segment profit, respectively) revenues increased 15% in 2012 due to higher volume and higher prices related to increased equipment sales and services. Segment profit increased 36% in 2012 as a result of higher prices and increased productivity, reflecting improved service margins. Revenues increased 45% in 2011 as a result of higher volume related to increased equipment sales and services. Segment profit increased over 100% in 2011 as a result of increased productivity, reflecting improved service margins and higher volume.

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Home & Business Solutions (5% and 2% of consolidated three-year revenues and total segment profit, respectively) revenues have increased 4% in 2012 and decreased 3% in 2011. In 2012 revenues increased as a result of higher prices at Appliances. The revenue decrease in 2011 was related to lower volume at Appliances. Segment profit increased 31% in 2012 primarily as a result of higher prices partially offset by the effects of inflation. Segment profit decreased 41% in 2011 as a result of the effects of inflation.

GE Capital (33% and 28% of consolidated three-year revenues and total segment profit, respectively) net earnings increased 12% in 2012 and 111% in 2011 due to the continued stabilization in the overall economic environment. Increased stability in the financial markets has contributed to lower losses and a significant increase in segment profit to $7.4 billion in 2012 and $6.6 billion in 2011. We also reduced our ending net investment (ENI), excluding cash and equivalents, from $513 billion at January 1, 2009 to $419 billion at December 31, 2012. GECC is a diversely funded and smaller, more focused finance company with strong positions in several commercial mid-market and consumer financing segments.

Overall, acquisitions contributed $2.8 billion, $4.6 billion and $0.3 billion to consolidated revenues in 2012, 2011 and 2010, respectively, excluding the effects of acquisition gains. Our consolidated net earnings included $0.2 billion, an insignificant amount and $0.1 billion in 2012, 2011 and 2010, respectively, from acquired businesses. We integrate acquisitions as quickly as possible. Only revenues and earnings from the date we complete the acquisition through the end of the fourth following quarter are attributed to such businesses. Dispositions also affected our ongoing results through lower revenues of $5.1 billion, $12.6 billion and $3.0 billion in 2012, 2011 and 2010, respectively. The effects of dispositions on net earnings were decreases of $0.3 billion in both 2012 and 2011 and an increase of $0.1 billion in 2010.

Discontinued Operations. Consistent with our goal of reducing GECC ENI and focusing our businesses on selective financial services products where we have domain knowledge, broad distribution, and the ability to earn a consistent return on capital, while managing our overall balance sheet size and risk, in 2012, we sold Consumer Ireland. Discontinued operations also includes GE Money Japan (our Japanese personal loan business, Lake, and our Japanese mortgage and card businesses, excluding our investment in GE Nissen Credit Co., Ltd.), our U.S. mortgage business (WMC), BAC Credomatic GECF Inc. (BAC), our U.S. recreational vehicle and marine equipment financing business (Consumer RV Marine), Consumer Mexico, Consumer Singapore and our Consumer home lending operations in Australia and New Zealand (Australian Home Lending). All of these operations were previously reported in the GE Capital segment.

We reported the operations described above as discontinued operations for all periods presented. For further information about discontinued operations, see “Segment Operations – Discontinued Operations” in this Item and Note 2 to the consolidated financial statements in Part II, Item 8. “Financial Statements and Supplementary Data” of this Form 10-K Report.

We declared $7.4 billion in dividends in 2012. Common per-share dividends increased 15% to $0.70 in 2012 after an increase of 33% to $0.61 in 2011. We increased our quarterly dividend three times during 2011 and 2012, and on February 15, 2013, our Board of Directors approved a quarterly dividend of $0.19 per share of common stock, which is payable April 25, 2013, to shareowners of record at close of business on February 25, 2013. In 2011 and 2010, we declared $1.0 billion (including $0.8 billion as a result of our redemption of preferred stock) and $0.3 billion in preferred stock dividends, respectively. See Note 15 to the consolidated financial statements in Part II, Item 8. “Financial Statements and Supplementary Data” of this Form 10-K Report for additional information.

Except as otherwise noted, the analysis in the remainder of this section presents the results of GE (with GECC included on a one-line basis) and GECC. See the Segment Operations section for a more detailed discussion of the businesses within GE and GECC.

Significant matters relating to our Statement of Earnings are explained below.

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GE sales of product services were $43.4 billion in 2012, an increase of 4% compared with 2011, and operating profit from product services was $12.5 billion in 2012, an increase of 6% compared with 2011. Both the sales and operating profit of product services increases were at Power & Water, Oil & Gas, Transportation and Energy Management. GE sales of product services were $41.9 billion in 2011, an increase of 14% compared with 2010, and operating profit from product services was $11.8 billion in 2011, an increase of 15% compared with 2010. Both the sales and operating profit of product services increases were at Oil & Gas, Energy Management, Aviation, Transportation and Healthcare.

