GENERAL ELECTRIC CO
Form 10-K
February 25, 2011
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United States Securities and Exchange Commission

WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2010

or

¨ **Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from __________ to __________

Commission file number 001-00035

General Electric Company

(Exact name of registrant as specified in charter)

New York	**14-0689340**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

3135 Easton Turnpike, Fairfield, CT	**06828-0001**	**203/373-2211**
(Address of principal executive offices)	(Zip Code)	(Telephone No.)

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

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

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

(Title of class)

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

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

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No ¨

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

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

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

The aggregate market value of the outstanding common equity of the registrant as of the last business day of the registrant s most recently completed second fiscal quarter was $159.4 billion. Affiliates of the Company beneficially own, in the aggregate, less than one-tenth of one percent of such shares. There were 10,618,489,000 shares of voting common stock with a par value of $0.06 outstanding at January 31, 2011.

DOCUMENTS INCORPORATED BY REFERENCE

The definitive proxy statement relating to the registrant s Annual Meeting of Shareowners, to be held April 27, 2011, is incorporated by reference in Part III to the extent described therein.

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Item 1. Business

General

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

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

We are one of the largest and most diversified technology and financial services corporations in the world. With products and services ranging from aircraft engines, power generation, water processing, and household appliances to medical imaging, business and consumer financing and industrial products, we serve customers in more than 100 countries and employ approximately 287,000 people worldwide. Prior to January 28, 2011, we also operated a media company, NBC Universal, Inc. (NBCU). Effective January 28, 2011, we hold a 49% interest in a media entity that includes the NBC Universal businesses. See the NBC Universal section of this Item for additional information. Since our incorporation in 1892, we have developed or acquired new technologies and services that have broadened and changed considerably the scope of our activities.

In virtually all of our global business activities, we encounter aggressive and able competition. In many instances, the competitive climate is characterized by changing technology that requires continuing research and development. With respect to manufacturing operations, we believe that, in general, we are one of the leading firms in most of the major industries in which we participate. The NBC Television Network, which became part of the media entity referred to above as of January 28, 2011, is a major U.S. commercial broadcast television network. NBC Universal also competes with other film and television programming producers and distributors, cable/satellite television networks and theme park operators. The businesses in which GECS engages are subject to competition from various types of financial institutions, including commercial banks, thrifts, investment banks, broker-dealers, credit unions, leasing companies, consumer loan companies, independent finance companies and finance companies associated with manufacturers.

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This document contains forward-looking statements that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance and financial condition, and often contain words such as expect, anticipate, intend, plan, believe, seek, see or will. Forward-looking statements by their nature address matters that are, to different deg uncertain. For us, particular uncertainties that could cause our actual results to be materially different than those expressed in our forward-looking statements include: current economic and financial conditions, including volatility in interest and exchange rates, commodity and equity prices and the value of financial assets; the impact of conditions in the financial and credit markets on the availability and cost of General Electric Capital Corporation s (GECC) funding and on our ability to reduce GECC s asset levels as planned; the impact of conditions in the housing market and unemployment rates on the level of commercial and consumer credit defaults; changes in Japanese consumer behavior that may affect our estimates of liability for excess interest refund claims (Grey Zone); our ability to maintain our current credit rating and the impact on our funding costs and competitive position if we do not do so; the adequacy of our cash flow and earnings and other conditions which may affect our ability to pay our quarterly dividend at the planned level; the level of demand and financial performance of the major industries we serve, including, without limitation, air and rail transportation, energy generation, network television, real estate and healthcare; the impact of regulation and regulatory, investigative and legal proceedings and legal compliance risks, including the impact of financial services regulation; strategic actions, including acquisitions and dispositions and our success in integrating acquired businesses; and numerous other matters of national, regional and global scale, including those of a political, economic, business and competitive nature. These uncertainties may cause our actual future results to be materially different than those expressed in our forward-looking statements. These uncertainties are described in more detail in Part I, Item 1A. Risk Factors of this Form 10-K Report. We do not undertake to update our forward-looking statements.

Operating Segments

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

Operating businesses that are reported as segments include Energy Infrastructure, Technology Infrastructure, NBC Universal, GE Capital and Home & Business Solutions. Net earnings of GECS and the effect of transactions between segments are eliminated to arrive at total consolidated data. A summary description of each of our operating segments follows.

Effective January 1, 2011, we reorganized the Technology Infrastructure segment into three segments Aviation, Healthcare and Transportation. The results of the Aviation, Healthcare and Transportation businesses are unaffected by this reorganization and we will begin reporting these as separate segments beginning with our quarterly report on Form 10-Q for the period ended March 31, 2011. Results for 2010 and prior periods in this Form 10-K Report are reported on the basis under which we managed our businesses in 2010 and do not reflect the January 2011 reorganization.

We also continue our longstanding practice of providing supplemental information for certain businesses within the segments.

Energy Infrastructure

Energy Infrastructure (25.0%, 26.2% and 23.7% of consolidated revenues in 2010, 2009 and 2008, respectively) is a leader in the field of development, implementation and improvement of products and technologies that harness resources such as wind, oil, gas and water.

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

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Energy

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

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

On February 1, 2011, we acquired Dresser, Inc., which expands the business s portfolio with technologies for gas engines, control and relief valves, measurement, regulation and control solutions for gas and fuel distribution.

In addition, Energy provides integrated electrical equipment and systems used to distribute, protect and control energy and equipment. We manufacture and distribute electrical distribution and control products, lighting and power panels, switchgear and circuit breakers that are used to distribute and manage power in a variety of residential, commercial, consumer and industrial applications. We also provide customer-focused solutions centered on the delivery and control of electric power, and market a wide variety of commercial lighting systems. Energy also offers integrated solutions using sensors for temperature, pressure, moisture, gas and flow rate as well as non-destructive testing inspection equipment, including radiographic, ultrasonic, remote visual and eddy current. Energy also provides protection and control, communications, power sensing and power quality products and services that increase the reliability of electrical power networks and critical equipment and offering wireless data transmission.

Energy is party to revenue sharing programs that share the financial results of certain aero-derivative lines. These businesses are controlled by Energy, but counterparties have an agreed share of revenues as well as development and component production responsibilities. At December 31, 2010, such counterparty interests ranged from 5% to 49% of various programs; associated distributions to such counterparties are accounted for as costs of production.

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

Oil & Gas

Our technology helps oil and gas companies make more efficient and sustainable use of the world s energy resources.

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

On February 3, 2011, we acquired Wellstream PLC, which expands the business s portfolio with subsea flexible risers and flowlines.

To ensure that the installed base is maintained at peak condition, our service business has over 40 service centers and workshops in the world s main oil and gas extraction and production regions. The business also provides upgrades to customers machines, using the latest available technology, to extend production capability and environmental performance.

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

Technology Infrastructure

Technology Infrastructure (25.2%, 24.8% and 22.9% of consolidated revenues in 2010, 2009 and 2008, respectively) is one of the world s leading providers of essential technologies to developed, developing and emerging countries. Around the world, we are helping build healthcare, transportation and technology infrastructure.

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

Aviation

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

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

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

Revenue sharing programs are a standard form of cooperation for specific product programs in the aviation industry. These businesses are controlled by Aviation, but counterparties have an agreed share of revenues as well as development and component production responsibilities. At December 31, 2010, such counterparty interests ranged from 2% to 49% of various programs; associated distributions to such counterparties are accounted for as costs of production.

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

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

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

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

Healthcare

Healthcare has expertise in medical imaging and information technologies, medical diagnostics, patient monitoring systems, disease research, drug discovery and biopharmaceutical manufacturing technologies. We are dedicated to predicting and detecting disease earlier, monitoring its progress and informing physicians, and helping physicians tailor treatment for patients. Healthcare manufactures, sells and services a wide range of medical equipment that helps provide a fast, non-invasive way for doctors to see broken bones, diagnose trauma cases in the emergency room, view the heart and its function, and identify early stages of cancers or brain disorders. With diagnostic imaging systems such as Magnetic Resonance (MR), Computed Tomography (CT) and Positron Emission Tomography (PET) scanners, X-ray, nuclear imaging, digital mammography, and Molecular Imaging technologies, Healthcare creates industry-leading products that allow clinicians to see inside the human body more clearly than ever. In addition, Healthcare-manufactured technologies include patient and resident monitoring, diagnostic cardiology, ultrasound, bone densitometry, anesthesiology and oxygen therapy, and neonatal and critical care devices. Medical diagnostics and life sciences products include diagnostic imaging agents used in medical scanning procedures, drug discovery, biopharmaceutical manufacturing and purification, and tools for protein and cellular analysis for pharmaceutical and academic research, including a pipeline of precision molecular diagnostics in development for neurology, cardiology and oncology applications. On December 22, 2010, we acquired Clarient, Inc., a leading company in the molecular diagnostics sector.

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

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

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

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

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Transportation

Transportation provides technology solutions for customers in a variety of industries including railroad, transit, mining, oil and gas, power generation and marine. We serve customers in more than 100 countries.

Transportation manufactures high-horsepower diesel-electric locomotives, including the Evolution Series , the most technologically advanced and most fuel efficient locomotive, which meets or exceeds the U.S. Environmental Protection Agency s Tier II requirements. We also offer leading drive technology solutions to the mining, transit, marine and stationary, and drilling industries. Our motors operate in thousands of applications, from electrical drive systems for large haulage trucks used in the mining industry to transit cars and drilling rigs, and our engines are used for marine power as well as stationary power generation applications.

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

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

NBC Universal

NBC Universal (NBCU) (11.3%, 9.9% and 9.3% of consolidated revenues in 2010, 2009 and 2008, respectively) is a diversified media and entertainment company focused on the development, production and marketing of entertainment, news and information, sports and other content to a global audience.

NBCU is engaged in the production and distribution of film and television programming; the operation of cable/satellite television networks around the world; the broadcast of network television through owned and affiliated television stations within the United States; and investment and programming activities in digital media and the Internet. NBCU s film company, Universal Pictures, produces, acquires, markets and distributes filmed entertainment and stage plays worldwide in various media formats for theatrical, home entertainment, television and other distribution platforms. NBCU owns the theme park Universal Studios Hollywood, holds a 50% equity interest in a joint venture, which owns the Universal Studios Florida and Universal s Islands of Adventure theme parks, and brands, designs and develops international theme parks under exclusive licenses. The cable/satellite television networks provide produced and acquired entertainment, news and information programming to households world-wide. The cable/satellite television networks include USA Network, Bravo, CNBC, SYFY, MSNBC, Oxygen, Universal HD, Chiller, Sleuth, mun2 and branded channels across Europe, Asia and Latin America. The NBC television network is a major U.S. commercial broadcast television network. Together, the NBC television network and Telemundo, the U.S. Spanish-language broadcast television network, serve more than 200 affiliated stations within the United States. At December 31, 2010, NBCU owned and operated 26 television stations each subject to U.S. Federal Communications Commission regulation. NBCU has exclusive U.S. television rights to the 2012 Olympic Games, National Football League Sunday Night Football and the Super Bowl in 2012.

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NBCU is subject to a wide range of factors, which could adversely affect our operations. The broadcast networks, cable television networks and television stations are in extremely competitive and dynamic markets and are subject to advertising patterns and changes in viewer taste and preference that can be unpredictable or unforeseen. In addition, future revenues in these properties are dependent upon NBCU s ability to obtain, renew or renegotiate long-term programming contracts, including event-based sports programming and contracts for the distribution of programming to cable/satellite operators. NBCU s television and film production and distribution businesses are affected by the timing and performance of releases in the theatrical, home entertainment and television markets. Technological advances like digital video recorders, Internet streaming and electronic sell-through offer entertainment options through new media, introducing uncertainty to NBCU s operations. Other technologies enable the unauthorized copying and distribution of our film and television programming, increasing the risk of piracy. NBCU continues to devote substantial resources to protect its intellectual property against unauthorized use.

Prior to September 2010, we owned 80% of NBCU and Vivendi S.A. (Vivendi) owned 20%. In September 2010, we acquired approximately 38% of Vivendi s 20% ownership interest in NBCU (7.7% of NBCU s outstanding shares). Prior to and in connection with the transaction with Comcast Corporation (Comcast), we acquired the remaining Vivendi interest in NBCU (12.3% of NBCU s outstanding shares). On January 28, 2011, we transferred the assets of the NBCU business and Comcast transferred certain of its assets comprising cable networks, regional sports networks, certain digital properties and certain unconsolidated investments to a newly formed entity, NBC Universal LLC (NBCU LLC). In connection with the transaction, we received cash of $6.2 billion from Comcast and a 49% interest in NBCU LLC. Comcast holds the remaining 51% interest in NBCU LLC. We will account for our investment in NBCU LLC under the equity method.

NBC Universal s headquarters are in New York, New York, with operations throughout North America, Europe, South America and Asia.

GE Capital

GE Capital (31.3%, 32.0% and 37.3% of consolidated revenues in 2010, 2009 and 2008, respectively) businesses offer a broad range of financial services and products worldwide for businesses of all sizes. Services include commercial loans and leases, fleet management, financial programs, home loans, credit cards, personal loans and other financial services. GE Capital also develops strategic partnerships and joint ventures that utilize GE s industry-specific expertise in aviation, energy, infrastructure, healthcare and media to capitalize on market-specific opportunities.

During 2010, GE Capital provided approximately $90 billion of new financings in the U.S. to various companies, infrastructure projects and municipalities. Additionally, we extended approximately $78 billion of credit to approximately 52 million U.S. consumers. GE Capital provided credit to approximately 29,000 new commercial customers and 46,000 new small businesses in the U.S. during 2010 and ended the period with outstanding credit to more than 302,000 commercial customers and 179,000 small businesses through retail programs in the U.S.

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

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

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

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Commercial Lending and Leasing

CLL provides customers around the world with a broad range of financing solutions. We have particular mid-market expertise, and primarily offer collateralized loans, leases and other financial services to customers, including manufacturers, distributors and end-users for a variety of equipment and major capital assets. These assets include industrial-related facilities and equipment; vehicles; corporate aircraft; and equipment used in many industries, including the construction, manufacturing, transportation, media, communications, entertainment and healthcare industries. During 2009, we acquired a 100% ownership interest in Interbanca S.p.A., an Italian corporate bank in exchange for the Consumer businesses in Austria and Finland, our credit card and auto businesses in the U.K. and our credit card business in Ireland.

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

In the first quarter of 2009, we deconsolidated Penske Truck Leasing Co., L.P. (PTL) following our sale of a partial interest in a limited partnership in PTL.

Consumer

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

During 2008, we completed the sale of GE Money Japan, which included our Japanese personal loan business (Lake) along with our Japanese mortgage and card businesses, excluding our investment in GE Nissen Credit Co., Ltd. GE Money Japan has been classified as discontinued operations. Also in 2008, we completed the sale of the Consumer business in Germany. In 2009, we completed the sale of our Consumer businesses in Austria and Finland, the credit card and auto businesses in the U.K., and the credit card business in Ireland in exchange for a 100% ownership in Interbanca S.p.A. Also in 2009, we completed the sale of a portion of our Australian residential mortgage business.

In the fourth quarter of 2010, we entered into agreements to sell our U.S. recreational vehicle and marine equipment financing portfolio (Consumer RV Marine) and Consumer Mexico, which have been classified as discontinued operations.

In 2008, we acquired a controlling interest in Bank BPH. In June 2009, we acquired a controlling interest in BAC Credomatic GECF Inc. (BAC) and, in December 2010, completed the sale of BAC. BAC has been classified as a discontinued operation.

In October 2010, we purchased sales finance portfolios from Citi Retail Partner Cards, which provides consumer financing programs and related services to small to mid-sized retailers and dealers.

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

Real Estate

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

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

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

Energy Financial Services

Energy Financial Services offers structured equity, debt, leasing, partnership financing, project finance and broad-based commercial finance to the global energy and water industries and invests in operating assets in these industries. In May 2010, we sold our general partnership interest in Regency Energy Partners L.P. (Regency), a midstream natural gas services provider, and retained a limited partnership interest. This resulted in the deconsolidation of Regency.

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

GE Capital Aviation Services

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

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

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GECC Corporate Items and Eliminations

GECC Corporate Items and Eliminations primarily include unallocated Treasury and Tax operations; Trinity, a group of sponsored special purpose entities (which ceased issuing new investment contracts beginning in the first quarter of 2010); certain consolidated, liquidating securitization entities; the effects of eliminating transactions between GE Capital s five operating businesses; underabsorbed corporate overhead; and certain non-allocated amounts determined by the GECC Chairman.

Home & Business Solutions

Home & Business Solutions (5.8%, 5.4% and 5.6% of consolidated revenues in 2010, 2009 and 2008, respectively) sells products that share several characteristics competitive design, efficient manufacturing and effective distribution and service. Cost control, including productivity, is key in the highly competitive markets in which we compete. We also invest in the development of differentiated, premium products that are more profitable such as energy efficient solutions for both consumers and businesses. Home & Business Solutions products such as major appliances and a subset of lighting products are primarily directed to consumer applications, while other lighting products and automation solutions are directed towards commercial and industrial applications.

Appliances and Lighting

We sell and service major home appliances including refrigerators, freezers, electric and gas ranges, cooktops, dishwashers, clothes washers and dryers, microwave ovens, room air conditioners, residential water systems for filtration, softening and heating, and hybrid water heaters. Brands are GE Monogram®, GE Profile , GE®, Hotpoint® and GE Café .

We manufacture certain products and also source finished product and component parts from third-party global manufacturers. A large portion of our appliances sales are through a variety of retail outlets for replacement of installed units. Residential building contractors installing units in new construction is our second major U.S. channel. We offer one of the largest original equipment manufacturer (OEM) service organizations in the appliances industry, providing in-home repair and aftermarket parts. We also manufacture, source and sell a variety of lamp products for commercial, industrial and consumer markets, including full lines of incandescent, halogen, fluorescent, high-intensity discharge, light-emitting diode, automotive and miniature products.

Intelligent Platforms

Intelligent Platforms provides plant automation, hardware, software and embedded computing systems including advanced software, controllers, embedded systems, motion control, and operator interfaces.

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

GE Corporate Items and Eliminations

During 2009, we sold an 81% interest in our safety screening and detection business, GE Homeland Protection, Inc., to SAFRAN. Our remaining Security business was sold in the first quarter of 2010. Prior to its sale, it offered security and life safety technologies, including intrusion and access control, video surveillance and sensor monitoring equipment, fire detection and real estate and property control. These businesses are reported in GE Corporate Items and Eliminations.

Discontinued Operations

Discontinued operations primarily comprised BAC, GE Money Japan, our U.S. mortgage business (WMC), Consumer RV Marine, Consumer Mexico and Plastics.

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

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Geographic Data

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

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

Orders Backlog

GE s total backlog of firm unfilled orders at the end of 2010 was $66.7 billion, a decrease of 1% from year-end 2009, reflecting decreased demand at Energy Infrastructure, partially offset by increased demand at Technology Infrastructure. Of this backlog, $46.0 billion related to products, of which 59% was scheduled for delivery in 2011. Product services orders, included in this reported backlog for only the succeeding 12 months, were $20.6 billion at the end of 2010. Product services orders beyond the succeeding 12 months were approximately $108.7 billion, which combined with the firm unfilled orders described above resulted in a total backlog of approximately $175.4 billion at December 31, 2010. Orders constituting backlog may be cancelled or deferred by customers, subject in certain cases to penalties. See the Segment Operations section in Part II, Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations of this Form 10-K Report for further information.

Research and Development

GE-funded research and development expenditures were $3.9 billion, $3.3 billion and $3.1 billion in 2010, 2009 and 2008, respectively. In addition, research and development funding from customers, principally the U.S. government, totaled $1.0 billion, $1.1 billion and $1.3 billion in 2010, 2009 and 2008, respectively. Technology Infrastructure s Aviation business accounts for the largest share of GE s research and development expenditures with funding from both GE and customer funds. Energy Infrastructure s Energy business and Technology Infrastructure s Healthcare business also made significant expenditures funded primarily by GE.

Expenditures reported above reflect the definition of research and development required by U.S. generally accepted accounting principles. For operating and management purposes, we also measure amounts spent on product and services technology. These technology expenditures were $5.9 billion in 2010 and included our reported research and development expenditures as well as the amount spent to improve our existing products and services, and to improve productivity of our plants, equipment and processes.

Environmental Matters

Our operations, like operations of other companies engaged in similar businesses, involve the use, disposal and cleanup of substances regulated under environmental protection laws. We are involved in a sizeable number of remediation actions to clean up hazardous wastes as required by federal and state laws. Such statutes require that responsible parties fund remediation actions regardless of fault, legality of original disposal or ownership of a disposal site. Expenditures for site remediation actions amounted to approximately $0.2 billion in 2010, $0.3 billion in 2009 and $0.2 billion in 2008. We presently expect that such remediation actions will require average annual expenditures of about $0.4 billion for each of the next two years.

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As previously disclosed, in 2006, we entered into a consent decree with the Environmental Protection Agency (EPA) to dredge PCB-containing sediment from the upper Hudson River. The consent decree provided that the dredging would be performed in two phases. Phase 1 was completed in May through November of 2009. Between Phase 1 and Phase 2 there was an intervening peer review by an independent panel of national experts. The panel evaluated the performance of Phase 1 dredging operations with respect to Phase 1 Engineering Performance Standards and recommended proposed changes to the standards. On December 17, 2010, EPA issued its decisions setting forth the final performance standards for Phase 2 of the dredging project, incorporating aspects of the recommendations from the independent peer review panel and from GE. In December 2010, we agreed with EPA to perform Phase 2 of the project in accordance with the final performance standards set by EPA. We have reviewed EPA s final performance standards for Phase 2 to assess the potential scope and duration of Phase 2, as well as operational and engineering changes that could be required. Based on this review and our best professional engineering judgment, we increased our reserve for the probable and estimable costs for completing the Hudson River dredging project by $0.8 billion in the fourth quarter of 2010.

