

GENERAL ELECTRIC CAPITAL CORP  
Form 10-Q/A  
January 19, 2007

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, D.C. 20549**

**FORM 10-Q/A  
Amendment No. 1 to Form 10-Q**

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2006

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 1-6461

**GENERAL ELECTRIC CAPITAL CORPORATION**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation  
or organization)

**13-1500700**

(I.R.S. Employer Identification No.)

**260 Long Ridge Road, Stamford, CT**

(Address of principal executive offices)

**06927**

(Zip Code)

(Registrant's telephone number, including area code) (203) 357-4000

---

(Former name, former address and former fiscal year,  
if changed since last report)

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  No "

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

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

At July 21, 2006, 3,985,403 shares of voting common stock, which constitute all of the outstanding common equity, with a par value of \$14 per share were outstanding.

**REGISTRANT MEETS THE CONDITIONS SET FORTH IN GENERAL INSTRUCTION H(1)(a) AND (b) OF FORM 10-Q AND IS THEREFORE FILING THIS FORM 10-Q WITH THE REDUCED DISCLOSURE FORMAT.**

(1)

---

**General Electric Capital Corporation**

|   | Page |
|---|------|
| <b>Explanatory Note</b>   | 3    |
| <br><b>Part I - Financial Information</b>   |      |
| Item 1. Financial Statements  |      |
| Condensed Statement of Current and Retained Earnings  | 6    |
| Condensed Statement of Financial Position   | 7    |
| Condensed Statement of Cash Flows   | 8    |
| Notes to Condensed, Consolidated Financial Statements (Unaudited)                             | 9    |
| Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations | 16   |
| Item 4. Controls and Procedures   | 27   |
| <br><b>Part II - Other Information</b>  |      |
| Item 1. Legal Proceedings   | 28   |
| Item 6. Exhibits  | 28   |
| Signatures  | 29   |

**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 often contain words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” or “will.” Forward-looking statements of this nature address matters that are, to different degrees, uncertain. For us, particular uncertainties which could adversely or positively affect our future results include: the behavior of financial markets, including fluctuations in interest rates and commodity prices; strategic actions, including dispositions; future integration of acquired businesses; future financial performance of major industries which we serve, including, without limitation, the air and rail transportation, energy generation, media, real estate and healthcare industries; and numerous other matters of national, regional and global scale, including those of a political, economic, business, competitive and regulatory nature. These uncertainties may cause our actual future results to be materially different than those expressed in our forward-looking statements. We do not undertake to update our forward-looking statements.

## Explanatory Note

### Overview

General Electric Capital Corporation (GECC) is filing this amendment to its Quarterly Report on Form 10-Q for the period ended June 30, 2006, to amend and restate financial statements and other financial information for the three and six months ended June 30, 2006 and 2005. The restatement adjusts our accounting for interest rate swap transactions related to a portion of the commercial paper issued by GECC, and General Electric Capital Services, Inc. (GECS), from January 1, 2001, the date we adopted Statement of Financial Accounting Standards (SFAS) No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended. The restatement has no effect on our cash flows or liquidity, and its effects on our financial position at the ends of the respective restated periods are immaterial. We have not found that any of our hedge positions were inconsistent with our risk management policies or economic objectives.

For the three and six months ended June 30, 2006 and 2005, this non-cash restatement had the following earnings effects:

| (In millions)  | Effects of Correction |          |                  |       |
|--|-----------------------|----------|------------------|-------|
|  | Three months ended    |          | Six months ended |       |
|  | June 30               | 2005     | June 30          | 2005  |
| Increase (decrease) in earnings from continuing operations | \$ 82                 | \$ (118) | \$ 200           | \$ 88 |

### Background

As previously disclosed, the Boston Office of the U.S. Securities and Exchange Commission (SEC) is conducting a formal investigation of our application of SFAS 133. In the course of that investigation, the SEC Enforcement staff raised certain concerns about our accounting for the use of interest rate swaps to fix certain otherwise variable interest costs in a portion of our commercial paper program at GECC and GECS. The SEC Enforcement staff referred such concerns to the Office of Chief Accountant. We and our auditors determined that our accounting for the commercial paper hedging program satisfied the requirements of SFAS 133 and conveyed our views to the staff of the Office of Chief Accountant. Following our discussions, however, the Office of Chief Accountant communicated its view to us that our commercial paper hedging program as structured did not meet the SFAS 133 specificity requirement.

After considering the staff's view, General Electric Company (GE) and GECC management recommended to the Audit Committee of GE's Board of Directors that previously reported financial results be restated to eliminate hedge accounting for the interest rate swaps entered into as part of our commercial paper hedging program from January 1, 2001. The Audit Committee discussed and agreed with this recommendation. At a meeting on January 18, 2007, the GE and GECC Board of Directors adopted the recommendation of the Audit Committee and determined that previously reported results for GECC should be restated and, therefore, that the previously filed financial statements and other financial information referred to above should not be relied upon. The restatement resulted from a material weakness in internal control over financial reporting, namely, that we did not have adequately designed procedures to designate, with the specificity required under SFAS 133, each hedged commercial paper transaction.

As of January 1, 2007, we modified our commercial paper hedging program and adopted documentation for interest rate swaps that we believe complies with the requirements of SFAS 133 and remediated the related internal control weakness.

The SEC investigation into our application of SFAS 133 and hedge accounting is continuing. We continue to cooperate fully.

### Amendment to this Form 10-Q

The following sections of this Form 10-Q have been revised to reflect the restatement: Part I - Item 1 - Financial Statements, - Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations; and - Item 4 - Controls and Procedures; and Part II - Exhibits are revised in this filing to reflect the restatement. Except to the extent relating to the restatement of our financial statements and other financial information described above, the financial statements and other disclosure in this Form 10-Q do not reflect any events that have occurred after this Form 10-Q was initially filed on July 24, 2006.

### Effects of Restatement

The following tables set forth the effects of the restatement relating to the aforementioned hedge accounting on affected line items within our previously reported Statements of Earnings for the period ended June 30, 2006 and 2005. The restatement has no effect on our cash flows or liquidity, and its effects on our financial position at the ends of the respective restated periods are immaterial.

### Effects on Statements of Earnings

| <i>(Income (expense); in millions)</i>                                 | Three months ended |          | Six months ended |        |
|--|--------------------|----------|------------------|--------|
|  | June 30            |          | June 30          |        |
|  | 2006               | 2005     | 2006             | 2005   |
| Commercial paper interest rate swap adjustment (note 1) <sup>(a)</sup> | \$ 128             | \$ (208) | \$ 308           | \$ 119 |
| Interest   | 7                  | 13       | 22               | 27     |
| Earnings from continuing operations before income taxes                | 135                | (195)    | 330              | 146    |
| Provision for income taxes   | (53)               | 77       | (130)            | (58)   |
| Earnings from continuing operations                                    | 82                 | (118)    | 200              | 88     |
| Net earnings   | 82                 | (118)    | 200              | 88     |
| Retained earnings at beginning of period                               | (303)              | (547)    | (421)            | (753)  |
| Retained earnings at end of period                                     | (221)              | (665)    | (221)            | (665)  |

(a) Included in total revenues.

(4)

For additional information relating to the effect of the restatement, see the following items:

Part I:

Item 1 - Financial Statements

Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations

Item 4 - Controls and Procedures

Part II:

Item 6 - Exhibits

In light of the restatement, readers should not rely on our previously filed financial statements and other financial information for the three and six months ended June 30, 2006 and 2005.

(5)

---

**Part I. Financial Information****Item 1. Financial Statements****General Electric Capital Corporation and consolidated affiliates  
Condensed Statement of Current and Retained Earnings  
(Unaudited)**

| <i>(In millions)</i>  | <b>Three months ended</b> |                   | <b>Six months ended</b> |                   |
|---|---------------------------|-------------------|-------------------------|-------------------|
|   | <b>June 30</b>            |                   | <b>June 30</b>          |                   |
|   | <b>2006</b>               | <b>2005</b>       | <b>2006</b>             | <b>2005</b>       |
|   | <b>(Restated)</b>         | <b>(Restated)</b> | <b>(Restated)</b>       | <b>(Restated)</b> |
| <b>Revenues</b>   |                           |                   |                         |                   |
| Revenues from services (note 3)                                       | \$ 13,639                 | \$ 12,487         | \$ 26,887               | \$ 24,607         |
| Sales of goods  | 712                       | 664               | 1,267                   | 1,338             |
| Commercial paper interest rate swap adjustment (note 1)               | 128                       | (208)             | 308                     | 119               |
| Total revenues  | 14,479                    | 12,943            | 28,462                  | 26,064            |
| <b>Costs and expenses</b>   |                           |                   |                         |                   |
| Interest  | 4,167                     | 3,534             | 8,176                   | 6,878             |
| Operating and administrative  | 4,255                     | 4,154             | 8,421                   | 8,205             |
| Cost of goods sold  | 659                       | 628               | 1,172                   | 1,263             |
| Investment contracts, insurance losses and insurance annuity benefits | 163                       | 217               | 311                     | 419               |
| Provision for losses on financing receivables                         | 891                       | 960               | 1,716                   | 1,888             |
| Depreciation and amortization   | 1,565                     | 1,393             | 3,051                   | 3,014             |
| Minority interest in net earnings of consolidated affiliates          | 51                        | 29                | 145                     | 50                |
| Total costs and expenses  | 11,751                    | 10,915            | 22,992                  | 21,717            |
| <b>Earnings from continuing operations before income taxes</b>        |                           |                   |                         |                   |
| Provision for income taxes  | 2,728                     | 2,028             | 5,470                   | 4,347             |
|   | (231)                     | (108)             | (629)                   | (393)             |
| <b>Earnings from continuing operations</b>                            | 2,497                     | 1,920             | 4,841                   | 3,954             |
| Earnings (loss) from discontinued operations, net of taxes (note 2)   | (103)                     | 85                | 25                      | 334               |
| <b>Net earnings</b>   | 2,394                     | 2,005             | 4,866                   | 4,288             |
| Dividends   | (1,259)                   | (1,634)           | (6,008)                 | (1,873)           |
| Retained earnings at beginning of period                              | 33,229                    | 36,238            | 35,506                  | 34,194            |
| Retained earnings at end of period                                    | \$ 34,364                 | \$ 36,609         | \$ 34,364               | \$ 36,609         |