Postretirement benefit plans costs were $5.5 billion, $4.1 billion and $3.0 billion in 2012, 2011 and 2010, respectively. Costs increased in 2012 primarily due to the continued amortization of 2008 investment losses and the effects of lower discount rates (principal pension plans discount rate decreased from 5.28% at December 31, 2010 to 4.21% at December 31, 2011). Costs increased in 2011 primarily due to the continued amortization of 2008 investment losses and the effects of lower discount rates (principal pension plans discount rate decreased from 5.78% at December 31, 2009 to 5.28% at December 31, 2010).

Our discount rate for our principal pension plans at December 31, 2012 was 3.96%, which reflected current historically low interest rates. Considering the current and target asset allocations, as well as historical and expected returns on various categories of assets in which our plans are invested, we have assumed that long-term returns on our principal pension plan assets will be 8.0% for cost recognition in 2013, compared to 8.0% in both 2012 and 2011 and 8.5% in 2010. GAAP provides for recognition of differences between assumed and actual returns over a period no longer than the average future service of employees. See the Critical Accounting Estimates section for additional information.

We expect the costs of our postretirement benefits to increase in 2013 by approximately $0.4 billion as compared to 2012, primarily because of the effects of additional 2008 investment loss amortization and lower discount rates. Based on our current assumptions, we expect that loss amortization related to our principal pension plans will peak in 2013 and, as a result, our postretirement benefits costs should decline in 2014.

Pension expense for our principal pension plans on a GAAP basis was $3.8 billion, $2.4 billion and $1.1 billion in 2012, 2011 and 2010, respectively. Operating pension costs (non-GAAP) for these plans were $1.7 billion in 2012 and $1.4 billion in both 2011 and 2010. Operating earnings include service cost and prior service cost amortization for our principal pension plans as these costs represent expenses associated with employee service. Operating earnings exclude non-operating pension costs/income such as interest cost, expected return on plan assets and non-cash amortization of actuarial gains and losses. Operating pension costs increased in 2012 primarily due to the effects of lower discount rates and additional prior service cost amortization resulting from 2011 union negotiations. We expect operating pension costs for these plans will be about $1.7 billion in 2013.

The GE Pension Plan was underfunded by $13.3 billion at the end of 2012 as compared to $13.2 billion at December 31, 2011. The GE Supplementary Pension Plan, which is an unfunded plan, had projected benefit obligations of $5.5 billion and $5.2 billion at December 31, 2012 and 2011, respectively. Our underfunding at year-end 2012 was relatively consistent with 2011 as the effects of lower discount rates and liability growth were primarily offset by higher investment returns (11.7% return in 2012). Our principal pension plans discount rate decreased from 4.21% at December 31, 2011 to 3.96% at December 31, 2012, which increased the pension benefit obligation at year-end 2012 by approximately $2.0 billion. A 100 basis point increase in our pension discount rate would decrease the pension benefit obligation at year-end by approximately $7.4 billion. Our GE Pension Plan assets increased from $42.1 billion at the end of 2011 to $44.7 billion at December 31, 2012, primarily driven by higher investment returns that were partially offset by benefit payments made during the year. Assets of the GE Pension Plan are held in trust, solely for the benefit of Plan participants, and are not available for general company operations.

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On July 6, 2012, the U.S. Government enacted the "Moving Ahead for Progress in the 21st Century Act", which contained provisions that changed the interest rate methodology used to calculate Employee Retirement Income Security Act (ERISA) minimum pension funding requirements in the U.S. This change reduced our near-term annual cash funding requirements for the GE Pension Plan. We contributed $0.4 billion to the GE Pension Plan in 2012. We are not required to contribute to the GE Pension Plan in 2013.

On an ERISA basis, our preliminary estimate is that the GE Pension Plan was approximately 100% funded at January 1, 2013. Based on this, our current best estimate of the projected 2014 GE Pension Plan required contribution is approximately $0.6 billion.

At December 31, 2012, the fair value of assets for our other pension plans was $3.9 billion less than the respective projected benefit obligations. The comparable amount at December 31, 2011, was $3.3 billion. This increase was primarily attributable to lower discount rates. We expect to contribute $0.7 billion to our other pension plans in 2013, the same as in both 2012 and 2011.

The unfunded liability for our principal retiree health and life plans was $10.9 billion and $12.1 billion at December 31, 2012 and 2011, respectively. This decrease was primarily attributable to a plan amendment that affected retiree health and life benefit eligibility for certain salaried plan participants and lower cost trends which were partially offset by the effects of lower discount rates (retiree health and life plans discount rate decreased from 4.09% at December 31, 2011 to 3.74% at December 31, 2012). We fund our retiree health benefits on a pay-as-you-go basis. We expect to contribute $0.6 billion to these plans in 2013 compared with actual contributions of $0.5 billion and $0.6 billion in 2012 and 2011, respectively.