Employee Relations

At year-end 2010, General Electric Company and consolidated affiliates employed approximately 287,000 persons, of whom approximately 133,000 were employed in the United States. For further information about employees, see Part II, Item 6. Selected Financial Data of this Form 10-K Report.

Approximately 15,200 GE manufacturing and service employees in the United States are represented for collective bargaining purposes by a total of approximately 105 different union locals. A majority of such employees are represented by union locals that are affiliated with, and bargain in coordination with, the IUE-CWA, The Industrial Division of the Communication Workers of America, AFL-CIO, CLC. During 2007, General Electric Company negotiated four-year contracts with unions representing a substantial majority of the unionized employees in the United States. Most of these contracts will terminate in June 2011, and we will be engaged in negotiations to attain new agreements. While results of 2011 union negotiations cannot be predicted, our recent past negotiations have resulted in agreements that increased costs.

Approximately 3,500 staff employees (and a large number of freelance employees) in the United States are covered by about 175 labor agreements to which NBC Universal is a party. These agreements are with various labor unions, expire at various dates and are generally for a term ranging from three to five years. Other GE affiliates are parties to labor contracts with various labor unions, also with varying terms and expiration dates, that cover approximately 2,500 employees.

Executive Officers

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

Other

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

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

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

	% of Consolidated Revenues			% of GE Revenues		
	2010	2009	2008	2010	2009	2008
Total sales to U.S. Government Agencies	4 %	4 %	3 %	5 %	6 %	4 %
Technology Infrastructure segment defense-related sales	3	3	2	4	4	3

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

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

Item 1A. Risk Factors

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

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

Our global growth is subject to economic and political risks.

We conduct our operations in virtually every part of the world. In 2010, approximately 53% of our revenue was attributable to activities outside the United States. Our operations are subject to the effects of global competition. They are also affected by local economic environments, including inflation, recession and currency volatility. Political changes, some of which may be disruptive, can interfere with our supply chain, our customers and all of our activities in a particular location. While some of these risks can be hedged using derivatives or other financial instruments and some are insurable, such attempts to mitigate these risks are costly and not always successful, and our ability to engage in such mitigation has decreased or become even more costly as a result of more volatile market conditions.

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

Our businesses are subject to regulation under a wide variety of U.S. federal and state and non-U.S. laws, regulations and policies. There can be no assurance that laws and regulations will not be changed in ways that will require us to modify our business models and objectives or affect our returns on investments by restricting existing activities and products, subjecting them to escalating costs or prohibiting them outright. In particular, U.S. and non-U.S. governments are undertaking a substantial review and revision of the regulation and supervision of bank and non-bank financial institutions, consumer lending, the over-the-counter derivatives market and tax laws and regulations, which may have an effect on GE Capital s structure, operations, liquidity and performance. We are also subject to a number of trade control laws and regulations that may affect our ability to sell our products in global markets. In addition, we are subject to regulatory risks from laws that reduce the allowable lending rate or limit consumer borrowing, local capital requirements that may increase the risk of not being able to retrieve assets, and changes to tax law that may affect our return on investments. For example, GE s effective tax rate is reduced because active business income earned and indefinitely reinvested outside the United States is taxed at less than the U.S. rate. A significant portion of this reduction depends upon a provision of U.S. tax law that defers the imposition of U.S. tax on certain active financial services income until that income is repatriated to the United States as a dividend. This provision is consistent with international tax norms and permits U.S. financial services companies to compete more effectively with non-U.S. banks and other non-U.S. financial institutions in global markets. This provision, which expires at the end of 2011, has been scheduled to expire and has been extended by Congress on six previous occasions, including in December of 2010, but there can be no assurance that it will continue to be extended. In the event the provision is not extended after 2011, the current U.S. tax imposed on active financial services income earned outside the United States would increase, making it more difficult for U.S. financial services companies to compete in global markets. If this provision is not extended, we expect our effective tax rate to increase significantly after 2012. In addition, efforts by public and private sectors to control the growth of healthcare costs may lead to lower reimbursements and increased utilization controls related to the use of our products by healthcare providers. Increased government regulatory scrutiny of medical devices, including reviews of the U.S. Food and Drug Administration (U.S. FDA) device pre-market authorization process, may impact the requirements for marketing our products and slow our ability to introduce new products, resulting in an adverse impact on our business. Furthermore, we have been, and expect to continue, participating in U.S. and international economic stimulus programs, which require us to comply with strict governmental regulations. Inability to comply with these regulations could adversely affect our status in these projects and adversely affect our results of operations, financial position and cash flows.

We are subject to legal proceedings and legal compliance risks.

We are subject to a variety of legal proceedings and legal compliance risks in virtually every part of the world. We, our representatives, and the industries in which we operate are at times being reviewed or investigated by regulators, which could lead to enforcement actions, fines and penalties or the assertion of private litigation claims and damages. Additionally, we and our subsidiaries are involved in a sizable number of remediation actions to clean up hazardous wastes as required by federal and state laws. These include the dredging of polychlorinated biphenyls from a 40-mile stretch of the upper Hudson River in New York State, as described in Item 1. Business of this Form 10-K Report. We are also subject to certain other legal proceedings described in Item 3. Legal Proceedings of this Form 10-K Report. While we believe that we have adopted appropriate risk management and compliance programs, the global and diverse nature of our operations means that legal and compliance risks will continue to exist and additional legal proceedings and other contingencies, the outcome of which cannot be predicted with certainty, will arise from time to time.

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The success of our business depends on achieving our objectives for strategic acquisitions, dispositions and joint ventures.

With respect to acquisitions, mergers and joint ventures, we may not be able to identify suitable candidates at terms acceptable to us or may not achieve expected returns and other benefits as a result of various factors, including integration and collaboration challenges, such as personnel and technology. We will continue to evaluate the potential disposition of assets and businesses that may no longer help us meet our objectives. When we decide to sell assets or a business, we may encounter difficulty in finding buyers or alternative exit strategies on acceptable terms in a timely manner, which could delay the accomplishment of our strategic objectives. Alternatively, we may dispose of a business at a price or on terms that are less than we had anticipated. Even upon reaching an agreement with a buyer or seller for the acquisition or disposition of a business, we are subject to satisfaction of pre-closing conditions as well as to necessary regulatory and governmental approvals on acceptable terms, which may prevent us from completing the transaction.

Sustained increases in costs of pension and healthcare benefits may reduce our profitability.

Our results of operations may be positively or negatively affected by the amount of income or expense we record for our defined benefit pension plans. U.S. generally accepted accounting principles (GAAP) require that we calculate income or expense for the plans using actuarial valuations. These valuations reflect assumptions about financial market and other economic conditions, which may change based on changes in key economic indicators. The most significant year-end assumptions we used to estimate pension income or expense for 2011 are the discount rate and the expected long-term rate of return on the plan assets. In addition, we are required to make an annual measurement of plan assets and liabilities, which may result in a significant change to equity through a reduction or increase to Accumulated gains (losses) net, Benefit plans. At the end of 2010, the GE Pension Plan was underfunded by $2.8 billion, and the GE Supplementary Pension Plan, an unfunded plan, had a projected benefit obligation of $4.4 billion. For a discussion regarding how our financial statements can be affected by pension plan accounting policies, see Critical Accounting Estimates Pension Assumptions in Part II, Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations and Note 12 to the consolidated financial statements in Part II, Item 8. Financial Statements and Supplementary Data of this Form 10-K Report. Although GAAP expense and pension funding contributions are not directly related, key economic factors that affect GAAP expense would also likely affect the amount of cash we would contribute to pension plans as required under the Employee Retirement Income Security Act (ERISA). Failure to achieve expected returns on plan assets could also result in an increase to the amount of cash we would be required to contribute to pension plans. In addition, upward pressure on the cost of providing healthcare benefits to current employees and retirees may increase future funding obligations. Although we have actively sought to control increases in these costs, there can be no assurance that we will succeed in limiting cost increases, and continued upward pressure could reduce our profitability.

Conditions in the financial and credit markets may affect the availability and cost of GE Capital funding.

A large portion of GE Capital s borrowings is in the form of commercial paper and long-term debt. GE Capital s outstanding commercial paper and long-term debt was $37 billion and $350 billion as of December 31, 2010, respectively. We continue to rely on the availability of the unsecured debt markets to access funding for term maturities for 2011 and beyond. In addition, we rely on the availability of the commercial paper markets to refinance maturing commercial paper debt throughout the year. In order to further diversify our funding sources, we also plan to expand our reliance on alternative sources of funding, including bank deposits, securitizations and other asset-based funding. There can be no assurance that we will succeed in diversifying our funding sources or that the short and long-term credit markets will be available or, if available, that the cost of funding will not substantially increase and affect the overall profitability of GE Capital. Factors that may cause an increase in our funding costs include: a decreased reliance on short-term funding, such as commercial paper, in favor of longer-term funding arrangements; decreased capacity and increased competition among debt issuers; and increased competition for deposits in our affiliate banks markets. If GE Capital s cost of funding were to increase, it may adversely affect its competitive position and result in lower lending margins, earnings and cash flows as well as lower returns on its shareowner s equity and invested capital.

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If conditions in the financial markets deteriorate, it may adversely affect the business and results of operations of GE Capital.

Increased payment defaults and foreclosures and sustained levels of high unemployment have resulted in significant write-downs of asset values by financial institutions, including GE Capital. If these conditions continue or worsen, there can be no assurance that we will be able to recover fully the value of certain assets, including goodwill, intangibles and tax assets. In addition, although we have established allowances for losses in GE Capital s portfolio of financing receivables that we believe are adequate, further deterioration in the economy and in default and recovery rates could require us to increase these allowances and write-offs, which, depending on the amount of the increase, could have a material adverse effect on our business**,** financial position and results of operations. To reduce GE s exposure to volatile conditions in the financial markets and rebalance the relative size of its financial and industrial businesses, we decided to reduce the size of GE Capital, as measured by its ending net investment. While we are currently ahead of our reduction targets, there can be no assurance that we will be able to timely execute on our reduction targets and failure to do so would result in greater exposure to financial markets than contemplated under our strategic funding plan or may result in the need for us to make additional contributions to GE Capital.

The soundness of other financial institutions could adversely affect GE Capital.

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

The real estate markets in which GE Capital participates are highly uncertain, which may adversely affect GE Capital s business, financial position and results of operations.

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

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

Failure to maintain our credit ratings could adversely affect our cost of funds and related margins, liquidity, competitive position and access to capital markets.

The major debt rating agencies routinely evaluate our debt. This evaluation is based on a number of factors, which include financial strength as well as transparency with rating agencies and timeliness of financial reporting. As of December 31, 2010, GE and GECC s long-term unsecured debt credit rating from Standard and Poor s Ratings Service (S&P) was AA+ (the second highest of 22 rating categories) with a stable outlook and from Moody s Investors Service (Moody s) was Aa2 (the third highest of 21 rating categories) with a stable outlook. As of December 31, 2010, GE, GE Capital Services and GE Capital s short-term credit rating from S&P was A-1+ (the highest rating category of six categories) and from Moody s was P-1 (the highest rating category of four categories). There can be no assurance that we will be able to maintain our credit ratings and failure to do so could adversely affect our cost of funds and related margins, liquidity, competitive position and access to capital markets. Various debt and derivative instruments, guarantees and covenants would require posting additional capital or collateral in the event of a ratings downgrade, which, depending on the extent of the downgrade, could have a material adverse effect on our liquidity and capital position.

Current conditions in the global economy and the major industries we serve also may materially and adversely affect the business and results of operations of our non-financial businesses.

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

Increased IT security threats and more sophisticated and targeted computer crime could pose a risk to our systems, networks, products, solutions and services.

Increased global IT security threats and more sophisticated and targeted computer crime pose a risk to the security of our systems and networks and the confidentiality, availability and integrity of our data. While we attempt to mitigate these risks by employing a number of measures, including employee training, comprehensive monitoring of our networks and systems, and maintenance of backup and protective systems, our systems, networks, products, solutions and services remain potentially vulnerable to advanced persistent threats. Depending on their nature and scope, such threats could potentially lead to the compromising of confidential information, improper use of our systems and networks, manipulation and destruction of data, defective products, production downtimes and operational disruptions, which in turn could adversely affect our reputation, competitiveness and results of operations.

We may face quality problems from operational failures that could have a material adverse effect on our business, reputation, financial position and results of operations, and we are dependent on market acceptance of new product introductions and product innovations for continued revenue growth.

We produce highly sophisticated products and provide specialized services for both our and third-party products that incorporate or use leading-edge technology, including both hardware and software. While we have built extensive operational processes to ensure that the design, manufacture and servicing of such products meet the most rigorous quality standards, there can be no assurance that we or our customers will not experience operational process failures that could result in potential product, safety, regulatory or environmental risks. Such operational failures or

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quality issues could have a material adverse effect on our business, reputation, financial position and results of operations. In addition, the markets in which we operate are subject to technological change. Our long-term operating results depend substantially upon our ability to continually develop, introduce, and market new and innovative products, to modify existing products, to respond to technological change, and to customize certain products to meet customer requirements.

Our intellectual property portfolio may not prevent competitors from independently developing products and services similar to or duplicative to ours.

Our patents and other intellectual property may not prevent competitors from independently developing or selling products and services similar to or duplicative of ours, and there can be no assurance that the resources invested by us to protect our intellectual property will be sufficient or that our intellectual property portfolio will adequately deter misappropriation or improper use of our technology. We could also face competition in some countries where we have not invested in an intellectual property portfolio. In addition, we may be the target of aggressive and opportunistic enforcement of patents by third parties, including non-practicing entities. Regardless of the merit of such claims, responding to infringement claims can be expensive and time-consuming. If GE is found to infringe any third-party rights, we could be required to pay substantial damages or we could be enjoined from offering some of our products and services. Also, there can be no assurances that we will be able to obtain or re-new from third parties the licenses we need in the future, and there is no assurance that such licenses can be obtained on reasonable terms.

Significant raw material shortages, supplier capacity constraints, supplier production disruptions, supplier quality issues or price increases could increase our operating costs and adversely impact the competitive positions of our products.

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

Item 1B. Unresolved Staff Comments

Not applicable.

Item 2. Properties

Manufacturing operations are carried out at approximately 219 manufacturing plants located in 38 states in the United States and Puerto Rico and at approximately 230 manufacturing plants located in 40 other countries.

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Item 3. Legal Proceedings

As previously reported, the Antitrust Division of the Department of Justice (DOJ) and the Securities and Exchange Commission (SEC) are conducting an industry-wide investigation of marketing and sales of guaranteed investment contracts, and other financial instruments, to municipalities. In connection with this investigation, two subsidiaries of General Electric Capital Corporation (GECC) have received subpoenas and requests for information in connection with the investigation: GE Funding CMS (Trinity Funding Co.) and GE Funding Capital Market Services, Inc. (GE FCMS). GECC has cooperated and continues to cooperate fully with the SEC and DOJ in this matter. In July 2008, GE FCMS received a Wells notice advising that the SEC staff was considering recommending that the SEC bring a civil injunctive action or institute an administrative proceeding in connection with the bidding for various financial instruments associated with municipal securities by certain former employees of GE FCMS. GE FCMS is one of several industry participants that received Wells notices during 2008. GE FCMS disagrees with the SEC staff regarding this recommendation and has had discussions with the staff, including discussions concerning a potential resolution of the matter. GE FCMS intends to continue those discussions and understands that it will have the opportunity to address any disagreements with the SEC staff with respect to its recommendation through the Wells process with the full Commission. Separately, GE FCMS and Trinity Funding Co. also received subpoenas from the Attorneys General of the State of Connecticut and Florida on behalf of a working group of State Attorneys General in June 2008, and a Civil Investigative Demand from the Attorney General of the Commonwealth of Massachusetts in October 2010. GE FCMS and Trinity Funding Co. are cooperating with those investigations.

As previously reported, in March 2008, GE FCMS and Trinity Funding Co. were served with a federal class action complaint asserting antitrust violations. This action was combined with other related actions in a multidistrict litigation proceeding in the United States District Court for the Southern District of New York. The claims against GE FCMS and Trinity Funding Co. in the federal class action complaint and the similar claims asserted in the other related actions were dismissed without prejudice. In June 2010, one existing complaint was amended to bring claims against GE FCMS asserting antitrust violations. Since September 2010, four additional complaints have been brought against GE FCMS, Trinity Funding Co., Trinity Plus Funding Co. LLC (Trinity Plus), and GECC asserting antitrust violations. In January 2011, an additional action was brought against Trinity Plus and FGIC Capital Market Services, Inc. (the predecessor of GE FCMS) asserting antitrust violations. Additionally, in February 2011, plaintiffs in eleven complaints that were dismissed in April 2010 (as well as five additional complaints that had not previously named Trinity Funding Co. or GE FCMS) were granted leave to file amended complaints against Trinity Funding Co., Trinity Plus, GE FCMS, and GECC.

As previously reported, in September 2010, the United States District Court for the Southern District of New York granted our motion to dismiss in its entirety with prejudice a purported class action under the federal securities laws naming us as defendant, as well as our chief executive officer and chief financial officer. In this action, the plaintiffs alleged that during a conference call with analysts on September 25, 2008, defendants made false and misleading statements concerning (i) the state of GE s funding, cash flows, and liquidity and (ii) the question of issuing additional equity, which caused economic loss to those shareholders who purchased GE stock between September 25, 2008 and October 2, 2008, when we announced the pricing of a common stock offering. Plaintiffs have filed notice of appeal.

As previously reported, in July 2010, the United States District Court for the District of Connecticut granted our motion to dismiss in their entirety two purported class actions under the federal securities laws naming us, our chief executive officer, and our chief financial officer as defendants. These two actions, which we previously reported, alleged that we and our chief executive officer made false and misleading statements that artificially inflated our stock price between March 12, 2008 and April 10, 2008, when we announced that our results for the first quarter of 2008 would not meet our previous guidance and also lowered our full year guidance for 2008. Plaintiffs have filed notice of appeal.

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As previously reported, in March and April 2009, shareholders filed purported class actions under the federal securities laws in the United States District Court for the Southern District of New York naming as defendants GE, a number of GE officers (including our chief executive officer and chief financial officer) and our directors. The complaints, which have now been consolidated, seek unspecified damages based on allegations related to statements regarding the GE dividend and projected losses and earnings for GECC in 2009. Our motion to dismiss the consolidated complaint was filed in November 2009, is now fully briefed and, following an oral argument held in November 2010, is currently under consideration by the Court. A shareholder derivative action was filed in federal court in Connecticut in May 2009 making essentially the same allegations as the New York class actions. GE s motion to transfer the derivative action to the Southern District of New York as a related case was granted in February 2010, and our motion to dismiss is currently pending. The defendants intend to defend themselves vigorously.

As previously reported, in March 2010, a shareholder derivative action was filed in the United States District Court for the Southern District of New York naming as defendants GE, a number of GE officers (including our chief executive officer and chief financial officer) and our directors. The complaint principally alleges breaches of fiduciary duty and other causes of action related to the GE dividend and SEC matter which GE resolved in August 2009 and alleged mismanagement of our financial services businesses. In May 2010, an additional derivative action also claiming mismanagement of our financial services businesses was filed in the United States District Court of New York naming as defendants GE and a number of present and former GE officers (including our chief executive officer and chief financial officer). The defendants have filed motions to dismiss the derivative cases and intend to defend themselves vigorously.

As previously reported, and in compliance with SEC requirements to disclose environmental proceedings potentially involving monetary sanctions of $100,000 or greater, in June 2008, the Environmental Protection Agency (EPA) issued a notice of violation and in January 2011 filed a complaint alleging non-compliance with the Clean Air Act at a power cogeneration plant in Homer City, PA. The Pennsylvania Department of Environmental Protection, the New York Attorney General s Office and the New Jersey Department of Environmental Protection have intervened in the EPA case. The plant is operated exclusively by EME Homer City Generation L.P., and is owned and leased to EME Homer City Generation L.P. by subsidiaries of GECC and one other entity. The complaints do not indicate a specific penalty amount but makes reference to statutory fines. We believe that we have meritorious defenses and that EME Homer City Generation L.P. is obligated to indemnify GECC s subsidiaries and pay all costs associated with this matter.

Item 4. Submission of Matters to a Vote of Security Holders.

Not applicable.

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

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

(In dollars)	Common stock market price High	Common stock market price Low	Dividends declared
2010			
Fourth quarter	$ 18.49	$ 15.63	$ 0.14
Third quarter	16.70	13.75	0.12
Second quarter	19.70	14.27	0.10
First quarter	18.94	15.15	0.10
2009			
Fourth quarter	$ 16.87	$ 14.15	$ 0.10
Third quarter	17.52	10.50	0.10
Second quarter	14.55	9.80	0.10
First quarter	17.24	5.87	0.31

As of January 31, 2011, there were approximately 578,000 shareowner accounts of record.

During the fourth quarter of 2010, we purchased shares of our common stock as follows.

Period(a) *(Shares in thousands)*	**Total number of shares purchased**(a)(b)	**Average price paid per share**	**Total number of shares purchased as part of our share repurchase program**(a)(c)	**Approximate dollar value of shares that may yet be purchased under our share repurchase program**
2010				
October	16,745	$ 16.36	16,474	
November	14,523	$ 15.95	14,380	
December	24,065	$ 17.65	23,789	
Total	55,333	$ 16.81	54,643	$ 9.9 billion

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

(b) This category includes 690 thousand shares repurchased from our various benefit plans, primarily the GE Savings and Security Program (the S&SP). Through the S&SP, a defined contribution plan with Internal Revenue Service Code 401(k) features, we repurchase shares resulting from changes in investment options by plan participants.