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

(6)

---



**General Electric Capital Corporation and consolidated affiliates**  
**Condensed Statement of Financial Position**

| <i>(In millions)</i>  | <b>June 30, 2006</b><br><b>(Restated)</b><br><b>(Unaudited)</b> | <b>December 31,</b><br><b>2005</b><br><b>(Restated)</b> |
|---|---|---|
| <b>Assets</b>   |   |   |
| Cash and equivalents  | \$ 6,713  | \$ 5,996  |
| Investment securities   | 19,966  | 18,467  |
| Inventories   | 165   | 159   |
| Financing receivables - net (note 4)  | 299,895   | 284,567   |
| Other receivables   | 32,335  | 25,250  |
| Buildings and equipment, less accumulated amortization of \$21,743 and \$21,271 | 54,185  | 50,936  |
| Intangible assets - net (note 5)  | 24,134  | 23,086  |
| Other assets  | 53,892  | 49,507  |
| Assets of discontinued operations (note 2)                                      | 15,072  | 17,291  |
| Total assets  | \$ 506,357  | \$ 475,259  |
| <b>Liabilities and equity</b>   |   |   |
| Borrowings (note 6)   | \$ 382,374  | \$ 355,885  |
| Accounts payable  | 14,750  | 14,345  |
| Investment contracts, insurance liabilities and insurance annuity benefits      | 12,247  | 12,094  |
| Other liabilities   | 17,153  | 16,269  |
| Deferred income taxes   | 11,088  | 11,069  |
| Liabilities of discontinued operations (note 2)                                 | 14,370  | 13,195  |
| Total liabilities   | 451,982   | 422,857   |
| Minority interest in equity of consolidated affiliates                          | 2,269   | 2,212   |
| Capital stock   | 56  | 56  |
| Accumulated gains (losses) - net  |   |   |
| Investment securities   | 279   | 744   |
| Currency translation adjustments  | 3,428   | 2,343   |
| Cash flow hedges  | 13  | (367)   |
| Minimum pension liabilities   | (192)   | (147)   |
| Additional paid-in capital  | 14,158  | 12,055  |
| Retained earnings   | 34,364  | 35,506  |
| Total shareowner's equity   | 52,106  | 50,190  |
| Total liabilities and equity  | \$ 506,357  | \$ 475,259  |

The sum of accumulated gains (losses) on investment securities, currency translation adjustments, cash flow hedges and minimum pension liabilities constitutes "Accumulated nonowner changes other than earnings," and amounted to \$3,528 million and \$2,573 million at June 30, 2006, and December 31, 2005, respectively.

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



**General Electric Capital Corporation and consolidated affiliates**  
**Condensed Statement of Cash Flows**  
**(Unaudited)**

*(In millions)*

|  | <b>Six months ended</b>   |                           |
|--|---------------------------|---------------------------|
|  | <b>June 30</b>            |                           |
|  | <b>2006<sup>(a)</sup></b> | <b>2005<sup>(a)</sup></b> |
|  | <b>(Restated)</b>         | <b>(Restated)</b>         |
| <b>Cash flows - operating activities</b>   |                           |                           |
| Net earnings   | \$ 4,866                  | \$ 4,288                  |
| Earnings from discontinued operations  | (25)                      | (334)                     |
| Adjustments to reconcile net earnings to cash provided from operating activities |                           |                           |
| Depreciation and amortization  | 3,051                     | 3,014                     |
| Increase in accounts payable   | 681                       | 35                        |
| Provision for losses on financing receivables                                    | 1,716                     | 1,888                     |
| All other operating activities   | (887)                     | (1,258)                   |
| Cash from operating activities - continuing operations                           | 9,402                     | 7,633                     |
| Cash from (used for) operating activities - discontinued operations              | (275)                     | 2,816                     |
| <b>Cash from operating activities</b>  | <b>9,127</b>              | <b>10,449</b>             |
| <b>Cash flows - investing activities</b>   |                           |                           |
| Additions to buildings and equipment   | (5,693)                   | (4,876)                   |
| Dispositions of buildings and equipment  | 2,307                     | 2,888                     |
| Increase in loans to customers   | (151,600)                 | (129,844)                 |
| Principal collections from customers - loans                                     | 140,322                   | 133,861                   |
| Investment in financing leases   | (12,956)                  | (11,401)                  |
| Principal collections from customers - financing leases                          | 8,902                     | 11,443                    |
| Net change in credit card receivables  | 1,423                     | 567                       |
| Payments for principal businesses purchased                                      | (3,509)                   | (6,842)                   |
| Proceeds from sales of discontinued operations                                   | 2,753                     | 2,578                     |
| All other investing activities   | (8,287)                   | (1,777)                   |
| Cash used for investing activities - continuing operations                       | (26,338)                  | (3,403)                   |
| Cash from (used for) investing activities - discontinued operations              | 278                       | (2,153)                   |
| <b>Cash used for investing activities</b>  | <b>(26,060)</b>           | <b>(5,556)</b>            |
| <b>Cash flows - financing activities</b>   |                           |                           |
| Net decrease in borrowings (maturities of 90 days or less)                       | (2,862)                   | (6,087)                   |
| Newly issued debt:   |                           |                           |
| Short-term (91 to 365 days)  | 422                       | 651                       |
| Long-term (longer than one year)   | 45,173                    | 39,480                    |
| Non-recourse, leveraged lease  | 80                        | 131                       |
| Repayments and other debt reductions:  |                           |                           |
| Short-term (91 to 365 days)  | (19,211)                  | (30,236)                  |
| Long-term (longer than one year)   | (1,821)                   | (6,990)                   |
| Non-recourse, leveraged lease  | (522)                     | (616)                     |
| Dividends paid to shareowner   | (5,647)                   | (1,873)                   |
| All other financing activities   | 2,041                     | (333)                     |
| Cash from (used for) financing activities - continuing operations                | 17,653                    | (5,873)                   |
| Cash used for financing activities - discontinued operations                     | (36)                      | (691)                     |
| <b>Cash from (used for) financing activities</b>                                 | <b>17,617</b>             | <b>(6,564)</b>            |

|   |                 |                 |
|---|-----------------|-----------------|
| <b>Increase (decrease) in cash and equivalents</b>              | 684             | (1,671)         |
| Cash and equivalents at beginning of year                       | 6,182           | 9,840           |
| Cash and equivalents at June 30                                 | 6,866           | 8,169           |
| Less cash and equivalents of discontinued operations at June 30 | 153             | 1,469           |
| <b>Cash and equivalents of continuing operations at June 30</b> | <b>\$ 6,713</b> | <b>\$ 6,700</b> |

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

(a) Certain individual line items within cash from operating activities have been restated.

(8)

---

## Notes to Condensed, Consolidated Financial Statements (Unaudited)

1. Our financial statements are prepared in conformity with the U.S. generally accepted accounting principles (GAAP). Preparing financial statements in conformity with GAAP requires us to make estimates and assumptions that affect reported amounts and related disclosures. Actual results could differ from those estimates. These statements include all adjustments (consisting of normal recurring accruals) that we considered necessary to present a fair statement of our results of operations, financial position and cash flows. The results reported in these condensed, consolidated financial statements should not be regarded as necessarily indicative of results that may be expected for the entire year. We reclassified certain prior-period amounts to conform to the current period's presentation. Unless otherwise indicated, information in these notes to condensed, consolidated financial statements relates to continuing operations.

All of our outstanding common stock is owned by General Electric Capital Services, Inc. (GE Capital Services or GECS), all of whose common stock is owned, directly or indirectly, by General Electric Company (GE Company or GE). Our financial statements consolidate all of our affiliates - companies that we control and in which we hold a majority voting interest. Details of total revenues and segment profit by operating segment can be found on page 20 of this report.

We label our quarterly information using a calendar convention, that is, first quarter is labeled as ending on March 31, second quarter as ending on June 30, and third quarter as ending on September 30. It is our longstanding practice to establish interim quarterly closing dates using a fiscal calendar, which requires our businesses to close their books on either a Saturday or Sunday, depending on the business. The effects of this practice are modest and only exist within a reporting year. The fiscal closing calendar from 1993 through 2013 is available on our website, [www.ge.com/secreports](http://www.ge.com/secreports).

### 2007 Restatement

General Electric Capital Corporation (GECC) is filing this amendment to its Quarterly Report on Form 10-Q for the period ended June 30, 2006, to amend and restate financial statements and other financial information for the three and six months ended June 30, 2006 and 2005. The restatement adjusts our accounting for interest rate swap transactions related to a portion of the commercial paper issued by GECC, and General Electric Capital Services, Inc. (GECS), from January 1, 2001, the date we adopted Statement of Financial Accounting Standards (SFAS) No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended. The restatement has no effect on our cash flows or liquidity, and its effects on our financial position at the ends of the respective restated periods are immaterial.