The funded status of our postretirement benefits plans and future effects on operating results depend on economic conditions and investment performance. For additional information about funded status, components of earnings effects and actuarial assumptions, see Note 12 to the consolidated financial statements in Part II, Item 8. "Financial Statements and Supplementary Data" of this Form 10-K Report.

GE other costs and expenses are selling, general and administrative expenses. These costs were 17.5%, 18.5% and 16.3% of total GE sales in 2012, 2011 and 2010, respectively. The 2012 decrease was primarily driven by increased sales and the effects of global cost reduction initiatives, partially offset by increased acquisition-related costs. The vast majority of the 2011 increase was driven by higher pension costs and increased costs to support global growth.

Interest on borrowings and other financial charges amounted to $12.5 billion, $14.5 billion and $15.5 billion in 2012, 2011 and 2010, respectively. Substantially all of our borrowings are in financial services, where interest expense was $11.7 billion, $13.9 billion and $14.5 billion in 2012, 2011 and 2010, respectively. GECC average borrowings declined from 2011 to 2012 and from 2010 to 2011, in line with changes in average GECC assets. Interest rates have decreased over the three-year period primarily attributable to declining global benchmark interest rates. GECC average borrowings were $421.9 billion, $452.7 billion and $472.0 billion in 2012, 2011 and 2010, respectively. The GECC average composite effective interest rate was 2.8% in 2012, 3.1% in 2011 and 3.1% in 2010. In 2012, GECC average assets of $562.1 billion were 5% lower than in 2011, which in turn were 3% lower than in 2010. See the Liquidity and Borrowings section for a discussion of liquidity, borrowings and interest rate risk management.

Income taxes have a significant effect on our net earnings. As a global commercial enterprise, our tax rates are affected by many factors, including our global mix of earnings, the extent to which those global earnings are indefinitely reinvested outside the United States, legislation, acquisitions, dispositions and tax characteristics of our income. Our tax rates are also affected by tax incentives introduced in the U.S. and other countries to encourage and support certain types of activity. Our tax returns are routinely audited and settlements of issues raised in these audits sometimes affect our tax provisions.

GE and GECC file a consolidated U.S. federal income tax return. This enables GE to use GECC tax deductions and credits to reduce the tax that otherwise would have been payable by GE.

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Income taxes on consolidated earnings from continuing operations were 14.4% in 2012 compared with 28.3% in 2011 and 7.3% in 2010.

Our consolidated income tax rate is lower than the U.S. statutory rate primarily because of benefits from lower-taxed global operations, including the use of global funding structures. There is a benefit from global operations as non-U.S. income is subject to local country tax rates that are significantly below the 35% U.S. statutory rate. These non-U.S. earnings have been indefinitely reinvested outside the U.S. and are not subject to current U.S. income tax. The rate of tax on our indefinitely reinvested non-U.S. earnings is below the 35% U.S. statutory rate because we have significant business operations subject to tax in countries where the tax on that income is lower than the U.S. statutory rate and because GE funds the majority of its non-U.S. operations through foreign companies that are subject to low foreign taxes.

We expect our ability to benefit from non-U.S. income taxed at less than the U.S. rate to continue, subject to changes in U.S. or foreign law, including the expiration of the U.S. tax law provision deferring tax on active financial services income, as discussed in Note 14 to the consolidated financial statements in Part II, Item 8. “Financial Statements and Supplementary Data” of this Form 10-K Report. In addition, since this benefit depends on management’s intention to indefinitely reinvest amounts outside the U.S., our tax provision will increase to the extent we no longer indefinitely reinvest foreign earnings.

Our benefits from lower-taxed global operations increased to $2.2 billion in 2012 from $2.1 billion in 2011 principally because of the realization of benefits for prior year losses and a decrease in current year losses for which there was not a full tax benefit. Our benefits from lower-taxed global operations declined to $2.1 billion in 2011 from $2.8 billion in 2010 principally because of lower earnings indefinitely reinvested in our operations subject to tax in countries where the tax on that income is lower than the U.S. statutory rate and a decrease in the benefit from audit resolutions. The benefit from lower-taxed global operations include in 2012 and in 2011 $0.1 billion, and in 2010 $0.4 billion due to audit resolutions. To the extent global interest rates and non-U.S. operating income increase we would expect tax benefits to increase, subject to management’s intention to indefinitely reinvest those earnings.

Our benefit from lower taxed global operations included the effect of the lower foreign tax rate on our indefinitely reinvested non-U.S. earnings which provided a tax benefit of $1.3 billion in 2012, $1.5 billion in 2011 and $2.0 billion in 2010. The tax benefit from non-U.S. income taxed at a local country rather than the U.S. statutory tax rate is reported in the effective tax rate reconciliation in the line “Tax on global earnings including exports.”