(c) This balance represents the number of shares that were repurchased through the 2007 GE Share Repurchase Program (the Program) under which we are authorized to repurchase up to $15 billion of our common stock through 2010. The Program is flexible and shares are acquired with a combination of borrowings and free cash flow from the public markets and other sources, including GE Stock Direct, a stock purchase plan that is available to the public. Effective September 25, 2008, we suspended the Program for purchases other than from GE Stock Direct. Effective July 23, 2010, we extended the Program, which would have otherwise expired on December 31, 2010, through 2013, and we resumed repurchases under the Program in the third quarter of 2010.

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

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Five-year financial performance graph: 2006-2010

Comparison of five-year cumulative return among GE, S&P 500 and Dow Jones Industrial Average

The annual changes for the five-year period shown in the graph on this page are based on the assumption that $100 had been invested in GE stock, the Standard & Poor s 500 Stock Index (S&P 500) and the Dow Jones Industrial Average (DJIA) on December 31, 2005, and that all quarterly dividends were reinvested. The total cumulative dollar returns shown on the graph represent the value that such investments would have had on December 31, 2010.

	2005	2006	2007	2008	2009	2010
GE	$ 100	$ 109	$ 112	$ 51	$ 50	$ 62
S&P 500	100	116	122	77	97	112
DJIA	100	119	130	88	108	123

(25)

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Item 6. Selected Financial Data.

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

(Dollars in millions; per-share amounts in dollars)	**2010**	**2009**	**2008**	**2007**	**2006**
General Electric Company and Consolidated Affiliates					
Revenues	$ 150,211	$ 155,278	$ 181,581	$ 171,556	$ 150,845
Earnings from continuing operations attributable to the Company	12,623	10,943	18,027	22,394	19,255
Earnings (loss) from discontinued operations, net of taxes, attributable to the Company	(979)	82	(617)	(186)	1,487
Net earnings attributable to the Company	11,644	11,025	17,410	22,208	20,742
Dividends declared(a)	5,212	6,785	12,649	11,713	10,675
Return on average GE shareowners equity(b)	11.4 %	10.5 %	16.2 %	20.8 %	19.4 %
Per common share					
Earnings from continuing operations diluted	$ 1.15	$ 1.00	$ 1.78	$ 2.19	$ 1.85
Earnings (loss) from discontinued operations diluted	(0.09)	0.01	(0.06)	(0.02)	0.14
Net earnings diluted	1.06	1.01	1.72	2.17	2.00
Earnings from continuing operations basic	1.15	1.00	1.78	2.20	1.86
Earnings (loss) from discontinued operations basic	(0.09)	0.01	(0.06)	(0.02)	0.14
Net earnings basic	1.06	1.01	1.72	2.18	2.00
Dividends declared	0.46	0.61	1.24	1.15	1.03
Stock price range	19.70-13.75	17.52-5.87	38.52-12.58	42.15-33.90	38.49-32.06
Year-end closing stock price	18.29	15.13	16.20	37.07	37.21
Cash and equivalents	78,958	70,488	48,112	15,639	14,030
Total assets of continuing operations	745,938	766,773	788,906	779,112	669,371
Total assets	751,216	781,901	797,841	795,741	697,311
Long-term borrowings	293,323	336,172	320,503	314,978	255,067
Common shares outstanding average (in thousands)	10,661,078	10,613,717	10,079,923	10,182,083	10,359,320
Common shareowner accounts average	588,000	605,000	604,000	608,000	624,000
Employees at year end					
United States	133,000	134,000	152,000	155,000	155,000
Other countries	154,000	170,000	171,000	172,000	164,000
Total employees	287,000	304,000	323,000	327,000	319,000
GE data					
Short-term borrowings	$ 456	$ 504	$ 2,375	$ 4,106	$ 2,076
Long-term borrowings	9,656	11,681	9,827	11,656	9,043
Noncontrolling interests	4,098	5,797	6,678	6,503	5,544
GE shareowners equity	118,936	117,291	104,665	115,559	111,509
Total capital invested	$ 133,146	$ 135,273	$ 123,545	$ 137,824	$ 128,172
Return on average total capital invested(b)	11.2 %	9.8 %	15.1 %	19.2 %	18.2 %
Borrowings as a percentage of total capital invested(b)	7.6 %	9.0 %	9.9 %	11.4 %	8.7 %
Working capital(b)	$ (1,618)	$ (1,596)	$ 3,904	$ 6,433	$ 7,527
GECS data					
Revenues	$ 50,499	$ 52,658	$ 70,353	$ 71,004	$ 60,628
Earnings from continuing operations attributable to GECS	3,130	1,315	7,712	12,354	10,131
Earnings (loss) from discontinued operations, net of taxes, attributable to GECS	(975)	100	(657)	(2,053)	527
Net earnings attributable to GECS	2,155	1,415	7,055	10,301	10,658
GECS shareowner s equity	68,984	70,833	53,279	57,676	54,097

Total borrowings and bank deposits	470,562	493,585	514,430	500,696	426,017
Ratio of debt to equity at GECC	6.39:1 (c)	6.66:1 (c)	8.79:1	8.14:1	7.50:1
Total assets	$ 608,678	$ 650,324	$ 660,974	$ 646,543	$ 565,296

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

(a) Included $300 million of preferred stock dividends in both 2010 and 2009 and $75 million in 2008.

(b) Indicates terms are defined in the Glossary.

(c) Ratios of 4.94:1 and 5.17:1 for 2010 and 2009, respectively, net of cash and equivalents and with classification of hybrid debt as equity.

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

Operations

Our consolidated financial statements combine the industrial manufacturing, services and media businesses of General Electric Company (GE) with the financial services businesses of General Electric Capital Services, Inc. (GECS or financial services).

In the accompanying analysis of financial information, we sometimes use information derived from consolidated financial information but not presented in our financial statements prepared in accordance with U.S. generally accepted accounting principles (GAAP). Certain of these data are considered non-GAAP financial measures under the U.S. Securities and Exchange Commission (SEC) rules. For such measures, we have provided supplemental explanations and reconciliations in the Supplemental Information section.

We present Management s Discussion of Operations in five parts: Overview of Our Earnings from 2008 through 2010, Global Risk Management, Segment Operations, Geographic Operations and Environmental Matters. Unless otherwise indicated, we refer to captions such as revenues and earnings from continuing operations attributable to the company simply as revenues and earnings throughout this Management s Discussion and Analysis. Similarly, discussion of other matters in our consolidated financial statements relates to continuing operations unless otherwise indicated.

Effective January 1, 2010, we reorganized our segments to better align our Consumer & Industrial and Energy businesses for growth. As a result of this reorganization, we created a new segment called Home & Business Solutions that includes the Appliances and Lighting businesses from our previous Consumer & Industrial segment and the retained portion of the GE Fanuc Intelligent Platforms business of our previous Enterprise Solutions business (formerly within our Technology Infrastructure segment). In addition, the Industrial business of our previous Consumer & Industrial segment and the Sensing & Inspection Technologies and Digital Energy businesses of our previous Enterprise Solutions business are now part of the Energy business within the Energy Infrastructure segment. The Security business of Enterprise Solutions was reported in Corporate Items and Eliminations until its sale in February 2010. Also, effective January 1, 2010, the Capital Finance segment was renamed GE Capital and includes all of the continuing operations of General Electric Capital Corporation (GECC). In addition, the Transportation Financial Services business, previously reported in GE Capital Aviation Services (GECAS), is included in Commercial Lending and Leasing (CLL) and our Consumer business in Italy, previously reported in Consumer, is included in CLL.

Effective January 1, 2011, we reorganized the Technology Infrastructure segment into three segments Aviation, Healthcare and Transportation. The results of the Aviation, Healthcare and Transportation businesses are unaffected by this reorganization and we will begin reporting these as separate segments beginning with our quarterly report on Form 10-Q for the period ended March 31, 2011. Results for 2010 and prior periods are reported on the basis under which we managed our businesses in 2010 and do not reflect the January 2011 reorganization.

Beginning in 2011, we will supplement our GAAP net earnings and earnings per share (EPS) reporting by also reporting an operating earnings and EPS measure (non-GAAP). Operating earnings and EPS will include service cost and plan amendment amortization for our principal pension plans as these costs represent expenses associated with employee benefits earned. Operating earnings and EPS will exclude non-operating pension cost/income such as interest cost, expected return on plans assets and non-cash amortization of actuarial gains and losses. We believe that this reporting will provide better transparency to the employee benefit costs of our principal pension plans and Company operating results.

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Overview of Our Earnings from 2008 through 2010

Earnings from continuing operations attributable to the Company increased 15% in 2010 after decreasing 39% in 2009, reflecting the stabilization of overall economic conditions during 2010, following the challenging conditions of the last two years and the effect on both our industrial and financial services businesses. We believe that we are seeing signs of stabilization in the global economy, including in financial services, as GECS earnings from continuing operations attributable to the Company increased 138% in 2010 compared with a decrease of 83% in 2009. Net earnings attributable to the Company increased 6% in 2010 after decreasing 37% in 2009, as losses from discontinued operations in 2010 partially offset the 15% increase in earnings from continuing operations. We have a strong backlog entering 2011 and expect global economic conditions to continue to improve through 2012.

Energy Infrastructure (25% and 33% of consolidated three-year revenues and total segment profit, respectively) revenues decreased 8% in 2010 and 6% in 2009 as the worldwide demand for new sources of power, such as wind and thermal, declined with the overall economic conditions. Segment profit increased 2% in 2010 and 9% in 2009 primarily on higher prices and lower material and other costs. We continue to invest in market-leading technology and services at Energy and Oil & Gas.

Technology Infrastructure (24% and 33% of consolidated three-year revenues and total segment profit, respectively) revenues and segment profit fell 2% and 7%, respectively, in 2010 and 7% and 9%, respectively, in 2009. We continue to invest in market-leading technologies and services at Aviation, Healthcare and Transportation. Aviation revenues and earnings trended down over this period on lower equipment sales and services and the costs of investment in new product launches, coupled with the effects of the challenging global economic environment. Healthcare revenues and earnings improved in 2010 on higher equipment sales and services after trending down in 2009 due to generally weak global economic conditions and uncertainty in the healthcare markets. Transportation revenues and earnings declined 12% and 33%, respectively, in 2010, and 24% and 51%, respectively, in 2009 as the weakened economy has driven overall reductions in U.S. freight traffic and we updated our estimates of long-term product service costs in our maintenance service agreements.

NBC Universal (NBCU) (10% and 12% of consolidated three-year revenues and total segment profit, respectively) is a diversified media and entertainment company. NBCU revenues increased 9% in 2010 after decreasing 9% in 2009 and segment profit was flat in 2010 after decreasing 28% in 2009. The cable business continues to grow and become more profitable, the television business had mixed performance, and our parks and film businesses have improved as the U.S. economy has stabilized. On January 28, 2011, we transferred the assets of the NBCU business to a newly formed entity, which consists of our NBCU businesses and Comcast Corporation s cable networks, regional sports networks, certain digital properties and certain unconsolidated investments. In connection with the transaction, we received $6.2 billion in cash and a 49% interest in the newly formed entity, NBC Universal LLC, which we will account for under the equity method.

GE Capital (34% and 20% of consolidated three-year revenues and total segment profit, respectively) net earnings increased to $3.3 billion in 2010 due to stabilization in the overall economic environment after declining to $1.5 billion in 2009 from the effects of the challenging economic environment and credit markets. Over the last several years, we tightened underwriting standards, shifted teams from origination to collection and maintained a proactive risk management focus. This, along with recent increased stability in the financial markets, contributed to lower losses and a return to pre-tax earnings and a significant increase in segment profit in 2010. We also reduced our ending net investment (ENI), excluding cash and equivalents from $526 billion at January 1, 2010 to $477 billion at December 31, 2010. The current credit cycle has begun to show signs of stabilization and we expect further signs of stabilization as we enter 2011. Our focus is to reposition General Electric Capital Corporation (GECC) as a diversely funded and smaller, more focused finance company with strong positions in several mid-market, corporate and consumer financing segments.

Home & Business Solutions (6% and 2% of consolidated three-year revenues and total segment profit, respectively) revenues have increased 2% in 2010 after declining 17% in 2009. Home & Business Solutions continues to reposition its business by eliminating capacity in its incandescent lighting manufacturing sites and investing in energy efficient product manufacturing in locations such as Louisville, Kentucky and Bloomington, Indiana. Segment profit increased 24% in 2010 primarily as a result of the effects of productivity reflecting these cost reduction efforts and increased other income, partially offset by lower prices. Segment profit increased 1% in 2009 on higher prices and lower material costs.

Overall, acquisitions contributed $0.3 billion, $2.9 billion and $7.4 billion to consolidated revenues in 2010, 2009 and 2008, respectively, excluding the effects of acquisition gains following our adoption of an amendment to Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 810, *Consolidation*. Our consolidated net earnings included approximately $0.1 billion, $0.5 billion and $0.8 billion in 2010, 2009 and 2008, respectively, from acquired businesses. We integrate acquisitions as quickly as possible. Only revenues and earnings from the date we complete the acquisition through the end of the fourth following quarter are attributed to such businesses. Dispositions also affected our ongoing results through lower revenues of $3.0 billion in 2010, lower revenues of $4.7 billion in 2009 and higher revenues of $0.1 billion in 2008. The effects of dispositions on net earnings were increases of $0.1 billion, $0.6 billion and $0.4 billion in 2010, 2009 and 2008, respectively.

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

Discontinued Operations. Consistent with our goal of reducing GECC ENI and focusing our businesses on selective financial services products where we have domain knowledge, broad distribution, and the ability to earn a consistent return on capital, while managing our overall balance sheet size and risk, in December 2010, we sold our Central American bank and card business, BAC Credomatic GECF Inc. (BAC). In September 2007, we committed to a plan to sell our Japanese personal loan business (Lake) upon determining that, despite restructuring, Japanese regulatory limits for interest charges on unsecured personal loans did not permit us to earn an acceptable return. During 2008, we completed the sale of GE Money Japan, which included Lake, along with our Japanese mortgage and card businesses, excluding our minority ownership in GE Nissen Credit Co., Ltd. Discontinued operations also includes our U.S. recreational vehicle and marine equipment finance business (Consumer RV Marine) and Consumer Mexico. All of these businesses were previously reported in the GE Capital segment.

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

We declared $5.2 billion in dividends in 2010. Common per-share dividends of $0.46 were down 25% from 2009, following a 51% decrease from the preceding year. In February 2009, we announced the reduction of the quarterly GE stock dividend by 68% from $0.31 per share to $0.10 per share, effective with the dividend approved by the Board in June 2009, which was paid in the third quarter of 2009. As a result of strong cash generation, recovery of GE Capital and solid underlying performance in our industrial businesses during 2010, in July 2010, our Board of Directors approved a 20% increase in our regular quarterly dividend from $0.10 per share to $0.12 per share and in December 2010, approved an additional 17% increase from $0.12 per share to $0.14 per share. On February 11, 2011, our Board of Directors approved a regular quarterly dividend of $0.14 per share of common stock, which is payable April 25, 2011, to shareowners of record at close of business on February 28, 2011. In 2010 and 2009, we declared $0.3 billion in preferred stock dividends.

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

GE sales of product services were $34.7 billion in 2010, a decrease of 1% compared with 2009. Decreases in product services at Technology Infrastructure were partially offset by increases at Energy Infrastructure and Home & Business Solutions. Operating profit from product services was $10.0 billion in 2010, about flat compared with 2009.

Postretirement benefit plans costs were $3.0 billion, $2.6 billion and $2.2 billion in 2010, 2009 and 2008, respectively. Costs increased in 2010 primarily due to the amortization of 2008 investment losses and the effects of lower discount rates (principal pension plans discount rate decreased from 6.11% at December 31, 2008 to 5.78% at December 31, 2009), partially offset by lower early retirement costs.

Costs increased in 2009 primarily because the effects of lower discount rates (principal pension plans discount rate decreased from 6.34% at December 31, 2007 to 6.11% at December 31, 2008) and increases in early retirements resulting from restructuring activities and contractual requirements, partially offset by amortization of prior years investment gains and benefits from new healthcare supplier contracts.

Our discount rate for our principal pension plans at December 31, 2010 was 5.28%, which reflected current interest rates. Considering the current and expected asset allocations, as well as historical and expected returns on various categories of assets in which our plans are invested, we have assumed that long-term returns on our principal pension plan assets will be 8.0% for cost recognition in 2011, a reduction from the 8.5% we assumed in 2010, 2009 and 2008. GAAP provides recognition of differences between assumed and actual returns over a period no longer than the average future service of employees. See the Critical Accounting Estimates section for additional information.

We expect the costs of our postretirement benefits to increase in 2011 by approximately $1.1 billion as compared to 2010, primarily because of the effects of additional 2008 investment loss amortization and lower discount rates.

Pension expense for our principal pension plans on a GAAP basis was $1.1 billion, $0.5 billion and $0.2 billion for 2010, 2009 and 2008, respectively. Operating pension costs (non-GAAP) for these plans were $1.4 billion, $2.0 billion and $1.7 billion in 2010, 2009 and 2008, respectively.

The GE Pension Plan was underfunded by $2.8 billion at the end of 2010 as compared to $2.2 billion at December 31, 2009. The GE Supplementary Pension Plan, which is an unfunded plan, had projected benefit obligations of $4.4 billion and $3.8 billion at December 31, 2010 and 2009, respectively. The increase in underfunding from year-end 2009 was primarily attributable to the effects of lower discount rates, partially offset by an increase in GE Pension Plan assets. Our principal pension plans discount rate decreased from 5.78% at December 31, 2009 to 5.28% at December 31, 2010, which increased the pension benefit obligation at year-end 2010 by approximately $2.9 billion. Our GE Pension Plan assets increased from $42.1 billion at the end of 2009 to $44.8 billion at December 31, 2010, driven by a 13.5% increase in investment values during the year, partially offset by benefit payments. Assets of the GE Pension Plan are held in trust, solely for the benefit of Plan participants, and are not available for general company operations.

On an Employee Retirement Income Security Act (ERISA) basis, the GE Pension Plan was 98% funded at January 1, 2011. We will not make any contributions to the GE Pension Plan in 2011. Funding requirements are determined as prescribed by ERISA and for GE, are based on the Plan s funded status as of the beginning of the previous year and future contributions may vary based on actual plan results. Assuming our 2011 actual experience is consistent with our current benefit assumptions (e.g., expected return on assets and interest rates), we will be required to make about $1.4 billion in contributions to the GE Pension Plan in 2012.

At December 31, 2010, the fair value of assets for our other pension plans was $2.1 billion less than the respective projected benefit obligations. The comparable amount at December 31, 2009, was $2.7 billion. We expect to contribute $0.7 billion to our other pension plans in 2011, compared with actual contributions of $0.6 billion and $0.7 billion in 2010 and 2009, respectively. We fund our retiree health benefits on a pay-as-you-go basis. The unfunded liability for our principal retiree health and life plans was $10.9 billion and $11.6 billion at December 31, 2010 and 2009, respectively. This decrease was primarily attributable to lower healthcare trends and the effects of healthcare reform provisions on our Medicare-approved prescription drug plan, partially offset by lower discount rates (retiree health and life plans discount rate decreased from 5.67% at December 31, 2009 to 5.15% at December 31, 2010). We expect to contribute $0.7 billion to these plans in 2011 compared with actual contributions of $0.6 billion in both 2010 and 2009.

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

GE other costs and expenses are selling, general and administrative expenses. These costs were 16.3%, 14.3% and 12.9% of total GE sales in 2010, 2009 and 2008, respectively. The increase in 2010 is primarily due to increased selling expenses to support global growth and higher pension costs, partially offset by lower restructuring and other charges.

Interest on borrowings and other financial charges amounted to $16.0 billion, $18.3 billion and $25.8 billion in 2010, 2009 and 2008, respectively. Substantially all of our borrowings are in financial services, where interest expense was $15.0 billion, $17.5 billion and $24.7 billion in 2010, 2009 and 2008, respectively. GECS average borrowings declined from 2009 to 2010 and from 2008 to 2009, in line with changes in average GECS assets. Interest rates have decreased over the three-year period attributable to declining global benchmark interest rates, partially offset by higher average credit spreads. GECS average borrowings were $480.4 billion, $497.6 billion and $521.2 billion in 2010, 2009 and 2008, respectively. The GECS average composite effective interest rate was 3.1% in 2010, 3.5% in 2009 and 4.7% in 2008. In 2010, GECS average assets of $616.9 billion were 3% lower than in 2009, which in turn were 4% lower than in 2008. See the Liquidity and Borrowings section for a discussion of liquidity, borrowings and interest rate risk management.

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

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

Our consolidated income tax rate is lower than the U.S. statutory rate primarily because of benefits from lower-taxed global operations, including the use of global funding structures, and our 2009 and 2008 decisions to indefinitely reinvest prior-year earnings outside the U.S. There is a benefit from global operations as non-U.S. income is subject to local country tax rates that are significantly below the 35% U.S. statutory rate. These non-U.S. earnings have been indefinitely reinvested outside the U.S. and are not subject to current U.S. income tax. The rate of tax on our indefinitely reinvested non-U.S. earnings is below the 35% U.S. statutory rate because we have significant business operations subject to tax in countries where the tax on that income is lower than the U.S. statutory rate and because GE funds the majority of its non-U.S. operations through foreign companies that are subject to low foreign taxes.

Income taxes (benefit) on consolidated earnings from continuing operations were 7.4% in 2010 compared with (11.5)% in 2009 and 5.6% in 2008. We expect our consolidated effective tax rate to increase in 2011 in part because we expect a high effective tax rate on the pre-tax gain on the NBCU transaction with Comcast (more than $3 billion) discussed in Note 2 to the consolidated financial statements in Part II, Item 8. Financial Statements and Supplementary Data of this Form 10-K Report.

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

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Our benefits from lower taxed global operations declined to $2.8 billion in 2010 from $4.0 billion in 2009 principally because of lower earnings in our operations subject to tax in countries where the tax on that income is lower than the U.S. statutory rate, and from losses for which there was not a full tax benefit. These decreases also reflected management s decision in 2009 to indefinitely reinvest prior year earnings outside the U.S. The benefit from lower taxed global operations increased in 2010 by $0.4 billion due to audit resolutions. To the extent global interest rates and non-U.S. operating income increase we would expect tax benefits to increase, subject to management s intention to indefinitely reinvest those earnings.