### Background

As previously disclosed, the Boston Office of the U.S. Securities and Exchange Commission (SEC) is conducting a formal investigation of our application of SFAS 133. In the course of that investigation, the SEC Enforcement staff raised certain concerns about our accounting for the use of interest rate swaps to fix certain otherwise variable interest costs in a portion of our commercial paper program at GECC and GECS. The SEC Enforcement staff referred such concerns to the Office of Chief Accountant. We and our auditors determined that our accounting for the commercial paper hedging program satisfied the requirements of SFAS 133 and conveyed our views to the staff of the Office of Chief Accountant. Following our discussions, however, the Office of Chief Accountant communicated its view to us that our commercial paper hedging program as structured did not meet the SFAS 133 specificity requirement.

After considering the staff's view, General Electric Company (GE) and GECC management recommended to the Audit Committee of GE's Board of Directors that previously reported financial results be restated to eliminate hedge accounting for the interest rate swaps entered into as part of our commercial paper hedging program from January 1, 2001. The Audit Committee discussed and agreed with this recommendation. At a meeting on January 18, 2007, the GE and GECC Board of Directors adopted the recommendation of the Audit Committee and determined that previously reported results for GECC should be restated and, therefore, that the previously filed financial statements and other financial information referred to above should not be relied upon. The restatement resulted from a material weakness in internal control over financial reporting, namely, that we did not have adequately designed procedures to designate, with the specificity required under SFAS 133, each hedged commercial paper transaction.

The SEC investigation into our application of SFAS 133 and hedge accounting is continuing. We continue to cooperate fully.

Effects of the restatement by line item follow:

| <i>(In millions)(unaudited)</i>                               | <b>Three months ended<br/>June 30</b> |                        |                                       |                        | <b>Six months ended<br/>June 30</b>   |                        |                                       |                        |
|---|---------------------------------------|------------------------|---------------------------------------|------------------------|---------------------------------------|------------------------|---------------------------------------|------------------------|
|   | <b>2006</b>                           |                        | <b>2005</b>                           |                        | <b>2006</b>                           |                        | <b>2005</b>                           |                        |
|   | <b>As<br/>previously<br/>reported</b> | <b>As<br/>restated</b> | <b>As<br/>previously<br/>reported</b> | <b>As<br/>restated</b> | <b>As<br/>previously<br/>reported</b> | <b>As<br/>restated</b> | <b>As<br/>previously<br/>reported</b> | <b>As<br/>restated</b> |
| <b>Statement of Earnings</b>                                  |                                       |                        |                                       |                        |                                       |                        |                                       |                        |
| Commercial paper interest rate swap adjustment <sup>(a)</sup> | \$ -                                  | \$ 128                 | \$ -                                  | \$ (208)               | \$ -                                  | \$ 308                 | \$ -                                  | \$ 119                 |
| Interest  | 4,174                                 | 4,167                  | 3,547                                 | 3,534                  | 8,198                                 | 8,176                  | 6,905                                 | 6,878                  |
| Earnings from continuing operations before income taxes       | 2,593                                 | 2,728                  | 2,223                                 | 2,028                  | 5,140                                 | 5,470                  | 4,201                                 | 4,347                  |
| Provision for income taxes                                    | (178)                                 | (231)                  | (185)                                 | (108)                  | (499)                                 | (629)                  | (335)                                 | (393)                  |
| Earnings from continuing operations                           | 2,415                                 | 2,497                  | 2,038                                 | 1,920                  | 4,641                                 | 4,841                  | 3,866                                 | 3,954                  |
| Net earnings  | 2,312                                 | 2,394                  | 2,123                                 | 2,005                  | 4,666                                 | 4,866                  | 4,200                                 | 4,288                  |
| Retained earnings at beginning of period                      | 33,532                                | 33,229                 | 36,785                                | 36,238                 | 35,927                                | 35,506                 | 34,947                                | 34,194                 |
| Retained earnings at end of period                            | 34,585                                | 34,364                 | 37,274                                | 36,609                 | 34,585                                | 34,364                 | 37,274                                | 36,609                 |

(a) Included in total revenues.

| <i>(In millions) (unaudited)</i> | <b>At</b>                |                        |                          |                        |
|----------------------------------|--------------------------|------------------------|--------------------------|------------------------|
|                                  | <b>6/30/06</b>           |                        | <b>12/31/05</b>          |                        |
|                                  | <b>As<br/>previously</b> | <b>As<br/>restated</b> | <b>As<br/>previously</b> | <b>As<br/>restated</b> |

|  | reported  |           | reported  |           |
|--|-----------|-----------|-----------|-----------|
| <b>Statement of Financial Position</b> |           |           |           |           |
| Other assets                           | \$ 53,870 | \$ 53,892 | \$ 49,521 | \$ 49,507 |
| Total assets                           | 506,335   | 506,357   | 475,273   | 475,259   |
| Accounts payable                       | 14,634    | 14,750    | 14,345    | 14,345    |
| Other liabilities                      | 17,130    | 17,153    | 16,269    | 16,269    |
| Deferred income taxes                  | 11,224    | 11,088    | 11,085    | 11,069    |
| Total liabilities                      | 451,979   | 451,982   | 422,873   | 422,857   |
| Cash flow hedges                       | (227)     | 13        | (790)     | (367)     |
| Retained earnings                      | 34,585    | 34,364    | 35,927    | 35,506    |
| Total shareowner's equity              | 52,087    | 52,106    | 50,188    | 50,190    |
| Total liabilities and equity           | 506,335   | 506,357   | 475,273   | 475,259   |

(10)

2. We classified GE Life and Genworth Financial, Inc. (Genworth) as discontinued operations. Associated results of operations, financial position and cash flows are separately reported for all periods presented.

### Completed sale of Genworth

In March 2006, we completed the sale of our remaining 18% investment in Genworth through a secondary public offering of 71 million shares of Class A Common Stock and direct sale to Genworth of 15 million shares of Genworth Class B Common Stock. As a result, we recognized a pre-tax gain of \$516 million (\$300 million after tax) in the first quarter of 2006.

### Planned sale of GE Life

In March 2006, we initiated a plan to sell GE Life, our U.K.-based life insurance operation. GE Life's revenues for the second quarter and first six months of 2006 were \$63 million and \$862 million, respectively; and its earnings from operations for the second quarter and first six months of 2006 were \$12 million and \$17 million, respectively. For the first six months of 2006, we have provided for a pre-tax loss of \$320 million (\$285 million after tax), including a \$110 million loss recognized in the second quarter of 2006 based on our best estimate of sales proceeds. We do not expect to realize a tax benefit for this loss. We anticipate selling GE Life by March 31, 2007.

### Summarized financial information

Summarized financial information for discontinued operations is set forth below. Gain (loss) on disposal included both actual (Genworth) and estimated (GE Life) effects.

| <i>(In millions)</i>  | <b>Three months ended</b> |             | <b>Six months ended</b> |             |
|---|---------------------------|-------------|-------------------------|-------------|
|   | <b>June 30</b>            |             | <b>June 30</b>          |             |
|   | <b>2006</b>               | <b>2005</b> | <b>2006</b>             | <b>2005</b> |
| <b>Discontinued operations before disposal</b>                                  |                           |             |                         |             |
| Revenues from services  | \$ 63                     | \$ 3,017    | \$ 866                  | \$ 6,227    |
| Earnings from discontinued operations before minority interest and income taxes | \$ 4                      | \$ 407      | \$ 11                   | \$ 894      |
| Minority interest   | -                         | 145         | -                       | 244         |
| Earnings from discontinued operations before income taxes                       | 4                         | 262         | 11                      | 650         |
| Income tax benefit (expense)  | 3                         | (177)       | (1)                     | (402)       |
| Earnings from discontinued operations before disposal, net of taxes             | \$ 7                      | \$ 85       | \$ 10                   | \$ 248      |
| <b>Disposal</b>   |                           |             |                         |             |
| Gain (loss) on disposal before income taxes                                     | \$ (110)                  | \$ -        | \$ 196                  | \$ 156      |
| Income tax expense  | -                         | -           | (181)                   | (70)        |
| Gain (loss) on disposal, net of taxes   | \$ (110)                  | \$ -        | \$ 15                   | \$ 86       |

Earnings (loss) from discontinued operations,



|              |    |       |    |    |    |    |    |     |
|--------------|----|-------|----|----|----|----|----|-----|
| net of taxes | \$ | (103) | \$ | 85 | \$ | 25 | \$ | 334 |
|--------------|----|-------|----|----|----|----|----|-----|

(11)

---

| <i>(In millions)</i>   | At        |           |
|--|-----------|-----------|
|  | 6/30/06   | 12/31/05  |
| <b>Assets</b>  |           |           |
| Cash and equivalents   | \$ 153    | \$ 186    |
| Investment securities  | 11,776    | 13,977    |
| Other receivables  | 454       | 435       |
| Other  | 2,689     | 2,693     |
| Assets of discontinued operations  | \$ 15,072 | \$ 17,291 |
| <b>Liabilities and equity</b>  |           |           |
| Investment contracts, insurance liabilities and insurance annuity benefits | \$ 13,018 | \$ 12,335 |
| Other  | 1,352     | 860       |
| Liabilities of discontinued operations                                     | \$ 14,370 | \$ 13,195 |
| Total accumulated nonowner changes other than earnings                     | \$ 168    | \$ 633    |