The decrease in the consolidated effective tax rate from 2011 to 2012 was due in significant part to the high effective tax rate in 2011 on the pre-tax gain on the NBC Universal (NBCU) transaction with Comcast Corporation (Comcast) discussed in Note 2 to the consolidated financial statements in Part II, Item 8, “Financial Statements and Supplemental Data” of this Form 10-K Report. This gain increased the 2011 consolidated effective tax rate by 12.8 percentage points. The effective tax rate was also lower due to the benefit of the high tax basis in the entity sold in the Business Properties disposition.

Cash income taxes paid in 2012 were $3.2 billion, reflecting the effects of changes to temporary differences between the carrying amount of assets and liabilities and their tax bases and the timing of tax payments to governments.

The increase in the consolidated effective tax rate from 2010 to 2011 was due in significant part to the high effective tax rate on the pre-tax gain on the NBCU transaction with Comcast discussed above and in Note 2. The effective tax rate was also higher because of the increase in 2011 of income in higher taxed jurisdictions. This decreased the relative effect of our tax benefits from lower-taxed global operations. In addition, the consolidated income tax rate increased from 2010 to 2011 due to the decrease, discussed above, in the benefit from lower-taxed global operations and the lower benefit from audit resolutions.

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On January 2, 2013, the American Taxpayer Relief Act of 2012 was enacted and the law extended several provisions, including a two year extension of the U.S. tax provision deferring tax on active financial services income retroactive to January 1, 2012. Under accounting rules, a tax law change is taken into account in calculating the income tax provision in the period in which enacted. Because the extension was enacted into law after the end of 2012, tax expense for 2012 does not reflect retroactive extension of expired provisions.

A more detailed analysis of differences between the U.S. federal statutory rate and the consolidated rate, as well as other information about our income tax provisions, is provided in Note 14 to the consolidated financial statements in Part II, Item 8. “Financial Statements and Supplementary Data” of this Form 10-K Report. The nature of business activities and associated income taxes differ for GE and for GECC and a separate analysis of each is presented in the paragraphs that follow.

We believe that the GE effective tax rate is best analyzed in relation to GE earnings before income taxes excluding the GECC net earnings from continuing operations, as GE tax expense does not include taxes on GECC earnings. GE pre-tax earnings from continuing operations, excluding GECC earnings from continuing operations, were $9.5 billion, $12.6 billion and $12.0 billion for 2012, 2011 and 2010, respectively. The decrease in earnings reflects the non-repeat of the pre-tax gain on sale of NBCU and higher loss amortization related to our principal pension plans. On this basis, GE’s effective tax rate was 21.3% in 2012, 38.3% in 2011 and 16.8% in 2010.

Resolution of audit matters reduced the GE effective tax rate throughout this period. The effects of such resolutions are included in the following captions in Note 14 to the consolidated financial statements in Part II, Item 8. “Financial Statements and Supplementary Data” of this Form 10-K Report.

	Audit resolutions – effect on GE tax rate, excluding GECC earnings		
	2012	2011	2010
Tax on global activities including exports	(0.7)%	(0.9)%	(3.3)%
U.S. business credits	–	(0.4)	(0.5)
All other – net	(0.9)	(0.7)	(0.8)
	(1.6)%	(2.0)%	(4.6)%

The GE effective tax rate decreased from 2011 to 2012 primarily because of the high effective tax rate in 2011 on the pre-tax gain on the NBCU transaction with Comcast reflecting the low tax basis in our investments in the NBCU business and the recognition of deferred tax liabilities related to our 49% investment in NBCUniversal LLC (NBCU LLC) (see Note 2). This gain increased the 2011 GE effective tax rate by 19.7 percentage points. Partially offsetting this decrease was an increase in the GE effective tax rate from 2011 to 2012 due to higher pre-tax income and to the decrease in the benefit from audit resolutions shown above.

The GE effective tax rate increased from 2010 to 2011 primarily because of the high effective tax rate on the pre-tax gain on the NBCU transaction with Comcast discussed above and in Note 2. In addition, the effective tax rate increased because of the decrease in the benefit from audit resolutions shown above.

The GECC effective income tax rate is lower than the U.S. statutory rate primarily because of benefits from lower-taxed global operations, including the use of global funding structures. There is a tax benefit from global operations as non-U.S. income is subject to local country tax rates that are significantly below the 35% U.S. statutory rate. These non-U.S. earnings have been indefinitely reinvested outside the U.S. and are not subject to current U.S. income tax. The rate of tax on our indefinitely reinvested non-U.S. earnings is below the 35% U.S. statutory rate because we have significant business operations subject to tax in countries where the tax on that income is lower than the U.S. statutory rate and because GECC funds the majority of its non-U.S. operations through foreign companies that are subject to low foreign taxes.