Our benefit from lower taxed global operations included the effect of the lower foreign tax rate on our indefinitely reinvested non-U.S. earnings which provided a tax benefit of $2.0 billion in 2010 and $3.0 billion in 2009. The tax benefit from non-U.S. income taxed at a local country rather than the U.S. statutory tax rate is reported in the effective tax rate reconciliation in the line Tax on global earnings including exports.

Our benefits from lower taxed global operations declined to $4.0 billion in 2009 from $5.1 billion in 2008 (including in each year a benefit from the decision to indefinitely reinvest prior year earnings outside the U.S.) principally because of lower earnings in our operations subject to tax in countries where the tax on that income is lower than the U.S. statutory rate. These decreases were partially offset by management s decision in 2009 to indefinitely reinvest prior year earnings outside the U.S. that was larger than the 2008 decision to indefinitely reinvest prior-year earnings outside the U.S.

Our consolidated income tax rate increased from 2009 to 2010 primarily because of an increase during 2010 of income in higher-taxed jurisdictions. This decreased the relative effect of our tax benefits from lower-taxed global operations. In addition, the consolidated income tax rate increased from 2009 to 2010 due to the decrease, discussed above, in the benefit from lower-taxed global operations. These effects were partially offset by an increase in the benefit from audit resolutions, primarily a decrease in the balance of our unrecognized tax benefits from the completion of our 2003-2005 audit with the IRS.

Cash income taxes paid in 2010 were $2.7 billion, reflecting the effects of changes to temporary differences between the carrying amount of assets and liabilities and their tax bases.

Our consolidated income tax rate decreased from 2008 to 2009 primarily because of a reduction during 2009 of income in higher-taxed jurisdictions. This increased the relative effect of our tax benefits from lower-taxed global operations, including the decision, discussed below, to indefinitely reinvest prior-year earnings outside the U.S. These effects were partially offset by a decrease from 2008 to 2009 in the benefit from lower-taxed earnings from global operations.

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

Because GE tax expense does not include taxes on GECS earnings, the GE effective tax rate is best analyzed in relation to GE earnings excluding GECS. GE pre-tax earnings from continuing operations, excluding GECS earnings from continuing operations, were $12.0 billion, $12.6 billion and $14.2 billion for 2010, 2009 and 2008, respectively. On this basis, GE s effective tax rate was 16.8% in 2010, 21.8% in 2009 and 24.2% in 2008.

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

	Audit resolutions effect on GE tax rate, excluding GECS earnings		
	2010	**2009**	**2008**
Tax on global activities including exports	(3.3)%	(0.4)%	%
U.S. business credits	(0.5)		
All other net	(0.8)	(0.2)	(0.6)
	(4.6)%	(0.6)%	(0.6)%

The GE effective tax rate decreased from 2009 to 2010 primarily because of the 4.0 percentage point increase in the benefit from audit resolutions shown above.

The GE effective tax rate decreased from 2008 to 2009 primarily because of the 3.6 percentage point increase in the benefit from lower-taxed earnings from global operations, excluding audit resolutions. The 2008 GE rate reflects the benefit of lower-taxed earnings from global operations.

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

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

As noted above, GE and GECS file a consolidated U.S. federal income tax return. This enables GE to use GECS tax deductions and credits to reduce the tax that otherwise would have been payable by GE. The GECS effective tax rate for each period reflects the benefit of these tax reductions in the consolidated return. GE makes cash payments to GECS for these tax reductions at the time GE s tax payments are due. The effect of GECS on the amount of the consolidated tax liability from the formation of the NBCU joint venture will be settled in cash when it otherwise would have reduced the liability of the group absent the tax on joint venture formation.

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The GECS effective tax rate was (44.8)% in 2010, compared with 152.0% in 2009 and (41.4)% in 2008. Comparing a tax benefit to pre-tax income resulted in a negative tax rate in 2010 and 2008. Comparing a tax benefit to pre-tax loss results in the positive tax rate in 2009. The GECS tax benefit of $3.9 billion in 2009 decreased by $2.9 billion to $1.0 billion in 2010. The lower 2010 tax benefit resulted in large part from the change from a pre-tax loss in 2009 to pre-tax income in 2010 which increased pre-tax income $4.7 billion and decreased the benefit ($1.7 billion), the non-repeat of the one-time benefit related to the 2009 decision (discussed below) to indefinitely reinvest undistributed prior year non-U.S. earnings ($0.7 billion), and a decrease in lower-taxed global operations in 2010 as compared to 2009 ($0.6 billion) caused in part by an increase in losses for which there was not a full tax benefit, including an increase in the valuation allowance associated with the deferred tax asset related to the 2008 loss on the sale of GE Money Japan ($0.2 billion). These lower benefits were partially offset by the benefit from resolution of the 2003-2005 IRS audit ($0.3 billion), which is reported in the caption All other net in the effective tax rate reconciliation in Note 14 to the consolidated financial statements in Part II, Item 8. Financial Statements and Supplementary Data of this Form 10-K Report.

The GECS tax benefit of $2.3 billion in 2008 increased by $1.6 billion to $3.9 billion in 2009. The higher benefit resulted in large part from the change from pre-tax income in 2008 to a pre-tax loss in 2009 which decreased pre-tax income $8.2 billion and increased the benefit ($2.9 billion) and the one-time benefit related to the 2009 decision (discussed below) to indefinitely reinvest undistributed prior-year non-U.S. earnings that was larger than the 2008 decision to indefinitely reinvest prior-year non-U.S. earnings ($0.4 billion). These increases in benefits were significantly offset by a decrease in 2009 benefits from lower-taxed global operations as compared to 2008 ($1.9 billion), substantially as a result of the impact in 2009 of lower interest rates and foreign exchange on the funding of our non-U.S. operations through companies that are subject to a low rate of tax.

During 2009, following the change in GECS external credit ratings, funding actions taken and our continued review of our operations, liquidity and funding, we determined that undistributed prior-year earnings of non-U.S. subsidiaries of GECS, on which we had previously provided deferred U.S. taxes, would be indefinitely reinvested outside the U.S. This change increased the amount of prior-year earnings indefinitely reinvested outside the U.S. by approximately $2 billion, resulting in an income tax benefit of $0.7 billion in 2009.

The GECS 2008 rate reflects a reduction during 2008 of income in higher-taxed jurisdictions which increased the relative effect of tax benefits from lower-taxed global operations on the tax rate.

Global Risk Management

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

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

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In February 2011, the Board created a Risk Committee. This Committee oversees GE s key risks, including strategic, operational, market, liquidity, funding, credit and product risk and the guidelines, policies and processes for monitoring and mitigating such risks. Starting in March 2011, as part of its overall risk oversight responsibilities for GE, the Risk Committee will also oversee risks related to GECS (including GECC), which previously was subject to direct Audit Committee oversight. The Risk Committee is expected to meet at least four times a year.

The Audit Committee oversees GE s and GE Capital s policies and processes relating to the financial statements, the financial reporting process, compliance and auditing. The Audit Committee receives an annual risk update, which focuses on the key risks affecting GE as well as reporting on the company s risk assessment and risk management guidelines, policies and processes. In addition to monitoring ongoing compliance issues and matters, the Audit Committee also annually conducts an assessment of compliance issues and programs.

The Public Responsibilities Committee oversees risks related to GE s public policy initiatives, the environment and similar matters.

The Management Development and Compensation Committee oversees the risks associated with management resources, structure, succession planning, management development and selection processes, including evaluating the effect compensation structure may have on risk decisions.

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

The GE Board s risk oversight process builds upon management s risk assessment and mitigation processes, which include standardized reviews of long-term strategic and operational planning; executive development and evaluation; code of conduct compliance under the Company s The Spirit & The Letter; regulatory compliance; health, safety and environmental compliance; financial reporting and controllership; and information technology and security. GE s chief risk officer (CRO) is responsible for overseeing and coordinating risk assessment and mitigation on an enterprise-wide basis. The CRO leads the Corporate Risk Function and is responsible for the identification of key business risks, providing for appropriate management of these risks within stated limits, and enforcement through policies and procedures. Management has two committees to further assist it in assessing and mitigating risk. The Policy Compliance Review Board meets between 10 and 14 times a year, is chaired by the company s general counsel and includes the chief financial officer and other senior level functional leaders. It has principal responsibility for monitoring compliance matters across the company. The Corporate Risk Committee (CRC) meets at least four times a year, is chaired by the CRO and comprises the Chairman and CEO and other senior level business and functional leaders. It has principal responsibility for evaluating and addressing risks escalated to the CRO and Corporate Risk Function.

GE s Corporate Risk Function leverages the risk infrastructures in each of our businesses, which have adopted an approach that corresponds to the company s overall risk policies, guidelines and review mechanisms. In 2010, we augmented the risk infrastructure by formalizing enterprise risk ownership at the business unit level and within our corporate functions. Our risk infrastructure is designed to identify, evaluate and mitigate risks within each of the following categories:

Strategic. Strategic risk relates to the company s future business plans and strategies, including the risks associated with the markets and industries in which we operate, demand for our products and services, competitive threats, technology and product innovation, mergers and acquisitions and public policy.

Operational. Operational risk relates to the effectiveness of our people, integrity of our internal systems and processes, as well as external events that affect the operation of our businesses. It includes product life cycle and execution, product performance, information management and data security, business disruption, human resources and reputation.

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Financial. Financial risk relates to our ability to meet financial obligations and mitigate credit risk, liquidity risk and exposure to broad market risks, including volatility in foreign currency exchange rates and interest rates and commodity prices. Liquidity risk is the risk of being unable to accommodate liability maturities, fund asset growth and meet contractual obligations through access to funding at reasonable market rates and credit risk is the risk of financial loss arising from a customer or counterparty failure to meet its contractual obligations. We face credit risk in our industrial businesses, as well as in our GE Capital investing, lending and leasing activities and derivative financial instruments activities.

Legal and Compliance. Legal and compliance risk relates to changes in the government and regulatory environment, compliance requirements with policies and procedures, including those relating to financial reporting, environmental health and safety, and intellectual property risks. Government and regulatory risk is the risk that the government or regulatory actions will impose additional cost on us or cause us to have to change our business models or practices.

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

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

GE Capital Risk Management and Oversight

GE Capital has developed a robust risk infrastructure and processes to manage risks related to its businesses and the GE Corporate Risk Function relies upon them in fulfillment of its mission. As discussed above, starting in March 2011, the GE Risk Committee will oversee GE Capital s risk assessment and management processes, which was previously an Audit Committee responsibility.

At the GE Capital level, the GECS Board of Directors oversees the GE Capital risk management process, and approves all significant acquisitions and dispositions as well as significant borrowings and investments. All participants in the GE Capital risk management process must comply with approval limits established by the GECS Board.

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

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GE Capital manages risk categories identified in GE Capital s business environment, which if materialized, could prevent GE Capital from achieving its risk objectives and/or result in losses. These risks are defined as GE Capital s Enterprise Risk Universe, which includes the following risks: strategic (including earnings and capital), reputational, liquidity, credit, market, operations (including financial, information technology and legal), and compliance.

GE Capital s Enterprise Risk Management Committee (ERMC), which is comprised of the most senior leaders in GE Capital as well as the GE CRO, oversees the establishment of appropriate risk systems, including policies, procedures, and management committees that support risk controls to ensure the enterprise risks are effectively identified, measured, monitored, and controlled.

The ERMC also oversees the development of GE Capital s overall risk appetite. The risk appetite is the amount of risk that GE Capital is willing and able to bear, expressed as the combination of the enterprise risk objectives and risk limits. GE Capital s risk appetite is determined relative to its desired risk objectives, including, but not limited to, stand-alone credit ratings, capital levels, liquidity management, regulatory assessments, earnings, dividends and compliance. GE Capital determines its risk appetite through consideration of portfolio analytics, including stress testing and economic capital measurement, experience and judgment of senior risk officers, current portfolio levels, strategic planning, and regulatory and rating agency expectations.

GE Capital uses stress testing to supplement other risk management processes. The ERMC approves the high-level scenarios for, and reviews the results of, GE Capital-wide stress tests across key risk areas, such as credit and investment, liquidity and market risk. Stress test results are also expressed in terms of impact to capital levels and metrics, and that information is reviewed with the GECS Board and the GE Risk Committee at least twice a year. Stress testing requirements are set forth in the Company s approved risk policies. Key policies, such as the Enterprise Risk Management Policy, the Enterprise Risk Appetite Statement and the Liquidity and Capital Management policies are approved by the GE Risk Committee at least annually.

GE Capital, in coordination with and under the oversight of the GE CRO, provides comprehensive risk reports to the GE Risk Committee. At these meetings, which occur at least four times a year, GE Capital senior management focuses on the risk strategy and financial services portfolio, including the risk oversight processes used to manage all the elements of risk managed by the ERMC.

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

Segment Operations

Our five segments are focused on the broad markets they serve: Energy Infrastructure, Technology Infrastructure, NBC Universal, GE Capital and Home & Business Solutions. In addition to providing information on segments in their entirety, we have also provided supplemental information for certain businesses within the segments for greater clarity.

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 acquisitions or dispositions; and litigation settlements or other charges, responsibility for which preceded the current management team.

Segment profit excludes the effects of principal pension plans, results reported as discontinued operations, earnings attributable to noncontrolling interests of consolidated subsidiaries 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 sometimes refer to as operating profit, for Energy Infrastructure, Technology Infrastructure, NBC Universal and Home & Business Solutions; included in determining segment profit, which we sometimes refer to as net earnings, for GE Capital. Beginning January 1, 2011, we will allocate service costs related to our principal pension plans and we will no longer allocate the retiree costs of our postretirement healthcare benefits to our segments. This revised allocation methodology will better align segment operating costs to the active employee costs, which are managed by the segments. We do not expect this change to significantly affect reported segment results.

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

Summary of Operating Segments

	General Electric Company and consolidated affiliates				
(In millions)	**2010**	**2009**	**2008**	**2007**	**2006**
Revenues					
Energy Infrastructure	$ 37,514	$ 40,648	$ 43,046	$ 34,880	$ 28,816
Technology Infrastructure	37,860	38,517	41,605	38,338	33,735
NBC Universal	16,901	15,436	16,969	15,416	16,188
GE Capital	47,040	49,746	67,645	67,217	57,943
Home & Business Solutions	8,648	8,443	10,117	11,026	11,654
Total segment revenues	147,963	152,790	179,382	166,877	148,336
Corporate items and eliminations	2,248	2,488	2,199	4,679	2,509
Consolidated revenues	$ 150,211	$ 155,278	$ 181,581	$ 171,556	$ 150,845
Segment profit					
Energy Infrastructure	$ 7,271	$ 7,105	$ 6,497	$ 5,238	$ 3,806
Technology Infrastructure	6,314	6,785	7,460	7,186	6,687
NBC Universal	2,261	2,264	3,131	3,107	2,919
GE Capital	3,265	1,462	8,063	12,306	10,324
Home & Business Solutions	457	370	365	983	928
Total segment profit	19,568	17,986	25,516	28,820	24,664
Corporate items and eliminations	(3,321)	(2,826)	(1,909)	(1,639)	(1,188)
GE interest and other financial charges	(1,600)	(1,478)	(2,153)	(1,993)	(1,668)
GE provision for income taxes	(2,024)	(2,739)	(3,427)	(2,794)	(2,553)
Earnings from continuing operations	12,623	10,943	18,027	22,394	19,255
Earnings (loss) from discontinued operations, net of taxes	(979)	82	(617)	(186)	1,487
Consolidated net earnings attributable to the Company	$ 11,644	$ 11,025	$ 17,410	$ 22,208	$ 20,742

See accompanying notes to consolidated financial statements.

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Energy Infrastructure

(In millions)	2010	2009	2008
Revenues	$ 37,514	$ 40,648	$ 43,046
Segment profit	$ 7,271	$ 7,105	$ 6,497
Revenues			
Energy	$ 30,854	$ 33,698	$ 36,307
Oil & Gas	7,561	7,743	7,417
Segment profit			
Energy	$ 6,235	$ 6,045	$ 5,485
Oil & Gas	1,205	1,222	1,127

Energy Infrastructure segment revenues decreased 8%, or $3.1 billion, in 2010 as lower volume ($3.3 billion) and the stronger U.S. dollar ($0.4 billion) were partially offset by higher prices ($0.5 billion) and higher other income ($0.1 billion). Lower volume primarily reflected decreases in thermal and wind equipment sales at Energy. The effects of the stronger U.S. dollar were at both Energy and Oil & Gas. Higher prices at Energy were partially offset by lower prices at Oil & Gas. The increase in other income at Energy was partially offset by lower other income at Oil & Gas.

Segment profit increased 2% to $7.3 billion in 2010, compared with $7.1 billion in 2009 as higher prices ($0.5 billion), the effects of deflation ($0.4 billion) and higher other income ($0.1 billion) were partially offset by lower volume ($0.6 billion), the stronger U.S. dollar ($0.1 billion) and decreased productivity ($0.1 billion). Higher prices at Energy were partially offset by lower prices at Oil & Gas. The effects of deflation primarily reflected decreased material costs at both Energy and Oil & Gas. An increase in other income at Energy was partially offset by lower other income at Oil & Gas. Lower volume primarily reflected decreases in wind and thermal equipment sales at Energy and was partially offset by higher volume at Oil & Gas. The effects of the stronger U.S. dollar were at both Energy and Oil & Gas. The effects of decreased productivity were primarily at Energy.

Energy Infrastructure segment revenues decreased 6%, or $2.4 billion, in 2009 as higher prices ($1.3 billion) were more than offset by lower volume ($2.5 billion), the stronger U.S. dollar ($0.8 billion) and lower other income ($0.4 billion), primarily related to lower earnings from associated companies and marks on foreign currency contracts. The increase in price was primarily at Energy. The decrease in volume reflected decreased equipment sales at Energy, partially offset by increased equipment sales at Oil & Gas. The effects of the stronger U.S. dollar were at both Energy and Oil & Gas.

Segment profit increased 9% to $7.1 billion in 2009, compared with $6.5 billion in 2008, as higher prices ($1.3 billion) and lower material and other costs ($0.5 billion) were partially offset by lower other income ($0.7 billion), primarily related to lower earnings from associated companies and marks on foreign currency contracts, lower volume ($0.3 billion) and lower productivity ($0.1 billion). Lower material and other costs were primarily at Energy. Lower volume at Energy was partially offset by higher volume at Oil & Gas. The effects of lower productivity were at Energy.

Energy Infrastructure segment orders were $39.4 billion in both 2010 and 2009. The $27.3 billion total backlog at year-end 2010 comprised unfilled product orders of $18.4 billion (of which 77% was scheduled for delivery in 2011) and product services orders of $8.9 billion scheduled for 2011 delivery. Comparable December 31, 2009, total backlog was $29.1 billion, of which $20.0 billion was for unfilled product orders and $9.1 billion, for product services orders. See Corporate Items and Eliminations for a discussion of items not allocated to this segment.

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Technology Infrastructure

(In millions)	2010	2009	2008
Revenues	$ 37,860	$ 38,517	$ 41,605
Segment profit	$ 6,314	$ 6,785	$ 7,460

Revenues			
Aviation	$ 17,619	$ 18,728	$ 19,239
Healthcare	16,897	16,015	17,392
Transportation	3,370	3,827	5,016
Segment profit			
Aviation	$ 3,304	$ 3,923	$ 3,684
Healthcare	2,741	2,420	2,851
Transportation	315	473	962

Technology Infrastructure revenues decreased 2%, or $0.7 billion, in 2010 as lower volume ($0.6 billion) and lower other income ($0.1 billion), reflecting lower transaction gains, were partially offset by the weaker U.S. dollar ($0.1 billion). The decrease in volume reflected decreased commercial and military equipment sales and services at Aviation and decreased equipment sales and services at Transportation, partially offset by increased equipment sales and services at Healthcare. Lower transaction gains reflect the absence of gains related to the Airfoils Technologies International Singapore Pte. Ltd. (ATI) acquisition and the Times Microwave Systems disposition in 2009, partially offset by a gain on a partial sale of a materials business and a franchise fee at Aviation. The effects of the weaker U.S. dollar were primarily at Healthcare.

Segment profit decreased 7% to $6.3 billion in 2010, compared with $6.8 billion in 2009, from lower productivity ($0.3 billion), lower other income ($0.1 billion), reflecting lower transaction gains, lower volume ($0.1 billion) and the effects of inflation ($0.1 billion), partially offset by the weaker U.S. dollar ($0.1 billion). Lower productivity at Aviation, primarily due to product launch and production costs associated with the GEnx engine shipments, and at Transportation, primarily due to higher service costs, was partially offset by increased productivity at Healthcare. Lower transaction gains reflect the absence of gains related to the ATI acquisition and the Times Microwave Systems disposition in 2009, partially offset by a gain on a partial sale of a materials business and a franchise fee at Aviation. The decreases in volume were at Aviation and Transportation, partially offset by Healthcare. The effects of inflation were primarily at Aviation and Healthcare. The effects of the weaker U.S. dollar were primarily at Healthcare.

Technology Infrastructure revenues decreased 7%, or $3.1 billion, in 2009 as lower volume ($3.2 billion), the stronger U.S. dollar ($0.3 billion) and an update at Transportation of our estimate of product service costs in maintenance service agreements ($0.3 billion) were partially offset by higher prices ($0.5 billion) and higher other income ($0.3 billion), primarily including gains on the ATI acquisition and the Times Microwave Systems disposition. The decrease in volume was across all businesses in the segment. The effects of the stronger U.S. dollar were at Healthcare and Aviation. Higher prices, primarily at Aviation, were partially offset by lower prices at Healthcare.