3. Revenues from services are summarized in the following table.

| <i>(In millions)</i>    | Three months ended |           | Six months ended |           |
|-------------------------|--------------------|-----------|------------------|-----------|
|                         | June 30            |           | June 30          |           |
|                         | 2006               | 2005      | 2006             | 2005      |
| Interest on loans       | \$ 5,536           | \$ 5,214  | \$ 10,809        | \$ 10,052 |
| Operating lease rentals | 3,120              | 2,774     | 6,005            | 5,504     |
| Fees                    | 996                | 903       | 1,964            | 1,744     |
| Financing leases        | 1,010              | 1,013     | 1,997            | 2,023     |
| Investment income       | 201                | 200       | 492              | 491       |
| Other income            | 2,776              | 2,383     | 5,620            | 4,793     |
| Total                   | \$ 13,639          | \$ 12,487 | \$ 26,887        | \$ 24,607 |

4. Financing receivables - net, consisted of the following.

| <i>(In millions)</i>                                   | At         |            |
|--|------------|------------|
|  | 6/30/06    | 12/31/05   |
| Loans, net of deferred income                          | \$ 237,776 | \$ 226,113 |
| Investment in financing leases, net of deferred income | 66,716     | 63,024     |
|  | 304,492    | 289,137    |
| Less allowance for losses                              | (4,597)    | (4,570)    |
| Financing receivables - net                            | \$ 299,895 | \$ 284,567 |

Included in the above are the financing receivables of consolidated, liquidating securitization entities as follows (see note 8):

| <i>(In millions)</i>                                   | At        |           |
|--|-----------|-----------|
|  | 6/30/06   | 12/31/05  |
| Loans, net of deferred income                          | \$ 13,728 | \$ 15,868 |
| Investment in financing leases, net of deferred income | 85        | 769       |
|  | 13,813    | 16,637    |
| Less allowance for losses                              | (34)      | (22)      |
| Financing receivables - net                            | \$ 13,779 | \$ 16,615 |

5. Intangible assets - net, consisted of the following.

| <i>(In millions)</i>                      | At        |           |
|---|-----------|-----------|
|   | 6/30/06   | 12/31/05  |
| Goodwill                                  | \$ 21,473 | \$ 21,161 |
| Intangible assets subject to amortization | 2,661     | 1,925     |
| Total                                     | \$ 24,134 | \$ 23,086 |

Changes in goodwill balances follow.

| <i>(In millions)</i>                               | 2006                        |                           |                                 |                                     |           |
|--|-----------------------------|---------------------------|---------------------------------|-------------------------------------|-----------|
|  | GE<br>Commercial<br>Finance | GE<br>Consumer<br>Finance | GE<br>Industrial <sup>(a)</sup> | GE<br>Infrastructure <sup>(a)</sup> | Total     |
| Balance January 1                                  | \$ 10,445                   | \$ 9,184                  | \$ 1,406                        | \$ 126                              | \$ 21,161 |
| Acquisitions/purchase<br>accounting<br>adjustments | 18                          | 62                        | (3)                             | -                                   | 77        |
| Currency exchange and other                        | 54                          | 151                       | 30                              | -                                   | 235       |
| Balance June 30                                    | \$ 10,517                   | \$ 9,397                  | \$ 1,433                        | \$ 126                              | \$ 21,473 |

(a) Included only portions of the segment that are financial services businesses.

The amount of goodwill related to new acquisitions recorded during the first six months of 2006 was \$73 million. During 2006, we increased goodwill associated with previous acquisitions by \$4 million.

**Intangible Assets Subject to Amortization**

| <i>(In millions)</i>             | <b>6/30/06</b>               |                                 | <b>At</b>  |                              | <b>12/31/05</b>                 |            |
|----------------------------------|------------------------------|---------------------------------|------------|------------------------------|---------------------------------|------------|
|                                  | <b>Gross carrying amount</b> | <b>Accumulated amortization</b> | <b>Net</b> | <b>Gross carrying amount</b> | <b>Accumulated amortization</b> | <b>Net</b> |
| Capitalized software             | \$ 1,553                     | \$ (863)                        | \$ 690     | \$ 1,453                     | \$ (784)                        | \$ 669     |
| Patents, licenses and trademarks | 472                          | (282)                           | 190        | 495                          | (272)                           | 223        |
| All other                        | 2,640                        | (859)                           | 1,781      | 1,774                        | (741)                           | 1,033      |
| Total                            | \$ 4,665                     | \$ (2,004)                      | \$ 2,661   | \$ 3,722                     | \$ (1,797)                      | \$ 1,925   |

Amortization expense related to intangible assets subject to amortization amounted to \$139 million and \$108 million for the quarters ended June 30, 2006 and 2005, respectively. Amortization expense related to intangible assets subject to amortization for the six months ended June 30, 2006 and 2005, amounted to \$250 million and \$204 million, respectively.

(14)

---

6. Borrowings are summarized in the following table.

| <i>(In millions)</i>                                | <b>At</b>         |                   |
|---|-------------------|-------------------|
|   | <b>6/30/06</b>    | <b>12/31/05</b>   |
| <b>Short-Term Borrowings</b>                        |                   |                   |
| Commercial paper                                    |                   |                   |
| U.S.  |                   |                   |
| Unsecured   | \$ 56,507         | \$ 60,640         |
| Asset-backed <sup>(a)</sup>                         | 7,620             | 9,267             |
| Non-U.S.  | 22,845            | 20,456            |
| Current portion of long-term debt <sup>(b)(c)</sup> | 43,457            | 41,744            |
| Other   | 19,170            | 17,572            |
| Total   | 149,599           | 149,679           |
| <b>Long-Term Borrowings</b>                         |                   |                   |
| Senior notes  |                   |                   |
| Unsecured <sup>(d)</sup>                            | 209,337           | 182,654           |
| Asset-backed <sup>(e)</sup>                         | 6,661             | 6,845             |
| Extendible notes <sup>(f)</sup>                     | 13,984            | 14,022            |
| Subordinated notes <sup>(g)</sup>                   | 2,793             | 2,685             |
| Total   | 232,775           | 206,206           |
| <b>Total borrowings</b>                             | <b>\$ 382,374</b> | <b>\$ 355,885</b> |

(a) Entirely obligations of consolidated, liquidating securitization entities. See note 8.

(b) Included short-term borrowings by consolidated, liquidating securitization entities of \$700 million and \$697 million at June 30, 2006, and December 31, 2005, respectively. See note 8.

(c) Included \$250 million of subordinated notes guaranteed by GE at both June 30, 2006, and December 31, 2005.

(d) Included borrowings from GECS affiliates of \$3,164 million and \$1,464 million at June 30, 2006, and December 31, 2005, respectively.

(e) Included asset-backed senior notes issued by consolidated, liquidating securitization entities of \$5,536 million and \$6,845 million at June 30, 2006, and December 31, 2005, respectively. See note 8.

(f) Included \$38 million of obligations of consolidated, liquidating securitization entities at December 31, 2005. See note 8.

(g) Included \$450 million of subordinated notes guaranteed by GE at both June 30, 2006, and December 31, 2005.

7. A summary of increases (decreases) in shareowner's equity, net of income taxes, that did not result directly from transactions with the shareowner follows.

| <i>(In millions)</i>                   | <b>Three months ended</b> |                   | <b>Six months ended</b> |                   |
|--|---------------------------|-------------------|-------------------------|-------------------|
|  | <b>June 30</b>            |                   | <b>June 30</b>          |                   |
|  | <b>2006</b>               | <b>2005</b>       | <b>2006</b>             | <b>2005</b>       |
|  | <b>(Restated)</b>         | <b>(Restated)</b> | <b>(Restated)</b>       | <b>(Restated)</b> |
| Net earnings                           | \$ 2,394                  | \$ 2,005          | \$ 4,866                | \$ 4,288          |
| Investment securities - net            | (302)                     | 451               | (465)                   | 49                |
| Currency translation adjustments - net | 1,384                     | (2,252)           | 1,085                   | (2,019)           |
| Cash flow hedges - net                 | 166                       | (12)              | 380                     | 126               |
| Minimum pension liabilities - net      | (35)                      | (5)               | (45)                    | (11)              |
| Total                                  | \$ 3,607                  | \$ 187            | \$ 5,821                | \$ 2,433          |

(15)

---

8. The following table represents assets in securitization entities, both consolidated and off-balance sheet.

| <i>(In millions)</i>     | At        |           |
|--------------------------|-----------|-----------|
|                          | 6/30/06   | 12/31/05  |
| Receivables secured by:  |           |           |
| Equipment                | \$ 10,201 | \$ 12,949 |
| Commercial real estate   | 10,559    | 11,437    |
| Residential real estate  | 7,478     | 8,882     |
| Other assets             | 14,206    | 12,869    |
| Credit card receivables  | 11,355    | 10,039    |
| Total securitized assets | \$ 53,799 | \$ 56,176 |

| <i>(In millions)</i>                | At        |           |
|-------------------------------------|-----------|-----------|
|                                     | 6/30/06   | 12/31/05  |
| Off-balance sheet <sup>(a)(b)</sup> | \$ 38,930 | \$ 38,272 |
| On-balance sheet <sup>(c)</sup>     | 14,869    | 17,904    |
| Total securitized assets            | \$ 53,799 | \$ 56,176 |

(a) At June 30, 2006, and December 31, 2005, liquidity support amounted to \$1,793 million and \$1,931 million, respectively. These amounts are net of \$2,180 million and \$2,450 million, respectively, participated or deferred beyond one year. Credit support amounted to \$3,544 million and \$4,386 million at June 30, 2006, and December 31, 2005, respectively.

(b) Liabilities for recourse obligations related to off-balance sheet assets amounted to \$65 million and \$93 million at June 30, 2006, and December 31, 2005, respectively.