We expect our ability to benefit from non-U.S. income taxed at less than the U.S. rate to continue subject to changes of U.S. or foreign law, including the expiration of the U.S. tax law provision deferring tax on active financial services income, as discussed in Note 14 to the consolidated financial statements in Part II, Item 8. "Financial Statements and

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Supplementary Data" of this Form 10-K Report. In addition, since this benefit depends on management's intention to indefinitely reinvest amounts outside the U.S., our tax provision will increase to the extent we no longer indefinitely reinvest foreign earnings.

As noted above, GE and GECC file a consolidated U.S. federal income tax return. This enables GE to use GECC tax deductions and credits to reduce the tax that otherwise would have been payable by GE. The GECC effective tax rate for each period reflects the benefit of these tax reductions in the consolidated return. GE makes cash payments to GECC for these tax reductions at the time GE's tax payments are due. The effect of GECC on the amount of the consolidated tax liability from the formation of the NBCU joint venture will be settled in cash no later than when GECC tax deductions and credits otherwise would have reduced the liability of the group absent the tax on joint venture formation.

The GECC effective tax rate was 6.2% in 2012, compared with 11.8 % in 2011 and (45.8)% in 2010. Comparing a tax benefit to pre-tax income resulted in a negative tax rate in 2010. Our tax expense of $0.5 billion in 2012 decreased by $0.4 billion from $0.9 billion in 2011. The lower 2012 tax expense resulted principally from the benefit attributable to the high tax basis in the entity sold in the Business Property disposition ($0.3 billion), increased benefits from low taxed global operations ($0.3 billion) and the absence of the 2011 high-taxed disposition of Garanti Bank ($0.1 billion). Partially offsetting the decrease in tax expense was the absence in 2012 of the 2011 benefit from resolution of the 2006-2007 Internal Revenue Service (IRS) audit ($0.2 billion) which is reported in the caption "All other-net" in the effective tax rate reconciliation in Note 14 to the consolidated financial statements in Part II, Item 8. "Financial Statements and Supplementary Data" of this Form 10-K Report, and from higher pre-tax income in 2012 than in 2011, which increased pre-tax income $0.3 billion and increased the expense ($0.1 billion).

The GECC effective tax rate was 11.8% in 2011, compared with (45.8)% in 2010. Comparing a tax benefit to pre-tax income resulted in a negative tax rate in 2010. The GECC tax expense of $0.9 billion in 2011 increased by $1.9 billion from a $1.0 billion benefit in 2010. The higher 2011 tax expense resulted principally from higher pre-tax income in 2011 than in 2010 of $5.5 billion, which increased the tax expense ($1.9 billion). Also increasing the expense was a benefit from resolution of the 2006-2007 Internal Revenue Service (IRS) audit ($0.2 billion) that was less than the benefit from resolution of the 2003-2005 IRS audit ($0.3 billion) both of which are reported in the caption "All other-net" in the effective tax rate reconciliation in Note 14 to the consolidated financial statements in Part II, Item 8. "Financial Statements and Supplementary Data" of this Form 10-K.

Global Risk Management

A disciplined approach to risk is important in a diversified organization like ours in order to ensure that we are executing according to our strategic objectives and that we only accept risk for which we are adequately compensated. We evaluate risk at the individual transaction level, and evaluate aggregated risk at the customer, industry, geographic and collateral-type levels, where appropriate.

Risk assessment and risk management are the responsibility of management. The GE Board of Directors (Board) has oversight for risk management with a focus on the most significant risks facing the Company, including strategic, operational, financial and legal and compliance risks. At the end of each year, management and the Board jointly develop a list of major risks that GE plans to prioritize in the next year. Throughout the year, the Board and the committees to which it has delegated responsibility dedicate a portion of their meetings to review and discuss specific risk topics in greater detail. Strategic, operational and reputational risks are presented and discussed in the context of the CEO's report on operations to the Board at regularly scheduled Board meetings and at presentations to the Board and its committees by the vice chairmen, Chief Risk Officer (CRO), general counsel and other employees. The Board has delegated responsibility for the oversight of specific risks to Board committees as follows:

- The Risk Committee of the GE Board (GE Risk Committee) oversees GE's risk management of key risks, including strategic, operational (including product risk), financial (including credit, liquidity and exposure to broad market risk) and reputational risks, and the guidelines, policies and processes for monitoring and mitigating such risks. The GE Risk Committee also oversees risks related to GE Capital and jointly meets with the GECC Board of Directors (GECC Board) at least four times a year.

- The Audit Committee oversees GE's and GE Capital's policies and processes relating to the financial statements, the financial reporting process, compliance and auditing. The Audit Committee monitors ongoing compliance issues and matters, and also semi-annually conducts an assessment of compliance issues and programs. The Audit Committee jointly meets with the GECC Board once a year.