Segment profit decreased 9% to $6.8 billion in 2009, compared with $7.5 billion in 2008, as the effects of lower volume ($0.9 billion), lower productivity ($0.4 billion) and higher other costs ($0.1 billion) were partially offset by higher prices ($0.5 billion) and higher other income ($0.2 billion), primarily including gains on the ATI acquisition and the Times Microwave Systems disposition. The decrease in volume was across all businesses in the segment. Lower productivity at Transportation was partially offset by Aviation.

Technology Infrastructure orders increased to $41.5 billion in 2010, from $37.9 billion in 2009. The $39.4 billion total backlog at year-end 2010 comprised unfilled product orders of $27.7 billion (of which 46% was scheduled for delivery in 2011) and product services orders of $11.7 billion scheduled for 2011 delivery. Comparable December 31, 2009, total backlog was $37.9 billion, of which $26.0 billion was for unfilled product orders and $11.9 billion, for product services orders. See Corporate Items and Eliminations for a discussion of items not allocated to this segment.

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NBC Universal revenues of $16.9 billion increased 9%, or $1.5 billion, in 2010 as higher revenues in our broadcast television business ($0.7 billion), lower impairments related to associated companies and investment securities ($0.5 billion), higher revenues in film ($0.3 billion), higher revenues in cable ($0.4 billion) and higher revenues in parks ($0.2 billion) were partially offset by the lack of a current year counterpart to a 2009 gain related to A&E Television Network (AETN) ($0.6 billion). The increase in broadcast revenues reflects the 2010 Olympic broadcasts, partially offset by the absence of revenues from the 2009 Super Bowl broadcast. Segment profit of $2.3 billion was unchanged from 2009, as lower gains related to associated companies ($0.7 billion) and lower earnings in our broadcast television business ($0.3 billion) were offset by lower impairments related to associated companies and investment securities ($0.5 billion), higher earnings in cable ($0.3 billion), higher earnings in film ($0.2 billion) and higher earnings in parks ($0.1 billion). The decrease in broadcast television earnings reflects losses from the Olympics broadcast, partially offset by the lack of losses related to the 2009 Super Bowl broadcast.

NBC Universal revenues decreased 9%, or $1.5 billion, in 2009 as lower revenues in our broadcast television business ($1.1 billion), reflecting the lack of a current-year counterpart to the 2008 Olympics broadcasts and the effects of lower advertising revenues, lower revenues in film ($0.8 billion) and lower earnings and higher impairments related to associated companies and investment securities ($0.4 billion) were partially offset by the gain relating to AETN ($0.6 billion) and higher revenues in cable ($0.3 billion). Segment profit of $2.3 billion decreased 28%, or $0.9 billion, as lower earnings in film ($0.6 billion), lower earnings and higher impairments related to associated companies and investment securities ($0.4 billion), lack of a current-year counterpart to 2008 proceeds from insurance claims ($0.4 billion) and lower earnings in our broadcast television business ($0.2 billion) were partially offset by the gain related to AETN ($0.6 billion) and higher earnings in cable ($0.2 billion). See Corporate Items and Eliminations for a discussion of items not allocated to this segment.

On January 28, 2011, we transferred the assets of the NBCU business and Comcast Corporation (Comcast) transferred certain of its assets comprising cable networks, regional sports networks, certain digital properties and certain unconsolidated investments to a newly formed entity, NBC Universal LLC (NBCU LLC). In connection with the transaction, we received cash from Comcast of $6.2 billion and a 49% interest in NBCU LLC. Comcast holds the remaining 51% interest in NBCU LLC. Our NBC Universal business was classified as held for sale at December 31, 2010 and 2009. For additional information, see Note 2 to the consolidated financial statements in Part II, Item 8. Financial Statements and Supplementary Data of this Form 10-K Report.

GE Capital

(In millions)	**2010**	**2009**	**2008**
Revenues	$ 47,040	$ 49,746	$ 67,645
Segment profit	$ 3,265	$ 1,462	$ 8,063

December 31 (In millions)	**2010**	**2009**
Total assets	$ 575,908	$ 607,707

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(In millions)	2010	2009	2008
Revenues			
CLL(a)	$ 18,447	$ 20,762	$ 26,856
Consumer(a)	17,822	17,634	24,177
Real Estate	3,744	4,009	6,646
Energy Financial Services	1,957	2,117	3,707
GECAS(a)	5,127	4,594	4,688
Segment profit (loss)			
CLL(a)	$ 1,554	$ 963	$ 1,838
Consumer(a)	2,629	1,419	3,623
Real Estate	(1,741)	(1,541)	1,144
Energy Financial Services	367	212	825
GECAS(a)	1,195	1,016	1,140

December 31 (In millions)	2010	2009
Total assets		
CLL(a)	$ 202,650	$ 210,742
Consumer(a)	154,469	160,494
Real Estate	72,630	81,505
Energy Financial Services	19,549	22,616
GECAS(a)	49,106	48,178

(a) During the first quarter of 2010, we transferred the Transportation Financial Services business from GECAS to CLL and the Consumer business in Italy from Consumer to CLL. Prior-period amounts were reclassified to conform to the current-period presentation.

GE Capital revenues decreased 5% and net earnings increased 123% in 2010 as compared with 2009. Revenues for 2010 and 2009 included $0.2 billion and $0.1 billion of revenues from acquisitions, respectively, and in 2010 were increased by $0.1 billion and in 2009 were reduced by $2.3 billion as a result of dispositions, including the effects of the 2010 deconsolidation of Regency Energy Partners L.P. (Regency) and the 2009 deconsolidation of Penske Truck Leasing Co., L.P. (PTL). The 2010 deconsolidation of Regency included a $0.1 billion gain on the sale of our general partnership interest in Regency and remeasurement of our retained investment (the Regency transaction). Revenues for 2010 also decreased $0.7 billion compared with 2009 as a result of organic revenue declines primarily driven by a lower asset base and a lower interest rate environment, partially offset by the weaker U.S. dollar. Net earnings increased for 2010 compared with 2009, primarily due to lower provisions for losses on financing receivables, lower selling, general and administrative costs and the gain on the Regency transaction, offset by higher marks and impairments, mainly at Real Estate, the absence of the first quarter 2009 tax benefit from the decision to indefinitely reinvest prior-year earnings outside the U.S., and the absence of the first quarter 2009 gain related to the PTL sale. GE Capital net earnings in 2010 also included restructuring, rationalization and other charges of $0.2 billion and net losses of $0.1 billion related to our Treasury operations.

GE Capital revenues decreased 26% and net earnings decreased 82% in 2009 as compared with 2008. Revenues in 2009 and 2008 included $2.1 billion and $0.4 billion of revenue from acquisitions, respectively, and in 2009 were reduced by $4.8 billion as a result of dispositions, including the effect of the deconsolidation of PTL. Revenues in 2009 also decreased $14.8 billion compared with 2008 as a result of organic revenue declines, primarily driven by a lower asset base and a lower interest rate environment, and the stronger U.S. dollar. Net earnings decreased by $6.6 billion in 2009 compared with 2008, primarily due to higher provisions for losses on financing receivables associated with the challenging economic environment, partially offset by lower selling, general and administrative costs and the decision to indefinitely reinvest prior-year earnings outside the U.S. Net earnings also included restructuring and other charges for 2009 of $0.4 billion and net losses of $0.1 billion related to our Treasury operations.

Additional information about certain GE Capital businesses follows.

CLL 2010 revenues decreased 11% and net earnings increased 61% compared with 2009. Revenues in 2010 and 2009 included $0.2 billion and $0.1 billion, respectively, from acquisitions, and in 2010 were reduced by $1.2 billion from dispositions, primarily related to the deconsolidation of PTL, which included $0.3 billion related to a gain on the sale of a partial interest in a limited partnership in PTL and remeasurement of our retained investment. Revenues in 2010 also decreased $1.2 billion compared with 2009 as a result of organic revenue declines ($1.4 billion), partially offset by the weaker U.S. dollar ($0.2 billion). Net earnings increased by $0.6 billion in 2010, reflecting lower provisions for losses on financing receivables ($0.6 billion), higher gains ($0.2 billion) and lower selling, general and administrative costs ($0.1 billion). These increases were partially offset by the absence of the gain on the PTL sale and remeasurement ($0.3 billion) and declines in lower-taxed earnings from global operations ($0.1 billion).

CLL 2009 revenues decreased 23% and net earnings decreased 48% compared with 2008. Revenues in 2009 and 2008 included $1.9 billion and $0.3 billion from acquisitions, respectively, and were reduced by $3.2 billion from dispositions, primarily related to the deconsolidation of PTL. Revenues in 2009 also included $0.3 billion related to a gain on the sale of a partial interest in a limited partnership in PTL and remeasurement of our retained investment. Revenues in 2009 decreased $4.7 billion compared with 2008 as a result of organic revenue declines ($4.0 billion) and the stronger U.S. dollar ($0.7 billion). Net earnings decreased by $0.9 billion in 2009, reflecting higher provisions for losses on financing receivables ($0.5 billion), lower gains ($0.5 billion) and declines in lower-taxed earnings from global operations ($0.4 billion), partially offset by acquisitions ($0.4 billion), higher investment income ($0.3 billion) and the stronger U.S. dollar ($0.1 billion). Net earnings also included the gain on PTL sale and remeasurement ($0.3 billion) and higher Genpact gains ($0.1 billion), partially offset by mark-to-market losses and other-than-temporary impairments ($0.1 billion).

Consumer 2010 revenues increased 1% and net earnings increased 85% compared with 2009. Revenues in 2010 were reduced by $0.3 billion as a result of dispositions. Revenues in 2010 increased $0.5 billion compared with 2009 as a result of the weaker U.S. dollar ($0.5 billion). The increase in net earnings resulted primarily from core growth ($1.2 billion) and the weaker U.S dollar ($0.1 billion), partially offset by the effects of dispositions ($0.1 billion). Core growth included lower provisions for losses on financing receivables across most platforms ($1.5 billion) and lower selling, general and administrative costs ($0.2 billion), partially offset by declines in lower-taxed earnings from global operations ($0.7 billion) including the absence of the first quarter 2009 tax benefit ($0.5 billion) from the decision to indefinitely reinvest prior-year earnings outside the U.S. and an increase in the valuation allowance associated with Japan ($0.2 billion).

Consumer 2009 revenues decreased 27% and net earnings decreased 61% compared with 2008. Revenues in 2009 included $0.2 billion from acquisitions and were reduced by $1.7 billion as a result of dispositions, and the lack of a current-year counterpart to the 2008 gain on sale of our Corporate Payment Services (CPS) business ($0.4 billion). Revenues in 2009 decreased $4.7 billion compared with 2008 as a result of organic revenue declines ($3.1 billion) and the stronger U.S. dollar ($1.6 billion). The decrease in net earnings resulted primarily from core declines ($2.4 billion) and the lack of a current-year counterpart to the 2008 gain on sale of our CPS business ($0.2 billion). These decreases were partially offset by higher securitization income ($0.3 billion) and the stronger U.S. dollar ($0.1 billion). Core declines primarily resulted from lower results in the U.S., U.K., and our banks in Eastern Europe, reflecting higher provisions for losses on financing receivables ($1.3 billion) and declines in lower-taxed earnings from global operations ($0.7 billion). The benefit from lower-taxed earnings from global operations included $0.5 billion from the decision to indefinitely reinvest prior-year earnings outside the U.S.

Real Estate 2010 revenues decreased 7% and net earnings decreased 13% compared with 2009. Revenues for 2010 decreased $0.3 billion compared with 2009 as a result of organic revenue declines and a decrease in property sales, partially offset by the weaker U.S. dollar. Real Estate net earnings decreased $0.2 billion compared with 2009, primarily from an increase in impairments related to equity properties and investments ($0.9 billion), partially offset by a decrease in provisions for losses on financing receivables ($0.4 billion), and core increases ($0.3 billion). Depreciation expense on real estate equity investments totaled $1.0 billion and $1.2 billion for 2010 and 2009, respectively.

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Real Estate 2009 revenues decreased 40% and net earnings decreased $2.7 billion compared with 2008. Revenues in 2009 decreased $2.6 billion compared with 2008 as a result of organic revenue declines ($2.4 billion), primarily as a result of a decrease in sales of properties, and the stronger U.S. dollar ($0.2 billion). Real Estate net earnings decreased $2.7 billion compared with 2008, primarily from an increase in provisions for losses on financing receivables and impairments ($1.2 billion) and a decrease in gains on sales of properties as compared to the prior period ($1.1 billion). In the normal course of our business operations, we sell certain real estate equity investments when it is economically advantageous for us to do so. Depreciation expense on real estate equity investments totaled $1.2 billion in both 2009 and 2008.

Energy Financial Services 2010 revenues decreased 8% and net earnings increased 73% compared with 2009. Revenues in 2010 included a $0.1 billion gain related to the Regency transaction and in 2009 were reduced by $0.1 billion of gains from dispositions. Revenues in 2010 decreased compared with 2009 as a result of organic revenue growth ($0.4 billion), primarily increases in associated company revenues resulting from an asset sale by an investee ($0.2 billion), more than offset by the deconsolidation of Regency. The increase in net earnings resulted primarily from core increases ($0.1 billion), primarily increases in associated company earnings resulting from an asset sale by an investee ($0.2 billion) and the gain related to the Regency transaction ($0.1 billion).

Energy Financial Services 2009 revenues decreased 43% and net earnings decreased 74% compared with 2008. Revenues in 2009 included $0.1 billion of gains from dispositions. Revenues in 2009 also decreased $1.7 billion compared with 2008 as a result of organic declines ($1.7 billion), primarily as a result of the effects of lower energy commodity prices and a decrease in gains on sales of assets. The decrease in net earnings resulted primarily from core declines, including a decrease in gains on sales of assets as compared to the prior period and the effects of lower energy commodity prices.

GECAS 2010 revenues increased 12% and net earnings increased 18% compared with 2009. Revenues in 2010 increased compared with 2009 as a result of organic revenue growth ($0.5 billion), including higher investment income. The increase in net earnings resulted primarily from core increases ($0.2 billion), including the benefit from resolution of the 2003-2005 IRS audit, lower credit losses and higher investment income, partially offset by higher impairments related to our operating lease portfolio of commercial aircraft.

GECAS 2009 revenues decreased 2% and net earnings decreased 11% compared with 2008. The decrease in revenues resulted primarily from lower asset sales ($0.2 billion). The decrease in net earnings resulted primarily from lower asset sales ($0.1 billion) and core declines reflecting higher credit losses and impairments.

Home & Business Solutions revenues increased 2%, or $0.2 billion, to $8.6 billion in 2010 compared with 2009 as higher volume ($0.4 billion) and higher other income ($0.1 billion) was partially offset by lower prices ($0.2 billion). The increase in volume reflected increased sales across all businesses. The decrease in price was primarily at Appliances. Segment profit increased 24%, or $0.1 billion, to $0.5 billion in 2010, primarily as a result of the effects of productivity ($0.2 billion) and increased other income primarily related to associated companies ($0.1 billion), partially offset by lower prices ($0.2 billion).

Home & Business Solutions revenues of $8.4 billion decreased 17%, or $1.7 billion, in 2009 compared with 2008, as lower volume ($1.8 billion) and the stronger U.S. dollar ($0.1 billion) were partially offset by higher prices ($0.2 billion). The decrease in volume primarily reflected tightened consumer spending in the European and U.S. markets. Segment profit increased 1% in 2009 as higher prices ($0.2 billion) and lower material and other costs ($0.2 billion) were partially offset by lower productivity ($0.2 billion) and lower other income ($0.1 billion). See Corporate Items and Eliminations for a discussion of items not allocated to this segment.

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Corporate Items and Eliminations

(In millions)	2010	2009	2008
Revenues			
Security and other disposed businesses	$ 298	$ 1,765	$ 1,784
Insurance activities	3,596	3,383	3,226
Eliminations and other	(1,646)	(2,660)	(2,811)
Total	$ 2,248	$ 2,488	$ 2,199
Operating profit (cost)			
Security and other disposed businesses	$ 5	$ 190	$ 270
Insurance activities	(58)	(79)	(213)
Principal pension plans	(1,072)	(547)	(244)
Underabsorbed corporate overhead	(593)	(361)	(341)
Other	(1,603)	(2,029)	(1,381)
Total	$ (3,321)	$ (2,826)	$ (1,909)

Corporate Items and Eliminations include the effects of eliminating transactions between operating segments; certain disposed businesses, including our Security business; results of our insurance activities remaining in continuing operations; cost of our principal pension plans; underabsorbed corporate overhead; and certain non-allocated amounts described below. 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.

Certain amounts included in Corporate Items and Eliminations cost are not allocated to GE operating segments because they are excluded from the measurement of their operating performance for internal purposes. In 2010, these included $0.5 billion at Technology Infrastructure and $0.3 billion at Energy Infrastructure, primarily for technology and product development costs, restructuring, rationalization and other charges, and $0.3 billion at Home & Business Solutions and $0.1 billion at NBC Universal, primarily for restructuring, rationalization and other charges. In 2009, these included $0.3 billion at both Technology Infrastructure and Energy Infrastructure and $0.2 billion at Home & Business Solutions, primarily for restructuring, rationalization and other charges and $0.3 billion at NBC Universal, primarily for restructuring, rationalization and other charges and technology and product development costs. In 2008, amounts primarily related to restructuring, rationalization and other charges were $0.5 billion at NBC Universal, $0.4 billion at Technology Infrastructure and $0.3 billion at each of Energy Infrastructure and Home & Business Solutions. Included in these amounts in 2008 were technology and product development costs of $0.2 billion at NBC Universal and $0.1 billion at Technology Infrastructure.

In 2010, underabsorbed corporate overhead increased by $0.2 billion, primarily related to increased costs at our global research centers. Other operating profit (cost) decreased $0.4 billion in 2010 as compared with 2009, as lower restructuring and other charges (including environmental remediation costs related to the Hudson River dredging project) ($0.6 billion) were partially offset by lower gains related to disposed businesses ($0.2 billion).

Discontinued Operations

(In millions)	2010	2009	2008
Earnings (loss) from discontinued operations, net of taxes	$ (979)	$ 82	$ (617)

Discontinued operations primarily comprised BAC, GE Money Japan, our U.S. mortgage business (WMC), Consumer RV Marine, Consumer Mexico and Plastics. Results of these businesses are reported as discontinued operations for all periods presented.

During the fourth quarter of 2010, we completed the sale of our 100% interest in BAC for $1.9 billion. As a result, we recognized an after-tax gain of $0.8 billion in 2010. The disposition of BAC is consistent with our goal of reducing ENI and focusing our businesses on selective financial services products where we have domain knowledge, broad distribution, and the ability to earn a consistent return on capital, while managing our overall balance sheet size and risk.

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In the fourth quarter of 2010, we entered into agreements to sell Consumer RV Marine and Consumer Mexico for approximately $2.4 billion and approximately $2.0 billion, respectively, and have classified these businesses as discontinued operations.

During the third quarter of 2007, we committed to a plan to sell our Lake business and recorded an after-tax loss of $0.9 billion, which represented the difference between the net book value of our Lake business and the projected sale price. During 2008, we completed the sale of GE Money Japan, which included Lake, along with our Japanese mortgage and card businesses, excluding our minority ownership interest in GE Nissen Credit Co., Ltd. In connection with this sale, and primarily related to our Japanese mortgage and card businesses, we recorded an incremental $0.4 billion loss in 2008.

In 2010, loss from discontinued operations, net of taxes, primarily reflected incremental reserves for excess interest claims related to our loss-sharing arrangement on the 2008 sale of GE Money Japan ($1.7 billion) and estimated after-tax losses of $0.2 billion and $0.1 billion on the planned sales of Consumer Mexico and Consumer RV Marine, respectively, partially offset by an after-tax gain on the sale of BAC of $0.8 billion and earnings from operations at Consumer Mexico of $0.2 billion and at BAC of $0.1 billion.

Loss from discontinued operations, net of taxes, in 2009, primarily reflected incremental reserves for excess interest claims related to our loss-sharing arrangement on the 2008 sale of GE Money Japan of $0.1 billion.

Loss from discontinued operations, net of taxes, in 2008 was $0.6 billion, primarily reflected a loss from operations of $0.3 billion, and incremental reserves for excess interest claims related to our loss-sharing arrangement on the 2008 sale of GE Money Japan of $0.4 billion.

For additional information related to discontinued operations, see Note 2 to the consolidated financial statements in Part II, Item 8. Financial Statements and Supplementary Data of this Form 10-K Report.

Geographic Operations

Our global activities span all geographic regions and primarily encompass manufacturing for local and export markets, import and sale of products produced in other regions, leasing of aircraft, sourcing for our plants domiciled in other global regions and provision of financial services within these regional economies. Thus, when countries or regions experience currency and/or economic stress, we often have increased exposure to certain risks, but also often have new profit opportunities. Potential increased risks include, among other things, higher receivable delinquencies and bad debts, delays or cancellations of sales and orders principally related to power and aircraft equipment, higher local currency financing costs and slowdown in established financial services activities. New profit opportunities include, among other things, more opportunities for lower cost outsourcing, expansion of industrial and financial services activities through purchases of companies or assets at reduced prices and lower U.S. debt financing costs.

Revenues are classified according to the region to which products and services are sold. For purposes of this analysis, U.S. is presented separately from the remainder of the Americas. We classify certain operations that cannot meaningfully be associated with specific geographic areas as Other Global for this purpose.

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Geographic Revenues

(In billions)	2010	2009	2008
U.S.	$ 70.5	$ 72.2	$ 85.0
Europe	31.8	36.9	44.0
Pacific Basin	21.6	20.7	23.6
Americas	13.4	11.4	14.2
Middle East and Africa	9.1	10.0	10.1
Other Global	3.8	4.1	4.7
Total	$ 150.2	$ 155.3	$ 181.6

Global revenues decreased 4% to $79.7 billion in 2010, compared with $83.1 billion and $96.6 billion in 2009 and 2008, respectively. Global revenues to external customers as a percentage of consolidated revenues were 53% in 2010, compared with 54% in 2009 and 53% in 2008. The effects of currency fluctuations on reported results increased revenues by $0.5 billion in 2010, decreased revenues by $3.9 billion in 2009 and increased revenues by $2.0 billion in 2008.