(c) At June 30, 2006, and December 31, 2005, liquidity support amounted to \$8,204 million and \$10,044 million, respectively. These amounts are net of \$21 million and \$138 million, respectively, participated or deferred beyond one year. Credit support amounted to \$3,830 million and \$4,780 million at June 30, 2006, and December 31, 2005, respectively.

Assets in consolidated, liquidating securitization entities are shown in the following captions in the Condensed Statement of Financial Position.

| <i>(In millions)</i>                 | At        |           |
|--------------------------------------|-----------|-----------|
|                                      | 6/30/06   | 12/31/05  |
| Financing receivables - net (note 4) | \$ 13,779 | \$ 16,615 |
| Other                                | 1,090     | 1,289     |
| Total                                | \$ 14,869 | \$ 17,904 |

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

**2007 Restatement**

As discussed in the explanatory note to this Form 10-Q/A and in note 1 to our financial statements, we are restating financial statements and other financial information for the three and six months ended June 30, 2006 and 2005. The restatement adjusts our accounting for interest rate swap transactions related to a portion of the commercial paper issued by GECC, and General Electric Capital Services, Inc. (GECS), from January 1, 2001, the date we adopted Statement of Financial Accounting Standards (SFAS) No. 133, *Accounting for Derivative Instruments and Hedging*

(16)

---



*Activities*, as amended. The restatement has no effect on our cash flows or liquidity, and its effects on our financial position at the ends of the respective restated periods are immaterial.

Interest rate swaps - agreements under which we pay a fixed rate of interest and receive a floating rate of interest on an agreed notional amount - are used in meeting our objective of managing interest rate risk related to our commercial paper program. Many of our financial assets - such as loans and leases - have long-term, fixed-rate yields, and funding them with proceeds of commercial paper would expose us to interest rate risk. Interest rate swaps are used to manage this risk. We use commercial paper in connection with interest rate swaps because that financing structure is highly effective at fixing interest rates, enabling us to match fixed rate assets with fixed rate funding (or "match funding") provided by the hedged commercial paper. Consistent with our hedge documentation, we had measured and recognized hedge ineffectiveness each reporting period in accordance with the requirements of SFAS 133. We had never used the short-cut treatment provided for in SFAS 133 for any of these hedges.

The following table sets forth the effects of the errors in accounting for interest rate swaps related to our commercial paper hedging program, more fully described beginning on page 3, on our previously reported earnings for the three and six months ended June 30, 2006 and 2005.

| <i>(In millions)</i>   | <b>Increase (decrease) in earnings<br/>from continuing operations</b> |             |                         |             |
|--|---|-------------|-------------------------|-------------|
|  | <b>Three months ended</b>   |             | <b>Six months ended</b> |             |
|  | <b>June 30</b>  |             | <b>June 30</b>          |             |
|  | <b>2006</b>   | <b>2005</b> | <b>2006</b>             | <b>2005</b> |
| Total adjustment   | \$ 82   | \$ (118)    | \$ 200                  | \$ 88       |
| Previously reported earnings from continuing operations                        | \$ 2,415  | \$ 2,038    | \$ 4,641                | \$ 3,866    |
| Percent variation from previously reported earnings from continuing operations | 3.4%  | (5.8)%      | 4.3%                    | 2.3%        |

Changes to our previously reported earnings detailed above reflect the volatility resulting from recognizing changes in the fair value of our commercial paper interest rate swaps immediately in earnings, rather than recording them in earnings over the remaining term of the hedging relationship. Values of these swaps move directly with changes in interest rates: increases in interest rates produce positive earnings effects from fair value gains on the interest rate swaps, as the amount of cash we receive on the swaps' variable cash flow stream increases versus its fixed payment stream; similarly, negative earnings effects result from fair value losses on the swaps associated with decreases in interest rates as the amount of cash received on the swaps' variable cash flow stream decreases versus its fixed payment stream. As these swaps are used in match funding arrangements, which protect against the economic exposure to changes in interest rates, there are offsetting fair value changes associated with the related fixed rate assets. Because fair value changes related to fixed rate assets are not recognized in earnings under the current accounting model, the elimination of hedge accounting through correction of the error presents the current earnings effects of only one of two equal and offsetting components of the economic relationship.

## **A. Results of Operations**

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

(17)

---

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 Exhibit 99 to this report on Form 10-Q.

Unless otherwise indicated, we refer to captions such as revenues and earnings from continuing operations 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.

## Overview

Restated revenues for the second quarter of 2006 were \$14.5 billion, a \$1.5 billion (12%) increase over the second quarter of 2005. Revenues for the second quarter of 2006 included \$0.4 billion of revenue from acquisitions. Revenues increased \$0.1 billion and were reduced by \$0.2 billion in the second quarters of 2006 and 2005, respectively, related to the 2007 restatement. Revenues also increased \$0.9 billion compared with the second quarter of 2005 as a result of organic revenue growth and the consolidation of GE SeaCo, an entity previously accounted for using the equity method, partially offset by the strengthening U.S. dollar. Organic revenue growth excludes the effects of acquisitions, business dispositions (other than dispositions of businesses acquired for investment) and currency exchange rates. Restated earnings were \$2.5 billion, up 30% from \$1.9 billion in the second quarter of 2005, primarily as a result of core growth and gain on sale of a business interest at Equipment Services reported in GECC corporate items and eliminations.

Restated revenues for the first six months of 2006 were \$28.5 billion, a \$2.4 billion (9%) increase over the first six months of 2005. Revenues for the first six months of 2006 and 2005 included \$0.8 billion and \$0.1 billion of revenue from acquisitions, respectively, and in 2006 were reduced by \$0.3 billion as a result of dispositions. Revenues increased \$0.3 billion and \$0.1 billion for the first six months of 2006 and 2005, respectively, related to the 2007 restatement. Revenues also increased \$1.7 billion compared with the first six months of 2005 as a result of organic revenue growth and the consolidation of GE SeaCo, partially offset by the strengthening U.S. dollar. Restated earnings were \$4.8 billion, up 22% from \$4.0 billion during the first six months of 2005, primarily as a result of core growth, acquisitions and gain on sale of a business interest at Equipment Services, partially offset by the effects of the strengthening U.S. dollar.

Overall, acquisitions contributed \$0.4 billion and \$0.1 billion to total revenues and earnings, respectively, in the second quarter of 2006, compared with \$0.8 billion and \$0.1 billion, respectively, in the second quarter of 2005. 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 operations by an inconsequential amount in the second quarter of 2006 and lower revenues of \$0.3 billion in the second quarter of 2005. Earnings increased \$0.1 billion in the second quarter of 2006 as a result of dispositions, compared with an inconsequential effect in 2005.

Acquisitions contributed \$0.8 billion and \$0.2 billion to total revenues and earnings, respectively, in the first six months of 2006, compared with \$1.8 billion and \$0.2 billion, respectively, in the first six months of 2005. Dispositions also affected our operations through lower revenues of \$0.3 billion and \$0.4 billion for the first six months of 2006 and 2005, respectively. Earnings increased \$0.1 billion in the first six months of 2006 compared with an inconsequential effect in 2005.

The most significant acquisitions affecting GE Commercial Finance and GE Consumer Finance results in 2006 were a strategic joint venture with Garanti Bank, a full service bank in Turkey; the Transportation Financial



Services Group of CitiCapital; the Inventory Finance division of Bombardier Capital; Antares Capital Corp., a unit of Massachusetts Mutual Life Insurance Co.; and a strategic joint venture with Hyundai Card Company, a credit card lender in South Korea. These acquisitions collectively contributed \$0.2 billion and \$0.1 billion to second quarter revenues and earnings, respectively. Contributions to revenues and earnings for the first six months of 2006 were \$0.5 billion and \$0.2 billion, respectively.

The restated provision for income taxes was \$0.2 billion for the second quarter of 2006 (effective tax rate of 8.5%), compared with \$0.1 billion for the second quarter of 2005 (effective tax rate of 5.3%). The tax rate increased primarily as a result of growth in pre-tax earnings that was principally from sources subject to tax at a rate higher than the average rate for 2005, partially offset by growth in lower-taxed earnings from global operations.

The restated provision for income taxes was \$0.6 billion for the first six months of 2006 (effective tax rate of 11.5%), compared with \$0.4 billion for the first six months of 2005 (effective tax rate of 9.0%). The tax rate increased primarily as a result of growth in pre-tax earnings that was principally from sources subject to tax at a rate higher than the average rate for 2005, partially offset by growth in lower-taxed earnings from global operations.

### **Segment Operations**

Operating segments comprise our four businesses focused on the broad markets they serve: GE Commercial Finance, GE Consumer Finance, GE Industrial and GE Infrastructure. For segment reporting purposes, certain financial services businesses are included in the industrial operating segments that actively manage such businesses and report their results for internal performance measurement purposes. These include Aviation Financial Services, Energy Financial Services and Transportation Finance reported in the GE Infrastructure segment, and Equipment Services reported in the GE Industrial segment.

GECC corporate items and eliminations include the effects of eliminating transactions between operating segments; results of our insurance activities remaining in continuing operations; results of liquidating businesses such as consolidated, liquidating securitization entities; underabsorbed corporate overhead; certain non-allocated amounts determined by the Chief Executive Officer; and a variety of sundry items. GECC corporate items and eliminations is not an operating segment. Rather, it is added to operating segment totals to reconcile to consolidated totals on the financial statements.