- The Public Responsibilities Committee oversees risk management related to GE's public policy initiatives, the environment and similar matters, and monitors the Company's environmental, health and safety compliance.

- The Management Development and Compensation Committee oversees the risk management associated with management resources, structure, succession planning, management development and selection processes, and includes a review of incentive compensation arrangements to confirm that incentive pay does not encourage unnecessary risk taking and to review and discuss, at least annually, the relationship between risk management policies and practices, corporate strategy and senior executive compensation.

- The Nominating and Corporate Governance Committee oversees risk related to the Company's governance structure and processes and risks arising from related-person transactions.

The GE Board's risk oversight process builds upon management's risk assessment and mitigation processes, which include standardized reviews of long-term strategic and operational planning; executive development and evaluation; code of conduct compliance under the Company's The Spirit & The Letter; regulatory compliance; health, safety and environmental compliance; financial reporting and controllership; and information technology and security. GE's CRO is responsible for overseeing and coordinating risk assessment and mitigation on an enterprise-wide basis. The CRO leads the Corporate Risk Function and is responsible for the identification of key business risks, providing for appropriate management of these risks within GE Board guidelines, and enforcement through policies and procedures. Management has two committees to further assist it in assessing and mitigating risk. The Corporate Risk Committee (CRC) meets at least four times per year, is chaired by the CRO and comprises the Chairman and CEO, vice chairmen, general counsel and other senior level business and functional leaders. It has principal responsibility for evaluating and addressing risks escalated to the CRO and Corporate Risk Function. The Policy Compliance Review Board met 16 times in 2012, is chaired by the Company's general counsel and includes the Chief Financial Officer and other senior level functional leaders. It has principal responsibility for monitoring compliance matters across the company.

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GE's Corporate Risk Function leverages the risk infrastructures in each of our businesses, which have adopted an approach that corresponds to the Company's overall risk policies, guidelines and review mechanisms. Our risk infrastructure operates at the business and functional levels and is designed to identify, evaluate and mitigate risks within each of the following categories:

- Strategic. Strategic risk relates to the Company's future business plans and strategies, including the risks associated with the markets and industries in which we operate, demand for our products and services, competitive threats, technology and product innovation, mergers and acquisitions and public policy.
- Operational. Operational risk relates to risks (systems, processes, people and external events) that affect the operation of our businesses. It includes product life cycle and execution, product safety and performance, information management and data protection and security, business disruption, human resources and reputation.
- Financial. Financial risk relates to our ability to meet financial obligations and mitigate credit risk, liquidity risk and exposure to broad market risks, including volatility in foreign currency exchange rates and interest rates and commodity prices. Liquidity risk is the risk of being unable to accommodate liability maturities, fund asset growth and meet contractual obligations through access to funding at reasonable market rates, and credit risk is the risk of financial loss arising from a customer or counterparty failure to meet its contractual obligations. We face credit risk in our industrial businesses, as well as in our GE Capital investing, lending and leasing activities and derivative financial instruments activities.
- Legal and Compliance. Legal and compliance risk relates to risks arising from the government and regulatory environment and action, compliance with integrity policies and procedures, including those relating to financial reporting, environmental health and safety, and intellectual property risks. Government and regulatory risk includes the risk that the government or regulatory actions will impose additional cost on us or cause us to have to change our business models or practices.

Risks identified through our risk management processes are prioritized and, depending on the probability and severity of the risk, escalated to the CRO. The CRO, in coordination with the CRC, assigns responsibility for the risks to the business or functional leader most suited to manage the risk. Assigned owners are required to continually monitor, evaluate and report on risks for which they bear responsibility. Enterprise risk leaders within each business and corporate function are responsible to present to the CRO and CRC risk assessments and key risks at least annually. We have general response strategies for managing risks, which categorize risks according to whether the Company will avoid, transfer, reduce or accept the risk. These response strategies are tailored to ensure that risks are within acceptable GE Board general guidelines.

Depending on the nature of the risk involved and the particular business or function affected, we use a wide variety of risk mitigation strategies, including delegation of authorities, standardized processes and strategic planning reviews, operating reviews, insurance, and hedging. As a matter of policy, we generally hedge the risk of fluctuations in foreign currency exchange rates, interest rates and commodity prices. Our service businesses employ a comprehensive tollgate process leading up to and through the execution of a contractual service agreement to mitigate legal, financial and operational risks. Furthermore, we centrally manage some risks by purchasing insurance, the amount of which is determined by balancing the level of risk retained or assumed with the cost of transferring risk to others. We manage the risk of fluctuations in economic activity and customer demand by monitoring industry dynamics and responding accordingly, including by adjusting capacity, implementing cost reductions and engaging in mergers, acquisitions and dispositions.