GE global revenues, excluding GECS, in 2010 were $53.3 billion, down 5% over 2009. Decreases of 12% in Europe and 9% in the Middle East and Africa more than offset increases in growth markets of 43% in Australia and 18% in Latin America. These revenues as a percentage of GE total revenues, excluding GECS, were 53% in 2010, compared with 55% and 53% in 2009 and 2008, respectively. GE global revenues, excluding GECS, were $56.4 billion in 2009, down 5% from 2008, primarily resulting from decreases in Western Europe and Latin America.

GECS global revenues decreased 1% to $26.4 billion in 2010, compared with $26.7 billion and $37.2 billion in 2009 and 2008, respectively, primarily as a result of decreases in Europe. GECS global revenues as a percentage of total GECS revenues were 52% in 2010, compared with 51% and 53% in 2009 and 2008, respectively. GECS global revenue decreased by 28% in 2009 from $37.2 billion in 2008, primarily due to dispositions in Europe and the Pacific Basin.

Total Assets (continuing operations)

December 31 (In billions)	2010	2009
U.S.	$ 387.3	$ 387.3
Europe	199.2	219.0
Pacific Basin	61.1	65.8
Americas	40.0	38.4
Other Global	58.3	56.3
Total	$ 745.9	$ 766.8

Total assets of global operations on a continuing basis were $358.6 billion in 2010, a decrease of $20.9 billion, or 6%, from 2009. GECS global assets on a continuing basis of $279.6 billion at the end of 2010 were 9% lower than at the end of 2009, reflecting core declines in Europe and the Pacific Basin, primarily due to portfolio run-off in various businesses at Consumer and lower financing receivables and equipment leased to others at CLL.

Financial results of our global activities reported in U.S. dollars are affected by currency exchange. We use a number of techniques to manage the effects of currency exchange, including selective borrowings in local currencies and selective hedging of significant cross-currency transactions. Such principal currencies are the pound sterling, the euro, the Japanese yen, the Canadian dollar and the Australian dollar.

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Environmental Matters

Our operations, like operations of other companies engaged in similar businesses, involve the use, disposal and cleanup of substances regulated under environmental protection laws. We are involved in a sizeable number of remediation actions to clean up hazardous wastes as required by federal and state laws. Such statutes require that responsible parties fund remediation actions regardless of fault, legality of original disposal or ownership of a disposal site. Expenditures for site remediation actions amounted to approximately $0.2 billion in 2010, $0.3 billion in 2009 and $0.2 billion in 2008. We presently expect that such remediation actions will require average annual expenditures of about $0.4 billion for each of the next two years.

As previously disclosed, in 2006, we entered into a consent decree with the Environmental Protection Agency (EPA) to dredge PCB-containing sediment from the upper Hudson River. The consent decree provided that the dredging would be performed in two phases. Phase 1 was completed in May through November of 2009. Between Phase 1 and Phase 2 there was an intervening peer review by an independent panel of national experts. The panel evaluated the performance of Phase 1 dredging operations with respect to Phase 1 Engineering Performance Standards and recommended proposed changes to the standards. On December 17, 2010, EPA issued its decisions setting forth the final performance standards for Phase 2 of the dredging project, incorporating aspects of the recommendations from the independent peer review panel and from GE. In December 2010, we agreed with EPA to perform Phase 2 of the project in accordance with the final performance standards set by EPA. We have reviewed EPA s final performance standards for Phase 2 to assess the potential scope and duration of Phase 2, as well as operational and engineering changes that could be required. Based on this review and our best professional engineering judgment, we increased our reserve for the probable and estimable costs for completing the Hudson River dredging project by $0.8 billion in the fourth quarter of 2010.

Financial Resources and Liquidity

This discussion of financial resources and liquidity addresses the Statement of Financial Position, Liquidity and Borrowings, Debt and Derivative Instruments, Guarantees and Covenants, the Consolidated Statement of Changes in Shareowners Equity, the Statement of Cash Flows, Contractual Obligations, and Variable Interest Entities.

Overview of Financial Position

Major changes to our shareowners equity are discussed in the Consolidated Statement of Changes in Shareowners Equity section. In addition, other significant changes to balances in our Statement of Financial Position follow.

Statement of Financial Position

Because GE and GECS share certain significant elements of their Statements of Financial Position property, plant and equipment and borrowings, for example the following discussion addresses significant captions in the consolidated statement. Within the following discussions, however, we distinguish between GE and GECS activities in order to permit meaningful analysis of each individual consolidating statement.

Investment securities comprise mainly investment grade debt securities supporting obligations to annuitants and policyholders in our run-off insurance operations and holders of guaranteed investment contracts (GICs) in Trinity (which ceased issuing new investment contracts beginning in the first quarter of 2010) and investment securities held at our global banks. The fair value of investment securities decreased to $43.9 billion at December 31, 2010, from $51.3 billion at December 31, 2009, primarily driven by a decrease in retained interests as a result of our adoption of FASB Accounting Standards Update (ASU) 2009-16 and ASU 2009-17, amendments to ASC 860, *Transfers and Servicing*, and ASC 810, *Consolidations*, respectively (ASU 2009-16 & 17), and maturities partially offset by improved market conditions. Of the amount at December 31, 2010, we held debt securities with an estimated fair value of $42.8 billion, which included corporate debt securities, residential mortgage-backed securities (RMBS) and commercial mortgage-backed securities (CMBS) with estimated fair values of $25.4 billion, $2.8 billion and $2.9 billion, respectively. Unrealized losses on debt securities were $1.4 billion and $2.6 billion at December 31, 2010 and December 31, 2009, respectively. This amount included unrealized losses on corporate debt securities, RMBS and CMBS of $0.4 billion, $0.4 billion and $0.1 billion, respectively, at December 31, 2010, as compared with $0.8 billion, $0.8 billion and $0.4 billion, respectively, at December 31, 2009.

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We regularly review investment securities for impairment using both qualitative and quantitative criteria. We presently do not intend to sell our debt securities and believe that it is not more likely than not that we will be required to sell these securities that are in an unrealized loss position before recovery of our amortized cost. We believe that the unrealized loss associated with our equity securities will be recovered within the foreseeable future.

Our RMBS portfolio is collateralized primarily by pools of individual, direct mortgage loans (a majority of which were originated in 2006 and 2005), not other structured products such as collateralized debt obligations. Substantially all of our RMBS securities are in a senior position in the capital structure of the deals and 65% are agency bonds or insured by Monoline insurers (on which we continue to place reliance). Of our total RMBS portfolio at December 31, 2010 and December 31, 2009, approximately $0.7 billion and $0.9 billion, respectively, relate to residential subprime credit, primarily supporting our guaranteed investment contracts. A majority of exposure to residential subprime credit related to investment securities backed by mortgage loans originated in 2006 and 2005. Substantially all of the subprime RMBS were investment grade at the time of purchase and approximately 72% have been subsequently downgraded to below investment grade.

Our CMBS portfolio is collateralized by both diversified pools of mortgages that were originated for securitization (conduit CMBS) and pools of large loans backed by high quality properties (large loan CMBS), a majority of which were originated in 2007 and 2006. Substantially all of the securities in our CMBS portfolio have investment grade credit ratings and the vast majority of the securities are in a senior position in the capital structure.

Our asset-backed securities (ABS) portfolio is collateralized by a variety of diversified pools of assets such as student loans and credit cards, as well as large senior secured loans of high quality middle market companies in a variety of industries. The vast majority of our ABS securities are in a senior position in the capital structure of the deals. In addition, substantially all of the securities that are below investment grade are in an unrealized gain position.

For ABS, including RMBS, we estimate the portion of loss attributable to credit using a discounted cash flow model that considers estimates of cash flows generated from the underlying collateral. Estimates of cash flows consider internal credit risk, interest rate and prepayment assumptions that incorporate management s best estimate of key assumptions, including default rates, loss severity and prepayment rates. For CMBS, we estimate the portion of loss attributable to credit by evaluating potential losses on each of the underlying loans in the security. Collateral cash flows are considered in the context of our position in the capital structure of the deals. Assumptions can vary widely depending upon the collateral type, geographic concentrations and vintage.

If there has been an adverse change in cash flows for RMBS, management considers credit enhancements such as Monoline insurance (which are features of a specific security). In evaluating the overall creditworthiness of the Monoline insurer (Monoline), we use an analysis that is similar to the approach we use for corporate bonds, including an evaluation of the sufficiency of the Monoline s cash reserves and capital, ratings activity, whether the Monoline is in default or default appears imminent, and the potential for intervention by an insurance or other regulator.

Monolines provide credit enhancement for certain of our investment securities, primarily RMBS and municipal securities. The credit enhancement is a feature of each specific security that guarantees the payment of all contractual cash flows, and is not purchased separately by GE. The Monoline industry continues to experience financial stress from increasing delinquencies and defaults on the individual loans underlying insured securities. We continue to rely on Monolines with adequate capital and claims paying resources. We have reduced our reliance on Monolines that do not have adequate capital or have experienced regulator intervention. At December 31, 2010, our investment securities insured by Monolines on which we continue to place reliance were $1.7 billion, including $0.3 billion of our $0.7 billion investment in subprime RMBS. At December 31, 2010, the unrealized loss associated with securities subject to Monoline credit enhancement for which there is an expected credit loss was $0.3 billion.

Total pre-tax, other-than-temporary impairment losses during 2010 were $0.5 billion, of which $0.3 billion was recognized in earnings and primarily relates to credit losses on RMBS, non-U.S. government securities, non-U.S. corporate securities and equity securities, and $0.2 billion primarily relates to non-credit related losses on RMBS and is included within accumulated other comprehensive income.

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Our qualitative review attempts to identify issuers securities that are at-risk of other-than-temporary impairment, that is, for securities that we do not intend to sell and it is not more likely than not that we will be required to sell before recovery of our amortized cost, whether there is a possibility of credit loss that would result in an other-than-temporary impairment recognition in the following 12 months. Securities we have identified as at-risk primarily relate to investments in RMBS securities and non-U.S. corporate debt securities across a broad range of industries. The amount of associated unrealized loss on these securities at December 31, 2010, is $0.4 billion. Credit losses that would be recognized in earnings are calculated when we determine the security to be other-than-temporarily impaired. Uncertainty in the capital markets may cause increased levels of other-than-temporary impairments.

At December 31, 2010, unrealized losses on investment securities totaled $1.4 billion, including $1.2 billion aged 12 months or longer, compared with unrealized losses of $2.6 billion, including $2.3 billion aged 12 months or longer, at December 31, 2009. Of the amount aged 12 months or longer at December 31, 2010, more than 70% of our debt securities were considered to be investment grade by the major rating agencies. In addition, of the amount aged 12 months or longer, $0.7 billion and $0.3 billion related to structured securities (mortgage-backed, asset-backed and securitization retained interests) and corporate debt securities, respectively. With respect to our investment securities that are in an unrealized loss position at December 31, 2010, the vast majority relate to debt securities held to support obligations to holders of GICs and annuitants and policyholders in our run-off insurance operations. We presently do not intend to sell our debt securities and believe that it is not more likely than not that we will be required to sell these securities that are in an unrealized loss position before recovery of our amortized cost. For additional information, see Note 3 to the consolidated financial statements in Part II, Item 8. Financial Statements and Supplementary Data of this Form 10-K Report.

Fair Value Measurements. For financial assets and liabilities measured at fair value on a recurring basis, fair value is the price we would receive to sell an asset or pay to transfer a liability in an orderly transaction with a market participant at the measurement date. In the absence of active markets for the identical assets or liabilities, such measurements involve developing assumptions based on market observable data and, in the absence of such data, internal information that is consistent with what market participants would use in a hypothetical transaction that occurs at the measurement date. Additional information about our application of this guidance is provided in Notes 1 and 21 to the consolidated financial statements in Part II, Item 8. Financial Statements and Supplementary Data of this Form 10-K Report.

Investments measured at fair value in earnings include equity investments of $0.8 billion at year-end 2010. The earnings effects of changes in fair value on these assets, favorable and unfavorable, will be reflected in the period in which those changes occur. As discussed in Note 9 to the consolidated financial statements in Part II, Item 8. Financial Statements and Supplementary Data of this Form 10-K Report, we also have assets that are classified as held for sale in the ordinary course of business, loans and real estate properties, carried at $3.5 billion at year-end 2010, which represents the lower of carrying amount or estimated fair value less costs to sell. To the extent that the estimated fair value less costs to sell is lower than carrying value, any favorable or unfavorable changes in fair value will be reflected in earnings in the period in which such changes occur.

Working capital, representing GE current receivables and inventories, less GE accounts payable and progress collections, was $(1.6) billion at December 31, 2010, down an insignificant amount from December 31, 2009, as reductions in inventory and an increase in accounts payable were offset by higher current receivables and lower progress collections. As Energy Infrastructure and Technology Infrastructure deliver units out of their backlogs over the next few years, progress collections of $11.8 billion at December 31, 2010, will be earned, which, along with progress collections on new orders, will impact working capital. Throughout the last four years, we have executed a significant number of initiatives through our Operating Council, such as lean cycle time projects, which have resulted in a more efficient use of working capital. We expect to continue these initiatives in 2011, which should significantly offset the effects of decreases in progress collections.

We discuss current receivables and inventories, two important elements of working capital, in the following paragraphs.

Current receivables for GE totaled to $10.4 billion at the end of 2010 and $9.8 billion at the end of 2009, and included $8.1 billion due from customers at the end of 2010 compared with $7.5 billion at the end of 2009. GE current receivables turnover was 8.6 in 2010, compared with 8.2 in 2009. The overall increase in current receivables was primarily due to the higher volume in Technology Infrastructure businesses.

Inventories for GE totaled to $11.5 billion at December 31, 2010, down $0.5 billion from the end of 2009. This decrease reflected lower inventories at Energy Infrastructure, partially offset by higher inventories at Technology Infrastructure. GE inventory turnover was 7.2 and 6.8 in 2010 and 2009, respectively. See Note 5 to the consolidated financial statements in Part II, Item 8. Financial Statements and Supplementary Data of this Form 10-K Report.

Financing receivables is our largest category of assets and represents one of our primary sources of revenues. Our portfolio of financing receivables is diverse and not directly comparable to major U.S. banks. A discussion of the quality of certain elements of the financing receivables portfolio follows.

Our consumer portfolio is largely non-U.S. and primarily comprises mortgage, sales finance, auto and personal loans in various European and Asian countries. Our U.S. consumer financing receivables comprise 14% of our total portfolio. Of those, approximately 63% relate primarily to credit cards, which are often subject to profit and loss sharing arrangements with the retailer (the results of which are reflected in revenues), and have a smaller average balance and lower loss severity as compared to bank cards. The remaining 37% are sales finance receivables, which provide electronics, recreation, medical and home improvement financing to customers. In 2007, we exited the U.S. mortgage business and we have no U.S. auto or student loans.

Our commercial portfolio primarily comprises senior, secured positions with comparatively low loss history. The secured receivables in this portfolio are collateralized by a variety of asset classes, which for our CLL business primarily include: industrial-related facilities and equipment, vehicles, corporate aircraft, and equipment used in many industries, including the construction, manufacturing, transportation, media, communications, entertainment, and healthcare industries. The portfolios in our Real Estate, GECAS and Energy Financial Services businesses are collateralized by commercial real estate, commercial aircraft and operating assets in the global energy and water industries, respectively. We are in a secured position for substantially all of our commercial portfolio.

Losses on financing receivables are recognized when they are incurred, which requires us to make our best estimate of probable losses inherent in the portfolio. The method for calculating the best estimate of losses depends on the size, type and risk characteristics of the related financing receivable. Such an estimate requires consideration of historical loss experience, adjusted for current conditions, and judgments about the probable effects of relevant observable data, including present economic conditions such as delinquency rates, financial health of specific customers and market sectors, collateral values (including housing price indices as applicable), and the present and expected future levels of interest rates. The underlying assumptions, estimates and assessments we use to provide for losses are updated periodically to reflect our view of current conditions. Changes in such estimates can significantly affect the allowance and provision for losses. It is possible to experience credit losses that are different from our current estimates.

Our risk management process includes standards and policies for reviewing major risk exposures and concentrations, and evaluates relevant data either for individual loans or financing leases, or on a portfolio basis, as appropriate.

Loans acquired in a business acquisition are recorded at fair value, which incorporates our estimate at the acquisition date of the credit losses over the remaining life of the portfolio. As a result, the allowance for losses is not carried over at acquisition. This may have the effect of causing lower reserve coverage ratios for those portfolios.

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For purposes of the discussion that follows, delinquent receivables are those that are 30 days or more past due based on their contractual terms; and nonearning receivables are those that are 90 days or more past due (or for which collection is otherwise doubtful). Nonearning receivables exclude loans purchased at a discount (unless they have deteriorated post acquisition). Under ASC 310, *Receivables*, these loans are initially recorded at fair value and accrete interest income over the estimated life of the loan based on reasonably estimable cash flows even if the underlying loans are contractually delinquent at acquisition. In addition, nonearning receivables exclude loans that are paying on a cash accounting basis but classified as nonaccrual and impaired. Nonaccrual financing receivables include all nonearning receivables and are those on which we have stopped accruing interest. We stop accruing interest at the earlier of the time at which collection of an account becomes doubtful or the account becomes 90 days past due. Recently restructured financing receivables are not considered delinquent when payments are brought current according to the restructured terms, but may remain classified as nonaccrual until there has been a period of satisfactory payment performance by the borrower and future payments are reasonably assured of collection.

Further information on the determination of the allowance for losses on financing receivables and the credit quality and categorization of our financing receivables is provided in the Critical Accounting Estimates section of this Item and Notes 1, 6 and 23 to the consolidated financial statements in Part II, Item 8. Financial Statements and Supplementary Data of this Form 10-K Report.

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(In millions)	Financing receivables at December 31, 2010	January 1, 2010(a)	December 31, 2009	Nonearning receivables at December 31, 2010	January 1, 2010(a)	December 31, 2009	Allowance for losses at December 31, 2010	January 1, 2010(a)	December 31, 2009
Commercial									
CLL(b)									
Americas	$ 86,596	$ 99,666	$ 87,496	$ 2,571	$ 3,437	$ 3,155	$ 1,287	$ 1,245	$ 1,179
Europe	37,498	43,403	41,455	1,241	1,441	1,441	429	575	575
Asia	11,943	13,159	13,202	406	559	576	222	234	244
Other	2,626	2,836	2,836	8	24	24	7	11	11
Total CLL	138,663	159,064	144,989	4,226	5,461	5,196	1,945	2,065	2,009
Energy Financial Services	7,011	7,790	7,790	62	78	78	22	28	28
GECAS(b)	12,615	13,254	13,254		153	153	20	104	104
Other(c)	1,788	2,614	2,614	102	72	72	58	34	34
Total Commercial	160,077	182,722	168,647	4,390	5,764	5,499	2,045	2,231	2,175
Real Estate									
Debt(d)	30,249	36,257	36,565	961	939	939	1,292	1,355	1,358
Business properties(e)	9,962	12,416	8,276	386	419	313	196	181	136
Total Real Estate	40,211	48,673	44,841	1,347	1,358	1,252	1,488	1,536	1,494
Consumer(b)									
Non-U.S. residential mortgages(f)	45,536	54,921	54,921	3,812	4,331	4,331	828	926	926
Non-U.S. installment and revolving credit	20,368	23,443	23,443	290	409	409	945	1,116	1,116
U.S. installment and revolving credit	43,974	44,008	20,027	1,201	1,624	832	2,333	3,153	1,551
Non-U.S. auto	8,877	12,762	12,762	48	66	66	174	303	303
Other	8,306	10,156	10,156	478	610	610	259	291	291
Total Consumer	127,061	145,290	121,309	5,829	7,040	6,248	4,539	5,789	4,187

Total	$ 327,349	$ 376,685	$ 334,797	$ 11,566	$ 14,162	$ 12,999	$ 8,072	$ 9,556	$ 7,856

(a) Reflects the effects of our adoption of ASU 2009-16 & 17 on January 1, 2010. See Notes 6 and 23 to the consolidated financial statements in Part II, Item 8. Financial Statements and Supplementary Data of this Form 10-K Report.

(b) During the first quarter of 2010, we transferred the Transportation Financial Services business from GECAS to CLL and the Consumer business in Italy from Consumer to CLL. Prior-period amounts were reclassified to conform to the current-period presentation.

(c) Primarily consisted of loans and financing leases in former consolidated, liquidating securitization entities, which became wholly owned affiliates in December 2010.

(d) Financing receivables included $218 million and $317 million of construction loans at December 31, 2010 and December 31, 2009, respectively.

(e) Our Business properties portfolio is underwritten primarily by the credit quality of the borrower and secured by tenant and owner-occupied commercial properties.

(f) At December 31, 2010, net of credit insurance, approximately 24% of our secured Consumer non-U.S. residential mortgage portfolio comprised loans with introductory, below market rates that are scheduled to adjust at future dates; with high loan-to-value ratios at inception (greater than 90%); whose terms permitted interest-only payments; or whose terms resulted in negative amortization. At origination, we underwrite loans with an adjustable rate to the reset value. Of these loans, 82% are in our U.K. and France portfolios, which comprise mainly loans with interest-only payments and introductory below market rates, have a delinquency rate of 15%, have a loan-to-value ratio at origination of 75% and have re-indexed loan-to-value ratios of 83% and 60%, respectively. At December 31, 2010, 4% (based on dollar values) of these loans in our U.K. and France portfolios have been restructured.