The Chief Executive Officer allocates resources to, and assesses the performance of operations at the consolidated GE-level. GECC operations are a portion of those segments. We present below in their entirety the four GE segments that include financial services operations. We also provide a one-line reconciliation to GECC-only results, the most significant component of which is the elimination of GE businesses that are not financial services businesses. In addition to providing information on GE segments in their entirety, we have also provided supplemental information for certain businesses within the GE segments. Our Chief Executive Officer does not separately assess the performance of, or allocate resources among, these product lines.

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; in-process research and development and certain other acquisition-related charges and balances; technology and product development costs; certain gains and losses from dispositions; and litigation settlements or other charges, responsibility for which preceded the current management team.

Segment profit always excludes the effects of principal pension plans, results reported as discontinued operations 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 - excluded in determining segment profit, which we refer to as "operating profit," for GE Healthcare, GE NBC Universal and the industrial businesses of the GE Industrial and GE Infrastructure segments; included in determining segment profit, which we refer to as "net earnings," for GE Commercial Finance, GE Consumer Finance, and the financial services businesses of the GE Industrial segment (Equipment Services) and the GE Infrastructure segment (Aviation Financial Services, Energy Financial Services and Transportation Finance).

### Summary of Operating Segments

| <i>(In millions)</i>   | Three months ended |            | Six months ended |            |
|--|--------------------|------------|------------------|------------|
|  | June 30            |            | June 30          |            |
|  | 2006               | 2005       | 2006             | 2005       |
|  | (Restated)         | (Restated) | (Restated)       | (Restated) |
| <b>Revenues</b>  |                    |            |                  |            |
| GE Commercial Finance  | \$ 5,527           | \$ 4,929   | \$ 11,011        | \$ 10,001  |
| GE Consumer Finance  | 5,268              | 4,928      | 10,358           | 9,617      |
| GE Industrial  | 8,788              | 8,253      | 16,928           | 15,921     |
| GE Infrastructure  | 11,332             | 10,221     | 21,484           | 19,595     |
| Total segment revenues   | 30,915             | 28,331     | 59,781           | 55,134     |
| GECC corporate items and eliminations, as restated <sup>(a)</sup>  | 690                | 316        | 1,344            | 1,167      |
| Total revenues   | 31,605             | 28,647     | 61,125           | 56,301     |
| Less portion of GE revenues not included in GECC                   | (17,126)           | (15,704)   | (32,663)         | (30,237)   |
| Total revenues in GECC   | \$ 14,479          | \$ 12,943  | \$ 28,462        | \$ 26,064  |
| <b>Segment profit</b>  |                    |            |                  |            |
| GE Commercial Finance  | \$ 1,057           | \$ 872     | \$ 2,231         | \$ 1,798   |
| GE Consumer Finance  | 880                | 735        | 1,716            | 1,470      |
| GE Industrial  | 729                | 635        | 1,329            | 1,161      |
| GE Infrastructure  | 2,107              | 1,916      | 3,810            | 3,456      |
| Total segment profit   | 4,773              | 4,158      | 9,086            | 7,885      |
| GECC corporate items and eliminations, as restated                 | 132                | (42)       | 204              | 132        |
| Less portion of GE segment profit not included in GECC             | (2,408)            | (2,196)    | (4,449)          | (4,063)    |
| Earnings in GECC from continuing operations                        | 2,497              | 1,920      | 4,841            | 3,954      |
| Earnings (loss) in GECC from discontinued operations, net of taxes | (103)              | 85         | 25               | 334        |
| Total net earnings in GECC   | \$ 2,394           | \$ 2,005   | \$ 4,866         | \$ 4,288   |

(a) Primarily revenues associated with our insurance activities remaining in continuing operations that were previously reported in the GE Commercial Finance segment.

(20)

---

**GE Commercial Finance**

| <i>(In millions)</i>                                       | <b>Three months ended</b> |             | <b>Six months ended</b> |             |
|--|---------------------------|-------------|-------------------------|-------------|
|  | <b>June 30</b>            |             | <b>June 30</b>          |             |
|  | <b>2006</b>               | <b>2005</b> | <b>2006</b>             | <b>2005</b> |
| <b>Revenues</b>  | \$ 5,527                  | \$ 4,929    | \$ 11,011               | \$ 10,001   |
| Less portion of GE Commercial Finance not included in GECC | (181)                     | (135)       | (360)                   | (286)       |
| <b>Total revenues in GECC</b>                              | \$ 5,346                  | \$ 4,794    | \$ 10,651               | \$ 9,715    |
| <b>Segment profit</b>                                      | \$ 1,057                  | \$ 872      | \$ 2,231                | \$ 1,798    |
| Less portion of GE Commercial Finance not included in GECC | (96)                      | (62)        | (177)                   | (139)       |
| <b>Total segment profit in GECC</b>                        | \$ 961                    | \$ 810      | \$ 2,054                | \$ 1,659    |

| <i>(In millions)</i>                                       | <b>At</b>      |                |                 |
|--|----------------|----------------|-----------------|
|  | <b>6/30/06</b> | <b>6/30/05</b> | <b>12/31/05</b> |
| <b>Total assets</b>  | \$ 206,510     | \$ 185,665     | \$ 190,546      |
| Less portion of GE Commercial Finance not included in GECC | 1,683          | (340)          | (1,408)         |
| <b>Total assets in GECC</b>                                | \$ 208,193     | \$ 185,325     | \$ 189,138      |

| <i>(In millions)</i>        | <b>Three months ended</b> |             | <b>Six months ended</b> |             |
|-----------------------------|---------------------------|-------------|-------------------------|-------------|
|                             | <b>June 30</b>            |             | <b>June 30</b>          |             |
|                             | <b>2006</b>               | <b>2005</b> | <b>2006</b>             | <b>2005</b> |
| <b>Revenues in GE</b>       |                           |             |                         |             |
| Capital Solutions           | \$ 3,047                  | \$ 2,856    | \$ 5,867                | \$ 5,745    |
| Real Estate                 | 1,047                     | 744         | 2,122                   | 1,642       |
| <b>Segment profit in GE</b> |                           |             |                         |             |
| Capital Solutions           | \$ 433                    | \$ 325      | \$ 772                  | \$ 611      |
| Real Estate                 | 334                       | 240         | 775                     | 550         |

| <i>(In millions)</i> | <b>At</b>      |                |                 |
|----------------------|----------------|----------------|-----------------|
|                      | <b>6/30/06</b> | <b>6/30/05</b> | <b>12/31/05</b> |
| <b>Assets in GE</b>  |                |                |                 |
| Capital Solutions    | \$ 90,710      | \$ 85,069      | \$ 87,306       |
| Real Estate          | 44,144         | 35,619         | 35,323          |



GE Commercial Finance revenues and net earnings increased 12% and 21%, respectively, in the second quarter of 2006. 2006 revenues included \$0.2 billion from acquisitions, but were reduced by dispositions (\$0.1 billion). Revenues for the second quarter also increased as organic revenue growth (\$0.6 billion) exceeded effects of the strengthening U.S. dollar (\$0.1 billion). The increase in net earnings resulted primarily from core growth (\$0.3 billion), including growth in lower-taxed earnings from global operations.

(21)

---

GE Commercial Finance revenues and net earnings increased 10% and 24%, respectively, in the first six months of 2006. Revenues for the first six months of 2006 and 2005 included \$0.4 billion and \$0.1 billion from acquisitions, respectively, and in 2006 were reduced by dispositions (\$0.2 billion). Revenues for the first six months also increased as organic revenue growth (\$1.1 billion) exceeded effects of the strengthening U.S. dollar (\$0.2 billion). The increase in net earnings resulted primarily from core growth (\$0.5 billion), including growth in lower-taxed earnings from global operations, and acquisitions (\$0.1 billion), partially offset by the strengthening U.S. dollar (\$0.1 billion).

### GE Consumer Finance

| <i>(In millions)</i>                                     | <b>Three months ended</b> |             | <b>Six months ended</b> |             |
|--|---------------------------|-------------|-------------------------|-------------|
|  | <b>June 30</b>            |             | <b>June 30</b>          |             |
|  | <b>2006</b>               | <b>2005</b> | <b>2006</b>             | <b>2005</b> |
| <b>Revenues</b>  | \$ 5,268                  | \$ 4,928    | \$ 10,358               | \$ 9,617    |
| Less portion of GE Consumer Finance not included in GECC | -                         | -           | -                       | -           |
| <b>Total revenues in GECC</b>                            | \$ 5,268                  | \$ 4,928    | \$ 10,358               | \$ 9,617    |
| <b>Segment profit</b>                                    | \$ 880                    | \$ 735      | \$ 1,716                | \$ 1,470    |
| Less portion of GE Consumer Finance not included in GECC | (4)                       | (2)         | (27)                    | (6)         |
| <b>Total segment profit in GECC</b>                      | \$ 876                    | \$ 733      | \$ 1,689                | \$ 1,464    |

| <i>(In millions)</i>                                     | <b>At</b>      |                |                 |
|--|----------------|----------------|-----------------|
|  | <b>6/30/06</b> | <b>6/30/05</b> | <b>12/31/05</b> |
| <b>Total assets</b>                                      | \$ 169,416     | \$ 149,568     | \$ 158,829      |
| Less portion of GE Consumer Finance not included in GECC | 954            | 4              | 763             |
| <b>Total assets in GECC</b>                              | \$ 170,370     | \$ 149,572     | \$ 159,592      |

GE Consumer Finance revenues and net earnings increased 7% and 20%, respectively, in the second quarter of 2006. 2006 revenues included \$0.2 billion from acquisitions. Revenues for the second quarter also increased as organic revenue growth (\$0.3 billion) exceeded effects of the strengthening U.S. dollar (\$0.2 billion). The increase in net earnings resulted primarily from core growth (\$0.1 billion), including growth in lower-taxed earnings from global operations.