GE Capital Risk Management and Oversight

GE Capital acknowledges risk-taking as a fundamental characteristic of providing financial services. It is inherent to its business and arises in lending, leasing and investment transactions undertaken by GE Capital. GE Capital operates within the parameters of its established risk appetite in pursuit of its strategic goals and objectives.

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GE Capital has robust risk infrastructure and processes to manage risks related to its businesses, and the GE Corporate Risk Function relies upon them in fulfilling its mission.

The GE Risk Committee was established to oversee GE Capital's risk appetite, risk assessment and management processes. The GECC Board oversees the GE Capital risk management framework, and approves all significant acquisitions and dispositions as well as significant borrowings and investments. The GECC Board exercises oversight of investment activities in the business units through delegations of authority. All participants in the GE Capital risk management process must comply with approval limits established by the GECC Board.

The Enterprise Risk Management Committee (ERMC), which comprises the most senior leaders in GE Capital as well as the GE CRO, oversees the implementation of GE Capital's risk appetite, and senior management's establishment of appropriate systems (including policies, procedures, and management committees) to ensure enterprise risks are effectively identified, measured, monitored, and controlled. Day-to-day risk oversight for GE Capital is provided by an independent global risk management organization that includes the GE Capital corporate function in addition to independent risk officers embedded in the individual business units.

GE Capital's risk management approach rests upon three major tenets: a broad spread of risk based on managed exposure limits; senior secured commercial financings; and a hold-to-maturity model with transactions underwritten to "on-book" standards. Dedicated risk professionals across the businesses include underwriters, portfolio managers, collectors, environmental or engineering specialists, and specialized asset managers. The senior risk officers have, on average, over 25 years of experience.

GE Capital manages all risks relevant to its business environment, which if materialized, could prevent GE Capital from achieving its risk objectives and/or result in losses. These risks are defined as GE Capital's Enterprise Risk Universe, which includes the following risks: strategic, liquidity, credit and investment, market and operational (including financial, compliance, information technology, human resources and legal). Reputational risk is considered and managed across each of the categories. GE Capital continues to make significant investments in resources to enhance its evolving risk management infrastructure.

GE Capital's Corporate Risk function, in consultation with the ERMC, updates the Enterprise Risk Appetite Statement annually. This document articulates the enterprise risk objectives, its key universe of risks and the supporting limit structure. GE Capital's risk appetite is determined relative to its desired risk objectives, including, but not limited to credit ratings, capital levels, liquidity management, regulatory assessments, earnings, dividends and compliance. GE Capital determines its risk appetite through consideration of portfolio analytics, including stress testing and economic capital measurement, experience and judgment of senior risk officers, current portfolio levels, strategic planning, and regulatory and rating agency expectations.

The Enterprise Risk Appetite is presented to the GECC Board and the GE Risk Committee for review and approval at least annually. On a quarterly basis, the status of GE Capital's performance against these limits is reviewed by the GE Risk Committee.

GE Capital monitors its capital adequacy including through economic capital, regulatory capital and enterprise stress testing methodologies. GE Capital's economic capital methodology uses internal models to estimate potential unexpected losses across different portfolios with a confidence interval equivalent to an AA agency rating. Although GE Capital is not currently subject to risk-based capital standards, GE Capital estimates capital adequacy based on both the Basel 1 U.S. and Basel 3 International frameworks. GE Capital uses stress testing for risk, liquidity and capital adequacy assessment and management purposes, and as an integral part of GE Capital's overall planning processes. Stress testing results inform key strategic portfolio decisions such as capital allocation, assist in developing the risk appetite and limits, and help in assessing product specific risk to guide the development and modification of product structures. The GE Risk Committee and the GECC Board review stress test results and their expected impact on capital levels and metrics. The GE Risk Committee and the GECC Board are responsible for overseeing the overall capital adequacy process, as well as approving GE Capital's annual capital plan and capital actions. Operational risks are inherent in GE Capital's business activities and are typical of any large enterprise. GE Capital's operational risk management program seeks to effectively manage operational risk to reduce the potential for significant unexpected losses, and to minimize the impact of losses experienced in the normal course of business.

Key risk management policies are approved by the GECC Board and the GE Risk Committee at least annually. GE Capital, in coordination with the GE CRO, meets with the GE Risk Committee at least four times a year. At these meetings, GE Capital senior management focuses on the risk issues, strategy and governance of the business.

Additional information about our liquidity and how we manage this risk can be found in the Financial Resources and Liquidity section. Additional information about our credit risk and our portfolio can be found in the Financial Resources and Liquidity and Critical Accounting Estimates sections. Additional information about our market risk and how we manage this risk can be found in the Financial Resources and Liquidity section.