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On January 1, 2010, we adopted ASU 2009-16 & 17, resulting in the consolidation of $40.2 billion of net financing receivables at January 1, 2010. We have provided comparisons of our financing receivables portfolio at December 31, 2010 to January 1, 2010, as we believe that it provides a more meaningful comparison of our portfolio quality following the adoption of ASU 2009-16 & 17.

The portfolio of financing receivables, before allowance for losses, was $327.3 billion at December 31, 2010, and $376.7 billion at January 1, 2010. Financing receivables, before allowance for losses, decreased $49.4 billion from January 1, 2010, primarily as a result of collections exceeding originations ($26.3 billion) (which includes sales), write-offs ($10.1 billion), the stronger U.S. dollar ($2.1 billion) and dispositions ($1.2 billion), partially offset by acquisitions ($2.8 billion).

Related nonearning receivables totaled $11.6 billion (3.5% of outstanding receivables) at December 31, 2010, compared with $14.2 billion (3.8% of outstanding receivables) at January 1, 2010. Nonearning receivables decreased from January 1, 2010, primarily due to improvements in our entry rates in Consumer and improved performance in Commercial, offset by increased Real Estate delinquencies driven by the continued challenging environment in the commercial real estate markets.

The allowance for losses at December 31, 2010 totaled $8.1 billion compared with $9.6 billion at January 1, 2010, representing our best estimate of probable losses inherent in the portfolio. Allowance for losses decreased $1.5 billion from January 1, 2010, primarily because provisions were lower than write-offs, net of recoveries by $1.3 billion, which is attributable to a reduction in the overall financing receivables balance and an improvement in the overall credit environment. The allowance for losses as a percent of total financing receivables increased from 2.3% at December 31, 2009 to 2.5% at December 31, 2010 primarily due to the adoption of ASU 2009-16 & 17 on January 1, 2010. Further information surrounding the allowance for losses related to each of our portfolios is detailed below.

The following table provides information surrounding selected ratios related to nonearning financing receivables and the allowance for losses.

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	Nonearning financing receivables as a percent of financing receivables			Allowance for losses as a percent of nonearning financing receivables			Allowance for losses as a percent of total financing receivables		
	December 31, 2010	January 1, 2010(a)	December 31, 2009	December 31, 2010	January 1, 2010(a)	December 31, 2009	December 31, 2010	January 1, 2010(a)	December 31, 2009
Commercial									
CLL(b)									
Americas	3.0%	3.4%	3.6%	50.1%	36.2%	37.4%	1.5%	1.2%	1.3%
Europe	3.3	3.3	3.5	34.6	39.9	39.9	1.1	1.3	1.4
Asia	3.4	4.2	4.4	54.7	41.9	42.4	1.9	1.8	1.8
Other	0.3	0.8	0.8	87.5	45.8	45.8	0.3	0.4	0.4
Total CLL	3.0	3.4	3.6	46.0	37.8	38.7	1.4	1.3	1.4
Energy Financial Services	0.9	1.0	1.0	35.5	35.9	35.9	0.3	0.4	0.4
GECAS(b)	-	1.2	1.2	-	68.0	68.0	0.2	0.8	0.8
Other	5.7	2.8	2.8	56.9	47.2	47.2	3.2	1.3	1.3
Total Commercial	2.7	3.2	3.3	46.6	38.7	39.6	1.3	1.2	1.3
Real Estate									
Debt	3.2	2.6	2.6	134.4	144.3	144.6	4.3	3.7	3.7
Business properties	3.9	3.4	3.8	50.8	43.2	43.5	2.0	1.5	1.6
Total Real Estate	3.3	2.8	2.8	110.5	113.1	119.3	3.7	3.2	3.3
Consumer(b)									
Non-U.S. residential mortgages	8.4	7.9	7.9	21.7	21.4	21.4	1.8	1.7	1.7
Non-U.S. installment and revolving credit	1.4	1.7	1.7	325.9	272.9	272.9	4.6	4.8	4.8
U.S. installment and revolving credit	2.7	3.7	4.2	194.3	194.2	186.4	5.3	7.2	7.7
Non-U.S. auto	0.5	0.5	0.5	362.5	459.1	459.1	2.0	2.4	2.4
Other	5.8	6.0	6.0	54.2	47.7	47.7	3.1	2.9	2.9
Total Consumer	4.6	4.8	5.2	77.9	82.2	67.0	3.6	4.0	3.5
Total	3.5	3.8	3.9	69.8	67.5	60.4	2.5	2.5	2.3

(a) Reflects the effects of our adoption of ASU 2009-16 & 17 on January 1, 2010. See Notes 6 and 23 to the consolidated financial statements in Part II, Item 8. Financial Statements and Supplementary Data of this Form 10-K Report.

(b) During the first quarter of 2010, we transferred the Transportation Financial Services business from GECAS to CLL and the Consumer business in Italy from Consumer to CLL. Prior-period amounts were reclassified to conform to the current-period presentation.

Included below is a discussion of financing receivables, allowance for losses, nonearning receivables and related metrics for each of our significant portfolios.

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CLL Americas. Nonearning receivables of $2.6 billion represented 22.2% of total nonearning receivables at December 31, 2010. The ratio of allowance for losses as a percent of nonearning receivables increased from 36.2% at January 1, 2010, to 50.1% at December 31, 2010 reflecting an overall decrease in nonearning receivables combined with a further slight increase in loss severity in our equipment, and franchise restaurant and hotel portfolios. The ratio of nonearning receivables as a percent of financing receivables decreased from 3.4% at January 1, 2010, to 3.0% at December 31, 2010, primarily due to reduced nonearning exposures in our corporate lending, corporate aircraft, and industrial materials portfolios, which more than offset deterioration in our healthcare and franchise restaurant and hotel portfolios. Collateral supporting these nonearning financing receivables primarily includes corporate aircraft and assets in the restaurant and hospitality, trucking, and forestry industries, and for our leveraged finance business, equity of the underlying businesses.

CLL Europe. Nonearning receivables of $1.2 billion represented 10.7% of total nonearning receivables at December 31, 2010. The ratio of allowance for losses as a percent of nonearning receivables decreased from 39.9% at January 1, 2010, to 34.6% at December 31, 2010, as a greater proportion of nonearning receivables was attributable to the Interbanca S.p.A. portfolio, which was acquired in 2009. The loans acquired with Interbanca S.p.A were recorded at fair value, which incorporates an estimate at the acquisition date of credit losses over their remaining life. Accordingly, these loans generally have a lower ratio of allowance for losses as a percent of nonearning receivables compared to the remaining portfolio. Excluding the nonearning loans attributable to the 2009 acquisition of Interbanca S.p.A., the ratio of allowance for losses as a percent of nonearning receivables decreased slightly from 67.2% at January 1, 2010, to 65.7% at December 31, 2010, due to the increase of highly collateralized nonearning receivables in our senior secured lending portfolio, partially offset by a reduction in nonearning receivables in our senior secured lending and equipment finance portfolios due to restructuring, sale, or write-off. The ratio of nonearning receivables as a percent of financing receivables remained consistent at 3.3% at December 31, 2010, due to an increase in nonearning receivables in the Interbanca S.p.A. portfolio offset by the decrease in nonearning receivables across our senior secured lending, equipment finance and asset-based lending portfolios, primarily for the reasons previously mentioned. Collateral supporting these secured nonearning financing receivables are primarily equity of the underlying businesses for our senior secured lending business and equipment and trade receivables for our equipment finance and asset-based lending portfolios, respectively.

CLL Asia. Nonearning receivables of $0.4 billion represented 3.5% of total nonearning receivables at December 31, 2010. The ratio of allowance for losses as a percent of nonearning receivables increased from 41.9% at January 1, 2010, to 54.7% at December 31, 2010, primarily as a result of restructuring, sale or write-off of nonearning receivables in our asset-based financing businesses in Japan, which is highly collateralized. The ratio of nonearning receivables as a percent of financing receivables decreased from 4.2% at January 1, 2010, to 3.4% at December 31, 2010, primarily due to the decline in nonearning receivables related to our asset-based financing businesses in Japan, partially offset by a lower financing receivables balance. Collateral supporting these nonearning financing receivables is primarily commercial real estate, manufacturing equipment, corporate aircraft, and assets in the auto industry.

Real Estate Debt. Nonearning receivables of $1.0 billion represented 8.3% of total nonearning receivables at December 31, 2010. The increase in nonearning receivables from January 1, 2010, was driven primarily by increased delinquencies in the U.S. office portfolio and the European hotel and retail portfolios, partially offset by foreclosures and discounted payoffs primarily related to U.S. multi-family loans. The ratio of allowance for losses as a percent of nonearning receivables decreased from 144.3% to 134.4% reflecting write-offs driven by settlements and payoffs from impaired loan borrowers. Since our approach identifies loans as impaired even when the loan is currently paying in accordance with contractual terms, increases in nonearning receivables do not necessarily require proportionate increases in reserves upon migration to nonearning status as specific reserves have often been established on the loans prior to their migration to nonearning status. The ratio of allowance for losses as a percent of total financing receivables increased from 3.7% at January 1, 2010, to 4.3% at December 31, 2010, driven primarily by continued rental rate deterioration in the U.S. markets, which resulted in an increase in specific credit loss provisions.

The Real Estate financing receivables portfolio is collateralized by income-producing or owner-occupied commercial properties across a variety of asset classes and markets. At December 31, 2010, total Real Estate financing receivables of $40.2 billion were primarily collateralized by owner occupied properties ($10.0 billion), office buildings ($9.4 billion), apartment buildings ($6.2 billion) and hotel properties ($4.4 billion). In 2010, commercial real estate markets have continued to be under pressure, with limited market liquidity and challenging economic conditions. We have and continue to maintain an intense focus on operations and risk management. Loan loss reserves related to our Real Estate - Debt financing receivables are particularly sensitive to declines in underlying property values. Assuming global property values decline an incremental 1% or 5%, and that decline occurs evenly across geographies and asset classes, we estimate incremental loan loss reserves would be required of approximately $0.1 billion and $0.4 billion, respectively. Estimating the impact of global property values on loss performance across our portfolio depends on a number of factors, including macroeconomic conditions, property level operating performance, local market dynamics and individual borrower behavior. As a result, any sensitivity analyses or attempts to forecast potential losses carry a high degree of imprecision and are subject to change. At December 31, 2010, we had 116 foreclosed commercial real estate properties which had a value of approximately $0.6 billion.

Consumer Non-U.S. residential mortgages. Nonearning receivables of $3.8 billion represented 33.0% of total nonearning receivables at December 31, 2010. The ratio of allowance for losses as a percent of nonearning receivables increased slightly from 21.4% at January 1, 2010, to 21.7% at December 31, 2010. In 2010, our nonearning receivables decreased primarily due to continued collection and loss mitigation efforts and signs of stabilization in the U.K. housing market. Our non-U.S. mortgage portfolio has a loan-to-value ratio of approximately 75% at origination and the vast majority are first lien positions. Our U.K. and France portfolios, which comprise a majority of our total mortgage portfolio, have reindexed loan-to-value ratios of 83% and 60%, respectively. About 3% of these loans are without mortgage insurance and have a reindexed loan-to-value ratio equal to or greater than 100%. Loan-to-value information is updated on a quarterly basis for a majority of our loans and considers economic factors such as the housing price index. At December 31, 2010, we had in repossession stock approximately 700 houses in the U.K., which had a value of approximately $0.1 billion. The ratio of nonearning receivables as a percent of financing receivables increased from 7.9% at January 1, 2010, to 8.4% at December 31, 2010, primarily due to reduced originations across all platforms.

Consumer Non-U.S. installment and revolving credit. Nonearning receivables of $0.3 billion represented 2.5% of total nonearning receivables at December 31, 2010. The ratio of allowance for losses as a percent of nonearning receivables increased from 272.9% at January 1, 2010, to 325.9% at December 31, 2010, reflecting changes in business mix following the reclassification of nonearning receivables to assets of businesses held for sale following our commitment in 2010 to sell our Consumer businesses in Argentina, Brazil and Canada.

Consumer U.S. installment and revolving credit. Nonearning receivables of $1.2 billion represented 10.4% of total nonearning receivables at December 31, 2010. The ratio of allowance for losses as a percent of nonearning receivables remained consistent at approximately 194.2%. The ratio of nonearning receivables as a percentage of financing receivables decreased from 3.7% at January 1, 2010, to 2.7% at December 31, 2010, primarily due to lower delinquencies reflecting an improvement in the overall credit environment.

Nonaccrual Financing Receivables

The following table provides details related to our nonaccrual and nonearning financing receivables. Nonaccrual financing receivables include all nonearning receivables and are those on which we have stopped accruing interest. We stop accruing interest at the earlier of the time at which collection becomes doubtful or the account becomes 90 days past due. Substantially all of the differences between nonearning and nonaccrual financing receivables relate to loans which are classified as nonaccrual financing receivables but are paying on a cash accounting basis, and therefore excluded from nonearning receivables. Of our $21.4 billion nonaccrual loans at December 31, 2010, $9.3 billion are currently paying in accordance with their contractual terms.

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(In millions)	**Nonaccrual financing receivables**	**Nonearning receivables**
December 31, 2010		
Commercial		
CLL	$ 5,246	$ 4,226
Energy Financial Services	78	62
GECAS		
Other	139	102
Total Commercial	5,463	4,390
Real Estate	9,719	1,347
Consumer	6,211	5,829
Total	$ 21,393	$ 11,566

Impaired Loans

Impaired loans in the table below are defined as larger balance or restructured loans for which it is probable that the lender will be unable to collect all amounts due according to original contractual terms of the loan agreement. The vast majority of our Consumer and a portion of our CLL nonaccrual receivables are excluded from this definition, as they represent smaller balance homogeneous loans that we evaluate collectively by portfolio for impairment.

Impaired loans include nonearning receivables on larger balance or restructured loans, loans that are currently paying interest under the cash basis (but are excluded from the nonearning category), and loans paying currently but which have been previously restructured.

Specific reserves are recorded for individually impaired loans to the extent we have determined that it is probable that we will be unable to collect all amounts due according to original contractual terms of the loan agreement. Certain loans classified as impaired may not require a reserve because we believe that we will ultimately collect the unpaid balance (through collection or collateral repossession).

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Further information pertaining to loans classified as impaired and specific reserves is included in the table below.

(In millions)	At		
	December 31, 2010	**January 1, 2010(a)**	**December 31, 2009**
Loans requiring allowance for losses			
Commercial(b)	$ 2,733	$ 2,853	$ 2,876
Real Estate	6,812	5,339	5,284
Consumer	2,448	1,300	936
Total loans requiring allowance for losses	11,993	9,492	9,096
Loans expected to be fully recoverable			
Commercial(b)	3,087	2,232	2,110
Real Estate	3,005	1,284	1,234
Consumer	106	397	397
Total loans expected to be fully recoverable	6,198	3,913	3,741
Total impaired loans	$ 18,191	$ 13,405	$ 12,837
Allowance for losses (specific reserves)			
Commercial(b)	$ 1,031	$ 1,031	$ 1,073
Real Estate	1,150	1,038	1,017
Consumer	555	301	235
Total allowance for losses (specific reserves)	$ 2,736	$ 2,370	$ 2,325
Average investment during the period	$ 15,543	(d)	$ 8,462
Interest income earned while impaired(c)	392	(d)	219

(a) Reflects the effects of our adoption of ASU 2009-16 & 17 on January 1, 2010. See Notes 6 and 23 to the consolidated financial statements in Part II, Item 8. Financial Statements and Supplementary Data of this Form 10-K Report.

(b) Includes CLL, Energy Financial Services, GECAS and Other.

(c) Recognized principally on a cash basis for the years ended December 31, 2010 and 2009, respectively.

(d) Not applicable.

Impaired loans consolidated as a result of our adoption of ASU 2009-16 & 17 primarily related to our Consumer business. Impaired loans increased by $4.8 billion from January 1, 2010, to December 31, 2010, primarily relating to increases at Real Estate. We regularly review our Real Estate loans for impairment using both quantitative and qualitative factors, such as debt service coverage and loan-to-value ratios. See Note 1 to the consolidated financial statements in Part II, Item 8. Financial Statements and Supplementary Data of this Form 10-K Report. We classify Real Estate loans as impaired when the most recent valuation reflects a projected loan-to-value ratio at maturity in excess of 100%, even if the loan is currently paying in accordance with contractual terms. The increase in Real Estate impaired loans reflects deterioration in commercial real estate values, particularly in Japan and the U.S., as well as an increase in troubled debt restructurings (TDRs). Real Estate specific reserves have not increased proportionately to the increase in impaired loans, primarily due to an increase in TDRs that are expected to be fully recoverable based on the value of the underlying collateral and are performing in accordance with their modified terms. Of our $9.8 billion impaired loans at Real Estate at December 31, 2010, $8.1 billion are currently paying in accordance with the contractual terms of the loan and are typically loans where the borrower has adequate debt service coverage to meet contractual interest obligations. Impaired loans at CLL primarily represent senior secured lending positions.

Our impaired loan balance at December 31, 2010 and December 31, 2009, classified by the method used to measure impairment was as follows.

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(In millions)	At December 31, 2010	December 31, 2009
Method used to measure impairment		
Discounted cash flow	$ 7,650	$ 6,971
Collateral value	10,541	5,866
Total	$ 18,191	$ 12,837

See Note 1 to the consolidated financial statements in Part II, Item 8. Financial Statements and Supplementary Data of this Form 10-K Report for further information on collateral dependent loans and our valuation process.

Our loss mitigation strategy is intended to minimize economic loss and, at times, can result in rate reductions, principal forgiveness, extensions, forbearance or other actions, which may cause the related loan to be classified as a TDR, and also as impaired. Changes to Real Estate s loans primarily include maturity extensions, principal payment acceleration, changes to collateral terms and cash sweeps, which are in addition to, or sometimes in lieu of, fees and rate increases. The determination of whether these changes to the terms and conditions of our commercial loans meet the TDR criteria includes our consideration of all relevant facts and circumstances. At December 31, 2010, TDRs included in impaired loans were $10.1 billion, primarily relating to Real Estate ($4.9 billion), CLL ($2.9 billion) and Consumer ($2.3 billion). TDRs consolidated as a result of our adoption of ASU 2009-16 & 17 primarily related to our Consumer business ($0.4 billion).

We utilize certain short-term loan modification programs for borrowers experiencing temporary financial difficulties in our Consumer loan portfolio. These loan modification programs are primarily concentrated in our U.S. credit card and non-U.S. residential mortgage portfolios. We sold our U.S. residential mortgage business in 2007 and as such, do not participate in the U.S. government-sponsored mortgage modification programs. During 2010, we provided short-term modifications of approximately $2.7 billion of consumer loans for borrowers experiencing financial difficulties. This included approximately $1.2 billion of credit card loans in the U.S. and approximately $1.5 billion of other consumer loans, primarily non-U.S. residential mortgages, credit cards and personal loans, which were not classified as TDRs. For these modified loans, we provided short-term (12 months or less) interest rate reductions and payment deferrals, which were not part of the terms of the original contract. We expect borrowers whose loans have been modified under these short-term programs to continue to be able to meet their contractual obligations upon the conclusion of the short-term modification. Our experience indicates that a substantial majority of loan modifications during 2010 have been successful as approximately $2.2 billion are performing in accordance with the revised contractual terms.

Delinquencies

Additional information on delinquency rates at each of our major portfolios follows:

	December 31, 2010	December 31, 2009
CLL	2.1 %	3.1 %
Consumer	8.1	9.4
Real Estate	4.4	4.3

Delinquency rates on commercial loans and leases decreased from December 31, 2009 to December 31, 2010, as a result of improvements in the global economic and credit environment. We expect the global environment to show further signs of stabilization in 2011; however, the credit environment continues to be uncertain and may impact future levels of commercial delinquencies and provisions for losses on financing receivables.

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Delinquency rates on consumer financing receivables decreased from December 31, 2009 to December 31, 2010, primarily due to improved collections and lower delinquency entry rates in our U.S. markets. We expect the global environment, along with U.S. unemployment levels, to further show signs of stabilization in 2011; however, the uncertain economic environment may result in higher provisions for loan losses. At December 31, 2010, approximately 41% of our U.S. portfolio, which consisted of credit cards, installment and revolving loans, were receivable from subprime borrowers. We had no U.S. subprime residential mortgage loans at December 31, 2010. See Notes 6 and 23 to the consolidated financial statements in part II, Item 8. Financial Statements and Supplementary Data of this Form 10-K Report, for additional information.

Delinquency rates on Real Estate loans and leases increased from December 31, 2009 to December 31, 2010, primarily reflecting continued challenging real estate market fundamentals, including reduced occupancy rates and rentals and the effects of real estate market liquidity, which despite stabilization in certain markets, continues to remain limited in many others. Slow economic recovery could result in a continuation of elevated delinquency levels and provisions for losses on financing receivables.

Other GECS receivables totaled $14.3 billion at December 31, 2010, and $18.6 billion at December 31, 2009, and consisted primarily of amounts due from GE (primarily related to material procurement programs of $2.7 billion and $2.5 billion at December 31, 2010 and 2009, respectively), insurance receivables, nonfinancing customer receivables, amounts due under operating leases, amounts accrued from investment income and various sundry items. Amounts due from Qualified Special Purpose Entities (QSPEs) declined from $3.7 billion in 2009 to $0.1 billion in 2010 as a result of our adoption of ASU 2009-16 & 17.

Property, plant and equipment totaled $66.2 billion at December 31, 2010, down $2.8 billion from 2009, primarily reflecting a reduction in equipment leased to others and the deconsolidation of Regency by GECS. GE property, plant and equipment consisted of investments for its own productive use, whereas the largest element for GECS was equipment provided to third parties on operating leases. Details by category of investment are presented in Note 7 to the consolidated financial statements in Part II, Item 8. Financial Statements and Supplementary Data of this Form 10-K Report.