GE Consumer Finance revenues and net earnings increased 8% and 17%, respectively, in the first six months of 2006. 2006 revenues included \$0.4 billion from acquisitions. Revenues for the first six months also increased as organic revenue growth (\$0.7 billion) exceeded effects of the strengthening U.S. dollar (\$0.4 billion). The increase in net earnings resulted primarily from core growth (\$0.2 billion), including growth in lower-taxed earnings from global operations, and acquisitions (\$0.1 billion).

**GE Industrial**

| <i>(In millions)</i>                               | <b>Three months ended</b> |             | <b>Six months ended</b> |             |
|--|---------------------------|-------------|-------------------------|-------------|
|  | <b>June 30</b>            |             | <b>June 30</b>          |             |
|  | <b>2006</b>               | <b>2005</b> | <b>2006</b>             | <b>2005</b> |
| <b>Revenues</b>                                    | \$ 8,788                  | \$ 8,253    | \$ 16,928               | \$ 15,921   |
| Less portion of GE Industrial not included in GECC | (6,991)                   | (6,601)     | (13,497)                | (12,695)    |
| Total revenues in GECC                             | \$ 1,797                  | \$ 1,652    | \$ 3,431                | \$ 3,226    |
| <b>Segment profit</b>                              | \$ 729                    | \$ 635      | \$ 1,329                | \$ 1,161    |
| Less portion of GE Industrial not included in GECC | (669)                     | (599)       | (1,253)                 | (1,115)     |
| Total segment profit in GECC                       | \$ 60                     | \$ 36       | \$ 76                   | \$ 46       |
| <b>Revenues in GE</b>                              |                           |             |                         |             |
| Consumer & Industrial                              | \$ 3,852                  | \$ 3,576    | \$ 7,386                | \$ 6,837    |
| Equipment Services                                 | 1,797                     | 1,652       | 3,431                   | 3,226       |
| Plastics   | 1,684                     | 1,640       | 3,328                   | 3,288       |
| <b>Segment profit in GE</b>                        |                           |             |                         |             |
| Consumer & Industrial                              | \$ 318                    | \$ 227      | \$ 538                  | \$ 392      |
| Equipment Services                                 | 60                        | 36          | 76                      | 46          |
| Plastics   | 183                       | 208         | 408                     | 448         |

GE Industrial revenues rose 6%, or \$0.5 billion, in the second quarter of 2006 reflecting higher volume (\$0.5 billion) at the industrial businesses in the segment. The increase in volume was primarily at Consumer & Industrial and Plastics. Revenues also increased at Equipment Services as a result of the consolidation of GE SeaCo, an entity previously accounted for using the equity method (\$0.1 billion) and organic revenue growth (\$0.1 billion).

Segment profit rose 15%, or \$0.1 billion, in the second quarter of 2006 as productivity (\$0.3 billion), primarily at Consumer & Industrial and Plastics, was partially offset by higher material and other costs (\$0.2 billion), primarily at Consumer & Industrial and Plastics. Segment profit was not significantly affected by price as higher prices at Consumer & Industrial partially offset lower prices at Plastics.

GE Industrial revenues rose 6% for the six months ended June 30, 2006 as higher volume (\$1.0 billion) was partially offset by the effects of the strengthening U.S. dollar (\$0.2 billion) at the industrial businesses in the segment, primarily Consumer & Industrial, Plastics and Security, which acquired Edwards Systems Technology late in the first quarter of 2005. Revenues also increased at Equipment Services as a result of organic revenue growth (\$0.1 billion) and the consolidation of GE SeaCo (\$0.1 billion).

Segment profit rose 14% for the six months ended June 30, 2006, as productivity (\$0.4 billion), primarily at Consumer & Industrial, Advanced Materials and Plastics, and higher volume (\$0.1 billion) were partially offset by higher material and other costs (\$0.3 billion), primarily at Consumer & Industrial, Advanced Materials and Plastics. Segment profit was not significantly affected by price as higher prices at Consumer & Industrial offset lower prices at Plastics.



**GE Infrastructure**

| <i>(In millions)</i>                                   | <b>Three months ended</b> |                 | <b>Six months ended</b> |                 |
|--|---------------------------|-----------------|-------------------------|-----------------|
|  | <b>June 30</b>            |                 | <b>June 30</b>          |                 |
|  | <b>2006</b>               | <b>2005</b>     | <b>2006</b>             | <b>2005</b>     |
| <b>Revenues</b>  | \$ 11,332                 | \$ 10,221       | \$ 21,484               | \$ 19,595       |
| Less portion of GE Infrastructure not included in GECC | (9,954)                   | (8,968)         | (18,806)                | (17,256)        |
| <b>Total revenues in GECC</b>                          | <b>\$ 1,378</b>           | <b>\$ 1,253</b> | <b>\$ 2,678</b>         | <b>\$ 2,339</b> |
| <b>Segment profit</b>                                  | \$ 2,107                  | \$ 1,916        | \$ 3,810                | \$ 3,456        |
| Less portion of GE Infrastructure not included in GECC | (1,639)                   | (1,533)         | (2,992)                 | (2,803)         |
| <b>Total segment profit in GECC</b>                    | <b>\$ 468</b>             | <b>\$ 383</b>   | <b>\$ 818</b>           | <b>\$ 653</b>   |
| <b>Revenues in GE</b>                                  |                           |                 |                         |                 |
| Aviation   | \$ 3,291                  | \$ 2,971        | \$ 6,332                | \$ 5,561        |
| Aviation Financial Services                            | 981                       | 819             | 1,915                   | 1,636           |
| Energy   | 4,442                     | 3,884           | 8,277                   | 7,835           |
| Energy Financial Services                              | 364                       | 382             | 665                     | 610             |
| Oil & Gas  | 1,094                     | 763             | 1,866                   | 1,404           |
| Transportation   | 1,002                     | 892             | 2,025                   | 1,648           |
| <b>Segment profit in GE</b>                            |                           |                 |                         |                 |
| Aviation   | \$ 728                    | \$ 690          | \$ 1,373                | \$ 1,217        |
| Aviation Financial Services                            | 310                       | 185             | 516                     | 348             |
| Energy   | 689                       | 625             | 1,125                   | 1,202           |
| Energy Financial Services                              | 146                       | 179             | 263                     | 273             |
| Oil & Gas  | 108                       | 75              | 163                     | 102             |
| Transportation   | 165                       | 101             | 369                     | 183             |

GE Infrastructure revenues increased 11%, or \$1.1 billion, in the second quarter of 2006 reflecting higher volume (\$1.1 billion) and higher prices (\$0.1 billion) at the industrial businesses of the segment. The increase in volume reflected increased sales at the power generation equipment business at Energy, primarily wind related, strong equipment sales at Oil & Gas and Transportation, and increased commercial engine sales at Aviation. Higher prices were primarily at Aviation. Revenues also increased as a result of organic revenue growth at Aviation Financial Services (\$0.2 billion). Intra-segment revenues, which increased \$0.2 billion, were eliminated from total GE Infrastructure revenues.

Segment profit rose 10%, or \$0.2 billion, in the second quarter as higher volume (\$0.2 billion) and higher prices (\$0.1 billion) were partially offset by higher material and other costs (\$0.1 billion) at the industrial businesses of the segment. Volume increases were primarily at Energy, Aviation and Oil & Gas. Higher prices and higher material and other costs were primarily at Aviation. Segment profit from the financial services businesses increased \$0.1 billion as a result of core growth at Aviation Financial Services, including growth in lower-taxed earnings from global operations.

GE Infrastructure revenues rose 10% to \$21.5 billion for the six months ended June 30, 2006, as higher volume (\$1.9 billion) was partially offset by the effects of the strengthening U.S. dollar (\$0.2 billion) at the industrial businesses of

the segment. The increase in volume reflected increased sales of power generation equipment at Energy, commercial and military services and commercial engines at Aviation and equipment at Oil &

(24)

---

Gas, as well as increased locomotive sales at Transportation. Revenues also increased as a result of organic revenue growth at Aviation Financial Services (\$0.3 billion) and Energy Financial Services (\$0.1 billion). Intra-segment revenues, which increased \$0.3 billion, were eliminated from total GE Infrastructure revenues.

Segment profit for the first six months of 2006 rose 10% to \$3.8 billion, compared with \$3.5 billion in 2005, as higher volume (\$0.3 billion) and productivity (\$0.1 billion) were partially offset by higher material and other costs (\$0.2 billion) at the industrial businesses of the segment. Volume increases were primarily at Aviation, Energy, Transportation and Oil & Gas. We realized productivity improvements at Transportation and Aviation. Higher material and other costs were primarily at Aviation. Segment profit from the financial services businesses increased \$0.2 billion as a result of core growth at Aviation Financial Services. Core growth included growth in lower-taxed earnings from global operations and lower one-time benefits from our aircraft leasing reorganization.

### Discontinued Insurance Operations

| <i>(In millions)</i>   | <b>Three months ended</b> |             | <b>Six months ended</b> |             |
|--|---------------------------|-------------|-------------------------|-------------|
|  | <b>June 30</b>            |             | <b>June 30</b>          |             |
|  | <b>2006</b>               | <b>2005</b> | <b>2006</b>             | <b>2005</b> |
| Earnings (loss) in GECC from discontinued operations, net of taxes | \$ (103)                  | \$ 85       | \$ 25                   | \$ 334      |

In March 2006, we completed the sale of our remaining 18% investment in Genworth Financial, Inc. (Genworth) through a secondary public offering of 71 million shares of Class A Common Stock and direct sale to Genworth of 15 million shares of Genworth Class B Common Stock. As a result, we recognized a pre-tax gain of \$0.5 billion (\$0.3 billion after tax).