Segment Operations

On February 22, 2012, we merged our wholly-owned subsidiary, GECS, with and into GECS' wholly-owned subsidiary, GECC. Our financial services segment, GE Capital, continues to comprise the continuing operations of GECC, which now include the run-off insurance operations previously held and managed in GECS. Unless otherwise indicated, references to GECC and the GE Capital segment in this Form 10-K Report relate to the entity or segment as they exist subsequent to the February 22, 2012 merger.

Effective October 1, 2012, we reorganized the former Energy Infrastructure segment into three segments – Power & Water, Oil & Gas and Energy Management, and we began reporting these as separate segments beginning with this Form 10-K Report. We also reorganized our Home & Business Solutions segment by transferring our Intelligent Platforms business to Energy Management. Results for 2012 and prior periods in this Form 10-K Report are reported on this basis.

Results of our formerly consolidated subsidiary, NBCU, and our current equity method investment in NBCU LLC are reported in the Corporate items and eliminations line on the Summary of Operating Segments.

Our eight segments are focused on the broad markets they serve: Power & Water, Oil & Gas, Energy Management, Aviation, Healthcare, Transportation, Home & Business Solutions and GE Capital. In addition to providing information on segments in their entirety, we have also provided supplemental information about the businesses within GE Capital.

Segment profit is determined based on internal performance measures used by the Chief Executive Officer to assess the performance of each business in a given period. In connection with that assessment, the Chief Executive Officer may exclude matters such as charges for restructuring; rationalization and other similar expenses; acquisition costs and other related charges; technology and product development costs; certain gains and losses from acquisitions or dispositions; and litigation settlements or other charges, responsibility for which preceded the current management team.

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Segment profit excludes results reported as discontinued operations, earnings attributable to noncontrolling interests of consolidated subsidiaries, GECC preferred stock dividends declared and accounting changes. Segment profit excludes or includes interest and other financial charges and income taxes according to how a particular segment's management is measured. These costs are excluded in determining segment profit, which we sometimes refer to as "operating profit," for Power & Water, Oil & Gas, Energy Management, Aviation, Healthcare, Transportation, and Home & Business Solutions and are included in determining segment profit, which we sometimes refer to as "net earnings," for GE Capital. Certain corporate costs, such as shared services, employee benefits and information technology are allocated to our segments based on usage. A portion of the remaining corporate costs are allocated based on each segment's relative net cost of operations. Prior to January 1, 2011, segment profit excluded the effects of principal pension plans. Beginning January 1, 2011, we began allocating service costs related to our principal pension plans and no longer allocate the retiree costs of our postretirement healthcare benefits to our segments. This revised allocation methodology better aligns segment operating costs to the active employee costs, which are managed by the segments. This change does not significantly affect reported segment results.

We have reclassified certain prior-period amounts to conform to the current-period presentation. For additional information about our segments, see Part I, Item 1. "Business" and Note 28 to the consolidated financial statements in Part II, Item 8. "Financial Statements and Supplementary Data" of this Form 10-K Report.

Summary of Operating Segments

	General Electric Company and consolidated affiliates				
(In millions)	2012	2011	2010	2009	2008
Revenues(a)					
Power & Water	$ 28,299	$ 25,675	$ 24,779	$ 27,389	$ 28,537
Oil & Gas	15,241	13,608	9,433	9,683	9,886
Energy Management	7,412	6,422	5,161	5,223	6,427
Aviation	19,994	18,859	17,619	18,728	19,239
Healthcare	18,290	18,083	16,897	16,015	17,392
Transportation	5,608	4,885	3,370	3,827	5,016
Home & Business Solutions	7,967	7,693	7,957	7,816	9,304
Total industrial segment revenues	102,811	95,225	85,216	88,681	95,801
GE Capital	46,039	49,068	49,856	51,776	68,541
Total segment revenues	148,850	144,293	135,072	140,457	164,342
Corporate items and eliminations(b)	(1,491)	2,995	14,495	13,939	15,427
Consolidated revenues	$ 147,359	$ 147,288	$ 149,567	$ 154,396	$ 179,769
Segment profit					
Power & Water	$ 5,422	$ 5,021	$ 5,804	$ 5,592	$ 4,563
Oil & Gas	1,924	1,660	1,406	1,440	1,555
Energy Management	131	78	156	144	478
Aviation	3,747	3,512	3,304	3,923	3,684
Healthcare	2,920	2,803	2,741	2,420	2,851
Transportation	1,031	757	315	473	962
Home & Business Solutions	311	237	404	360	287
Total industrial segment profit	15,486	14,068	14,130	14,352	14,380
GE Capital	7,401	6,584	3,120	1,253	7,470
Total segment profit	22,887	20,652	17,250	15,605	21,850
Corporate items and eliminations(b)	(4,842)	(287)	(1,013)	(507)	1,516
GE interest and other financial charges	(1,353)	(1,299)	(1,600)	(1,478)	