In March 2006, we initiated a plan to sell GE Life, our U.K.-based life insurance operation. For the first six months of 2006, we have provided a loss of \$0.3 billion, including a \$0.1 billion loss recognized in the second quarter of 2006, based on our best estimate of sales proceeds. We do not expect to realize a tax benefit for this loss. We anticipate selling GE Life by March 31, 2007.

Discontinued operations comprise GE Life and Genworth, our formerly wholly-owned subsidiary that conducted most of our consumer insurance business, including life and mortgage insurance operations. Results of these businesses are reported as discontinued operations for all periods presented.

Earnings from discontinued operations, net of taxes, for the second quarter of 2006 reflected a provision for estimated loss on the planned sale of GE Life (\$0.1 billion). GE Life results will be included in our discontinued operations until a transaction is completed.

Earnings from discontinued operations, net of taxes, for the second quarter of 2005 reflected our share of Genworth's earnings from operations (\$0.1 billion).

Earnings from discontinued operations, net of taxes, for the first six months of 2006 reflected the gain on the sale of our remaining 18% investment in Genworth common stock (\$0.3 billion), offset by a provision for estimated loss on the planned sale of GE Life (\$0.3 billion).

Earnings from discontinued operations, net of taxes, for the first six months of 2005 reflected our share of Genworth's earnings from operations (\$0.3 billion) and the gain related to Genworth's secondary public offering (\$0.1 billion).

## **B. Statement of Financial Position**

### **Overview of Financial Position**

Major changes in our financial position resulted from the following:

- During the first quarter of 2006, we completed the sale of our remaining 18% investment in Genworth common stock and we initiated a plan to sell GE Life. We have separately reported the assets and liabilities related to these discontinued operations for all periods presented.
- During the first six months of 2006, we completed the acquisitions of Arden Realty, Inc., a fully integrated real estate company at GE Commercial Finance; and the private-label credit card portfolio of Hudson's Bay Co. at GE Consumer Finance.
- The U.S. dollar was weaker at June 30, 2006, than it was at December 31, 2005, increasing the translated levels of our non-U.S. dollar assets and liabilities. However, on average, the U.S. dollar in 2006 has been stronger than during the comparable 2005 period, decreasing the translated levels of our non-U.S. dollar operations, as noted in the preceding Results of Operations section.

**Investment securities** comprise mainly available-for-sale investment-grade debt securities supporting obligations to annuitants and policyholders. We regularly review investment securities for impairment based on criteria that include the extent to which cost exceeds market value, the duration of that market decline, our intent and ability to hold to recovery and the financial health and specific prospects for the issuer. Of available-for-sale securities with unrealized losses at June 30, 2006, an inconsequential amount was at risk of being charged to earnings in the next 12 months. Impairment losses for the first six months of 2006 totaled \$0.1 billion compared with an inconsequential amount in the 2005 period. We do not believe that any of the 2006 impairment losses indicate likely future impairments in the remaining portfolio.

**Financing receivables** is our largest category of assets and represents one of our primary sources of revenues. The portfolio of financing receivables, before allowance for losses, amounted to \$304.5 billion at June 30, 2006, and \$289.1 billion at December 31, 2005. The related allowance for losses amounted to \$4.6 billion at both June 30, 2006, and December 31, 2005, representing our best estimate of probable losses inherent in the portfolio. A discussion of the quality of certain elements of the financing receivables portfolio follows. For purposes of that discussion, "delinquent" receivables are those that are 30 days or more past due; and "nonearning" receivables are those that are 90 days or more past due (or for which collection has otherwise become doubtful).

Financing receivables, before allowance for losses, increased \$15.4 billion from December 31, 2005, primarily as a result of core growth (\$17.3 billion), the effects of the weaker U.S. dollar at June 30, 2006, (\$4.5 billion) and acquisitions (\$2.6 billion), partially offset by securitizations and sales (\$6.6 billion) and loans transferred to assets held for sale (\$1.3 billion). Related nonearning receivables were \$4.5 billion (1.5% of outstanding receivables) at June 30, 2006, compared with \$4.1 billion (1.4% of outstanding receivables) at year-end 2005. This increase was primarily related to the weaker U.S. dollar and higher nonearning receivables in our European secured financing business at GE Consumer Finance, a business that tends to experience relatively higher delinquencies but lower losses than the rest of our consumer portfolio.





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

|                       | <b>Delinquency rates at</b>  |                 |                |
|-----------------------|------------------------------|-----------------|----------------|
|                       | <b>6/30/06<sup>(a)</sup></b> | <b>12/31/05</b> | <b>6/30/05</b> |
| GE Commercial Finance | 1.29%                        | 1.31%           | 1.31%          |
| GE Consumer Finance   | 5.22                         | 5.08            | 5.15           |

(a) Subject to update.

Delinquency rates at GE Commercial Finance decreased from December 31, 2005, and June 30, 2005, to June 30, 2006, primarily resulting from improved credit quality across all portfolios.

Delinquency rates at GE Consumer Finance increased from December 31, 2005, to June 30, 2006, as a result of higher delinquencies in our European secured financing business, discussed above, and our Australian business, which generally obtains credit insurance for certain receivables, partially offset by decreases in our U.S. business resulting from a continued strong economic environment. The increase from June 30, 2005, to June 30, 2006, reflected higher delinquencies in our European secured financing and Australian businesses, discussed above.

### **C. Debt Instruments**

During the first six months of 2006, GECC and GECC affiliates issued \$43 billion of senior, unsecured long-term debt. This debt was both fixed and floating rate and was issued to institutional and retail investors in the U.S. and 15 other global markets. Maturities for these issuances ranged from one to forty years. We used the proceeds for repayment of maturing long-term debt, and to fund acquisitions and organic growth. We anticipate that we will issue between \$22 billion and \$32 billion of additional long-term debt during the remainder of 2006, mostly to repay maturing long-term debt. The ultimate amount we issue will depend on our needs and on the markets.

### **D. Other Information**

#### **New Accounting Standards**

In July 2006, the Financial Accounting Standards Board (FASB) issued two related standards that address accounting for income taxes: FASB Interpretation No. (FIN) 48, *Accounting for Uncertainty in Income Taxes*, and FASB Staff Position (FSP) FAS 13-2, *Accounting for a Change in the Timing of Cash Flows Relating to Income Taxes Generated by a Leveraged Lease Transaction*. Among other things, FIN 48 requires applying a “more likely than not” threshold to the recognition and derecognition of tax positions, while FSP FAS 13-2 requires a recalculation of returns on leveraged leases if there is a change or projected change in the timing of cash flows relating to income taxes generated by the leveraged lease. The new guidance will be effective for us on January 1, 2007. We expect the transition effects to be modest and to consist of reclassification of certain income tax-related liabilities in our Statement of Financial Position and an immaterial adjustment to the balance of retained earnings. Prior periods will not be restated as a result of this required accounting change.

### **Item 4. Controls and Procedures**

In connection with the restatement discussed above in the explanatory note to this Form 10-Q/A and in note 1 to our financial statements, under the direction of our Chief Executive Officer and Chief Financial Officer, we reevaluated

our disclosure controls and procedures. We identified a material weakness in our internal control over financial

(27)

---

reporting with respect to accounting for hedge transactions, namely, that we did not have adequately designed procedures to designate, with the specificity required under SFAS 133, each hedged commercial paper transaction. Solely as a result of this material weakness, we concluded that our disclosure controls and procedures were not effective as of June 30, 2006.

As of January 1, 2007, we modified our commercial paper hedging program and adopted documentation for interest rate swaps that we believe complies with the requirements of SFAS 133 and remediated the related internal control weakness. In connection with this amended Form 10-Q, under the direction of our Chief Executive Officer and Chief Financial Officer, we have evaluated our disclosure controls and procedures as currently in effect, including the remedial actions discussed above, and we have concluded that, as of this date, our disclosure controls and procedures are effective.

As previously reported, there was no change in our internal control over financial reporting during the quarter ended June 30, 2006, that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## **Part II. Other Information**

### **Item 1. Legal Proceedings**

As previously reported, since January 2005, the U.S. Securities and Exchange Commission (SEC) staff has been conducting an investigation of the use of hedge accounting for derivatives by General Electric Company (GE) and General Electric Capital Corporation (GE Capital). In August 2005 the SEC staff advised us that the SEC had issued a formal order of investigation in the matter. The SEC staff has subpoenaed documents and is taking testimony, and GE and GE Capital continue to respond to staff inquiries in connection with the matter. GE and GE Capital have been cooperating fully with the investigation.

### **Item 6. Exhibits**

|               |  |
|---------------|--|
| Exhibit 12    | Computation of Ratio of Earnings to Fixed Charges and Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends.* |
| Exhibit 31(a) | Certification Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Amended.*                                  |
| Exhibit 31(b) | Certification Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Amended.*                                  |
| Exhibit 32    | Certification Pursuant to 18 U.S.C. Section 1350.*   |
| Exhibit 99    | Financial Measures that Supplement Generally Accepted Accounting Principles.   |

\* Filed electronically herewith.



**Signatures**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

General Electric Capital Corporation

(Registrant)

January 19, 2007  
Date

/s/ Philip D. Ameen  
Philip D. Ameen  
Senior Vice President and Controller  
Duly Authorized Officer and Principal Accounting  
Officer

(29)

---