GE additions to property, plant and equipment totaled $2.4 billion in both 2010 and 2009, respectively. Total expenditures, excluding equipment leased to others, for the past five years were $13.5 billion, of which 40% was investment for growth through new capacity and product development; 25% was investment in productivity through new equipment and process improvements; and 35% was investment for other purposes such as improvement of research and development facilities and safety and environmental protection.

GECS additions to property, plant and equipment were $7.7 billion and $6.4 billion during 2010 and 2009, respectively, primarily reflecting acquisitions and additions of commercial aircraft at GECAS, offset by disposals of fleet vehicles at CLL.

Goodwill and other intangible assets totaled $64.5 billion and $10.0 billion, respectively, at December 31, 2010. Goodwill decreased $0.6 billion from 2009, primarily from the deconsolidation of Regency and the strengthening of the U.S. dollar, partially offset by the acquisition of Clarient, Inc. Other intangible assets decreased $1.8 billion from 2009, primarily from dispositions and amortization expense. See Note 8 to the consolidated financial statements in Part II, Item 8. Financial Statements and Supplementary Data of this Form 10-K Report.

All other assets comprise mainly real estate equity properties and investments, equity and cost method investments, contract costs and estimated earnings, derivative instruments and assets held for sale, and totaled $96.3 billion at December 31, 2010, a decrease of $6.9 billion, primarily related to declines in our real estate equity properties due to impairments, depreciation and the strengthening of the U.S. dollar. During 2010, we recognized other-than-temporary impairments of cost and equity method investments, excluding those related to real estate, of $0.1 billion.

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Included in other assets are Real Estate equity investments of $27.2 billion and $32.2 billion at December 31, 2010 and 2009, respectively. Our portfolio is diversified, both geographically and by asset type. We review the estimated values of our commercial real estate investments semi-annually. As of our most recent estimate performed in 2010, the carrying value of our Real Estate investments exceeded their estimated value by approximately $5.1 billion. The estimated value of the portfolio continues to reflect deterioration in real estate values and market fundamentals, including reduced market occupancy rates and market rents as well as the effects of limited real estate market liquidity. Given the current and expected challenging market conditions, there continues to be risk and uncertainty surrounding commercial real estate values. Declines in estimated value of real estate below carrying amount result in impairment losses when the aggregate undiscounted cash flow estimates used in the estimated value measurement are below the carrying amount. As such, estimated losses in the portfolio will not necessarily result in recognized impairment losses. During 2010, Real Estate recognized pre-tax impairments of $2.3 billion in its real estate held for investment, compared with $0.8 billion in 2009. Real Estate investments with undiscounted cash flows in excess of carrying value of 0% to 5% at December 31, 2010 had a carrying value of $1.8 billion and an associated unrealized loss of approximately $0.4 billion. Continued deterioration in economic conditions or prolonged market illiquidity may result in further impairments being recognized.

Contract costs and estimated earnings reflect revenues earned in excess of billings on our long-term contracts to construct technically complex equipment (such as power generation, aircraft engines and aeroderivative units) and long-term product maintenance or extended warranty arrangements. Our total contract costs and estimated earnings balances at December 31, 2010 and 2009, were $8.1 billion and $7.7 billion, respectively, reflecting the timing of billing in relation to work performed, as well as changes in estimates of future revenues and costs. Our total contract costs and estimated earnings balance at December 31, 2010, primarily related to customers in our Energy, Aviation and Transportation businesses. Further information is provided in the Critical Accounting Estimates section.

Liquidity and Borrowings

We maintain a strong focus on liquidity. At both GE and GECS we manage our liquidity to help ensure access to sufficient funding at acceptable costs to meet our business needs and financial obligations throughout business cycles.

Our liquidity and borrowing plans for GE and GECS are established within the context of our annual financial and strategic planning processes. At GE, our liquidity and funding plans take into account the liquidity necessary to fund our operating commitments, which include primarily purchase obligations for inventory and equipment, payroll and general expenses. We also take into account our capital allocation and growth objectives, including paying dividends, repurchasing shares, investing in research and development and acquiring industrial businesses. At GE, we rely primarily on cash generated through our operating activities and also have historically maintained a commercial paper program that we regularly use to fund operations in the U.S., principally within fiscal quarters.

GECS liquidity and funding plans are designed to meet GECS funding requirements under normal and stress scenarios, which include primarily extensions of credit, payroll, principal payments on outstanding borrowings, interest on borrowings, dividends to GE, and general obligations such as operating expenses, collateral deposits held or collateral posted to counterparties. GECS funding plan also has been developed in connection with our strategy to reduce our ending net investment in GE Capital. GECS relies on cash generated through collection of principal, interest and other payments on our existing portfolio of loans and leases, sales of assets, and unsecured and secured funding sources, including commercial paper, term debt, bank borrowings, securitization and other retail funding products.

Our 2011 GECS funding plan anticipates repayment of principal on outstanding short-term borrowings, including the current portion of our long-term debt ($118.8 billion at December 31, 2010), through issuance of commercial paper and long-term debt, cash on hand, collections of financing receivables exceeding originations, dispositions, asset sales, and deposits and alternative sources of funding. Interest on borrowings is primarily repaid through interest earned on existing financing receivables. During 2010, GECS earned interest income on financing receivables of $24.1 billion, which more than offset interest expense of $15.0 billion.

Both the GECS Board of Directors and the GE Audit Committee have approved a detailed liquidity policy for GECS which includes a requirement to maintain a contingency funding plan. The liquidity policy defines GECS liquidity risk tolerance under different scenarios based on its liquidity sources and also establishes procedures to escalate potential issues. We actively monitor GECS access to funding markets and liquidity profile through tracking external indicators and testing various stress scenarios. The contingency funding plan provides a framework for handling market disruptions and establishes escalation procedures in the event that such events or circumstances arise.

Actions taken to strengthen and maintain our liquidity are described in the following section.

Liquidity Sources

We maintain liquidity sources that consist of cash and equivalents and a portfolio of high-quality, liquid investments (Liquidity Portfolio) and committed unused credit lines.

We have cash and equivalents of $79.0 billion at December 31, 2010, which is available to meet our needs. A substantial portion of this is freely available. About $10 billion is in regulated entities and is subject to regulatory restrictions or is in restricted countries. About $18 billion is held outside the U.S. and is available to fund operations and other growth of non-U.S. subsidiaries; it is also available to fund our needs in the U.S. on a short-term basis without being subject to U.S. tax. We anticipate that we will continue to generate cash from operating activities in the future, which will be available to help meet our liquidity needs.

In addition to our $79 billion of cash and equivalents, we have a centrally-managed portfolio of high-quality, liquid investments with a fair value of $2.9 billion at December 31, 2010. The Liquidity Portfolio is used to manage liquidity and meet the operating needs of GECS under both normal and stress scenarios. The investments consist of unencumbered U.S. government securities, U.S. agency securities, securities guaranteed by the government, supranational securities, and a select group of non-U.S. government securities. We believe that we can readily obtain cash for these securities, even in stressed market conditions.

We have committed, unused credit lines totaling $51.8 billion that have been extended to us by 58 financial institutions at December 31, 2010. These lines include $35.6 billion of revolving credit agreements under which we can borrow funds for periods exceeding one year. Additionally, $16.2 billion are 364-day lines that contain a term-out feature that allows us to extend borrowings for one year from the date of expiration of the lending agreement. During 2010, we renewed all of the 364-day lines and we extended the term of $23 billion of multi-year lines by one year to 2013.

At December 31, 2010, our aggregate cash and equivalents and committed credit lines were more than twice GECS commercial paper borrowings balance.

Funding Plan

Our strategy has been to reduce our ending net investment in GE Capital. In 2010, we reduced our GE Capital ending net investment, excluding cash and equivalents, from $526 billion at January 1, 2010 to $477 billion at December 31, 2010.

In 2010, we completed issuances of $25 billion of senior, unsecured debt with maturities up to 17 years (and subsequent to December 31, 2010, an additional $11 billion). Average commercial paper borrowings for GECS and GE during the fourth quarter were $40.1 billion and $6.0 billion, respectively, and the maximum amount of commercial paper borrowings outstanding for GECS and GE during the fourth quarter was $42.4 billion and $7.2 billion, respectively. GECS commercial paper maturities are funded principally through new issuances and at GE are repaid by quarter-end using available cash.

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Under the Federal Deposit Insurance Corporation s (FDIC) Temporary Liquidity Guarantee Program (TLGP), the FDIC guaranteed certain senior, unsecured debt issued by GECC on or before October 31, 2009, for which we incurred $2.3 billion of fees for our participation. Our TLGP-guaranteed debt has remaining maturities of $18 billion in 2011 ($2.5 billion matured in January 2011) and $35 billion in 2012. We anticipate funding these and our other long-term debt maturities through a combination of existing cash, new debt issuances, collections exceeding originations, dispositions, asset sales, deposits and alternative sources of funding. GECC and GE are parties to an Eligible Entity Designation Agreement and GECC is subject to the terms of a Master Agreement, each entered into with the FDIC. The terms of these agreements include, among other things, a requirement that GE and GECC reimburse the FDIC for any amounts that the FDIC pays to holders of GECC debt that is guaranteed by the FDIC.

We securitize financial assets as an alternative source of funding. On January 1, 2010, we adopted ASU 2009-16 & 17, which resulted in the consolidation of $36.1 billion of non-recourse borrowings from all of our securitization QSPEs. During 2010, we completed $10.3 billion of non-recourse issuances and had maturities of $22.3 billion. At December 31, 2010, consolidated non-recourse borrowings were $30.1 billion. We anticipate that securitization will remain a part of our overall funding capabilities notwithstanding the changes in consolidation rules described in Notes 1 and 24 to the consolidated financial statements in Part II, Item 8. Financial Statements and Supplementary Data of this Form 10-K Report.

Our issuances of securities repurchase agreements are insignificant and are limited to activities at certain of our foreign banks. At December 31, 2010 and 2009, we were party to repurchase agreements totaling insignificant amounts, which were accounted for as on-book financings. We have had no repurchase agreements which were not accounted for as financings and we do not engage in securities lending transactions.

We have deposit-taking capability at 10 banks outside of the U.S. and two banks in the U.S. GE Money Bank, a Federal Savings Bank (FSB), and GE Capital Financial Inc., an industrial bank (IB). The FSB and IB currently issue certificates of deposit (CDs) distributed by brokers in maturity terms from three months to ten years.

Total alternative funding at December 31, 2010 was $60 billion, composed mainly of $37 billion bank deposits, $11 billion of funding secured by real estate, aircraft and other collateral and $9 billion GE Interest Plus notes. The comparable amount at December 31, 2009 was $57 billion.

Exchange rate and interest rate risks are managed with a variety of techniques, including match funding and selective use of derivatives. We use derivatives to mitigate or eliminate certain financial and market risks because we conduct business in diverse markets around the world and local funding is not always efficient. In addition, we use derivatives to adjust the debt we are issuing to match the fixed or floating nature of the assets we are originating. We apply strict policies to manage each of these risks, including prohibitions on speculative activities. Following is an analysis of the potential effects of changes in interest rates and currency exchange rates using so-called shock tests that model effects of shifts in rates. These are not forecasts.

It is our policy to minimize exposure to interest rate changes. We fund our financial investments using debt or a combination of debt and hedging instruments so that the interest rates of our borrowings match the expected interest rate profile on our assets. To test the effectiveness of our fixed rate positions, we assumed that, on January 1, 2011, interest rates increased by 100 basis points across the yield curve (a parallel shift in that curve) and further assumed that the increase remained in place for 2011. We estimated, based on the year-end 2010 portfolio and holding all other assumptions constant, that our 2011 consolidated earnings would decline by $0.1 billion as a result of this parallel shift in the yield curve.

It is our policy to minimize currency exposures and to conduct operations either within functional currencies or using the protection of hedge strategies. We analyzed year-end 2010 consolidated currency exposures, including derivatives designated and effective as hedges, to identify assets and liabilities denominated in other than their relevant functional currencies. For such assets and liabilities, we then evaluated the effects of a 10% shift in exchange rates between those currencies and the U.S. dollar, holding all other assumptions constant. This analysis indicated that there would be an insignificant effect on 2011 earnings of such a shift in exchange rates.

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Debt and Derivative Instruments, Guarantees and Covenants

Principal debt and derivative conditions are described below.

Certain of our derivative instruments can be terminated if specified credit ratings are not maintained and certain debt and derivatives agreements of other consolidated entities have provisions that are affected by these credit ratings. As of December 31, 2010, GE and GECC s long-term unsecured debt credit rating from Standard and Poor s Ratings Service (S&P) was AA+ with a stable outlook and from Moody s Investors Service (Moody s) was Aa2 with a stable outlook. As of December 31, 2010, GE, GECS and GECC s short-term credit rating from S&P was A-1+ and from Moody s was P-1 . We are disclosing these ratings to enhance understanding of our sources of liquidity and the effects of our ratings on our costs of funds. Although we currently do not expect a downgrade in the credit ratings, our ratings may be subject to revision or withdrawal at any time by the assigning rating organization, and each rating should be evaluated independently of any other rating.

Derivatives agreements:

Swap, forward and option contracts are executed under standard master agreements that typically contain mutual downgrade provisions that provide the ability of the counterparty to require termination if the long-term credit rating of the applicable GE entity were to fall below A-/A3. In certain of these master agreements, the counterparty also has the ability to require termination if the short-term rating of the applicable GE entity were to fall below A-1/P-1. The net derivative liability after consideration of netting arrangements, outstanding interest payments and collateral posted by us under these master agreements was estimated to be $1.0 billion at December 31, 2010. See Note 22 to the consolidated financial statements in Part II, Item 8. Financial Statements and Supplementary Data of this Form 10-K Report.

Other debt and derivative agreements of consolidated entities:

One group of consolidated entities holds investment securities funded by the issuance of GICs. If the long-term credit rating of GECC were to fall below AA-/Aa3 or its short-term credit rating were to fall below A-1+/P-1, GECC would be required to provide approximately $1.5 billion to such entities as of December 31, 2010, pursuant to letters of credit issued by GECC, as compared to $2.4 billion at December 31, 2009. Furthermore, to the extent that the entities liabilities exceed the ultimate value of the proceeds from the sale of its assets and the amount drawn under the letters of credit, GECC is required to provide such excess amount. As of December 31, 2010, the value of these entities liabilities was $5.7 billion and the fair value of its assets was $6.0 billion (which included unrealized losses on investment securities of $0.7 billion). With respect to these investment securities, we intend to hold them at least until such time as their individual fair values exceed their amortized cost and we have the ability to hold all such debt securities until maturity.

Another consolidated entity also issues GICs where proceeds are loaned to GECC. If the long-term credit rating of GECC were to fall below AA-/Aa3 or its short-term credit rating were to fall below A-1+/P-1, GECC could be required to provide up to approximately $2.3 billion as of December 31, 2010, to repay holders of GICs, compared to $3.0 billion at December 31, 2009. These obligations are included in long-term borrowings in our Statement of Financial Position in the consolidated financial statements in Part II, Item 8. Financial Statements and Supplementary Data of this Form 10-K Report.

If the short-term credit rating of GECC were reduced below A-1/P-1, GECC would be required to partially cash collateralize certain covered bonds. The maximum amount that would be required to be provided in the event of such a downgrade is determined by contract and amounted to $0.8 billion at both December 31, 2010 and 2009. These obligations are included in long-term borrowings in our Statement of Financial Position in the consolidated financial statements in Part II, Item 8. Financial Statements and Supplementary Data of this Form 10-K Report.

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Ratio of Earnings to Fixed Charges, Income Maintenance Agreement and Subordinated Debentures

On March 28, 1991, GE entered into an agreement with GECC to make payments to GECC, constituting additions to pre-tax income under the agreement, to the extent necessary to cause the ratio of earnings to fixed charges of GECC and consolidated affiliates (determined on a consolidated basis) to be not less than 1.10:1 for the period, as a single aggregation, of each GECC fiscal year commencing with fiscal year 1991. GECC s ratio of earnings to fixed charges increased to 1.13:1 during 2010 due to higher pre-tax earnings at GECC, which were primarily driven by higher margins and lower provisions for losses on financing receivables.

On October 29, 2009, GE and GECC amended this agreement to extend the notice period for termination from three years to five years. It was further amended to provide that any future amendments to the agreement that could adversely affect GECC require the consent of the majority of the holders of the aggregate outstanding principal amount of senior unsecured debt securities issued or guaranteed by GECC (with an original stated maturity in excess of 270 days), unless the amendment does not trigger a downgrade of GECC s long-term ratings. No payment is required in 2011 pursuant to this agreement.

GE made a $9.5 billion payment to GECS in the first quarter of 2009 (of which $8.8 billion was further contributed to GECC through capital contribution and share issuance) to improve tangible capital and reduce leverage. This payment constitutes an addition to pre-tax income under the agreement and therefore increased the ratio of earnings to fixed charges of GECC for the fiscal year 2009 for purposes of the agreement to 1.33:1. As a result, no further payments under the agreement in 2010 were required related to 2009.

Any payment made under the Income Maintenance Agreement will not affect the ratio of earnings to fixed charges as determined in accordance with current SEC rules because it does not constitute an addition to pre-tax income under current U.S. GAAP.

In addition, in connection with certain subordinated debentures for which GECC receives equity credit by rating agencies, GE has agreed to promptly return dividends, distributions or other payments it receives from GECC during events of default or interest deferral periods under such subordinated debentures. There were $7.3 billion of such debentures outstanding at December 31, 2010. See Note 10 to the consolidated financial statements in Part II, Item 8. Financial Statements and Supplementary Data of this Form 10-K Report.

Consolidated Statement of Changes in Shareowners Equity

GE shareowners equity increased by $1.6 billion in 2010, compared with an increase of $12.6 billion in 2009 and a decrease of $10.9 billion in 2008.

Net earnings increased GE shareowners equity by $11.6 billion, $11.0 billion and $17.4 billion, partially offset by dividends declared of $5.2 billion, $6.8 billion and $12.6 billion in 2010, 2009 and 2008, respectively.

Elements of Other Comprehensive Income decreased shareowners equity by $2.3 billion in 2010, compared with an increase of $6.6 billion in 2009 and a decrease of $30.2 billion in 2008, inclusive of changes in accounting principles. The components of these changes are as follows:

Changes in benefit plans increased shareowners equity by $1.1 billion in 2010, primarily reflecting prior service cost and net actuarial loss amortization and increases in the fair value of plans assets, partially offset by a decrease in the discount rate used to value pension and postretirement benefit obligations. This compared with decreases of $1.8 billion and $13.3 billion in 2009 and 2008, respectively. The decrease in 2009 primarily related to a decrease in the discount rate used to value pension and postretirement benefit obligations. The decrease in 2008 primarily related to declines in the fair value of plan assets as a result of market conditions and adverse changes in the economic environment. Further information about changes in benefit plans is provided in Note 12 to the consolidated financial statements in Part II, Item 8. Financial Statements and Supplementary Data of this Form 10-K Report.

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Currency translation adjustments decreased shareowners equity by $3.9 billion in 2010, increased equity by $4.1 billion in 2009 and decreased equity by $11.0 billion in 2008. Changes in currency translation adjustments reflect the effects of changes in currency exchange rates on our net investment in non-U.S. subsidiaries that have functional currencies other than the U.S. dollar. At the end of 2010, the U.S. dollar was stronger against most major currencies, including the pound sterling and the euro and weaker against the Australian dollar, compared with a weaker dollar against those currencies at the end of 2009 and a stronger dollar against those currencies at the end of 2008. The dollar was weaker against the Japanese yen in 2008.

The change in fair value of investment securities increased shareowners equity by an insignificant amount in 2010, reflecting improved market conditions related to U.S. corporate securities and lower market interest rates and adjustments to reflect the effect of the unrealized gains on insurance-related assets and equity. The change in fair value of investment securities increased shareowners equity by $2.7 billion and decreased shareowner s equity by $3.2 billion in 2009 and 2008, respectively. Further information about investment securities is provided in Note 3 to the consolidated financial statements in Part II, Item 8. Financial Statements and Supplementary Data of this Form 10-K Report.

Changes in the fair value of derivatives designated as cash flow hedges increased shareowners equity by $0.5 billion in 2010, primarily related to the effective portion of the change in fair value of designated interest rate and cross currency hedges and other comprehensive income (OCI) released to earnings to match the underlying forecasted cash flows. The change in the fair value of derivatives designated as cash flow hedges increased equity by $1.6 billion and decreased equity by $2.7 billion in 2009 and 2008, respectively. Further information about the fair value of derivatives is provided in Note 22 to the consolidated financial statements in Part II, Item 8. Financial Statements and Supplementary Data of this Form 10-K Report.

We took a number of actions in 2008 and 2009 to strengthen our liquidity. Such actions also had an effect on shareowners equity, which included a $15 billion addition to equity through common and preferred stock offerings in the fourth quarter of 2008.

Statement of Cash Flows Overview from 2008 through 2010

Consolidated cash and equivalents were $79.0 billion at December 31, 2010, an increase of $8.5 billion from December 31, 2009. Cash and equivalents totaled $70.5 billion at December 31, 2009, an increase of $22.4 billion from December 31, 2008.

We evaluate our cash flow performance by reviewing our industrial (non-financial services) businesses and financial services businesses separately. Cash from operating activities (CFOA) is the principal source of cash generation for our industrial businesses. The industrial businesses also have liquidity available via the public capital markets. Our financial services businesses use a variety of financial resources to meet our capital needs. Cash for financial services businesses is primarily provided from the issuance of term debt and commercial paper in the public and private markets, as well as financing receivables collections, sales and securitizations.

GE Cash Flow

GE cash and equivalents were $19.2 billion at December 31, 2010, compared with $8.7 billion at December 31, 2009. GE CFOA totaled $14.7 billion in 2010 compared with $16.4 billion and $19.1 billion in 2009 and 2008, respectively. With respect to GE CFOA, we believe that it is useful to supplement our GE Statement of Cash Flows and to examine in a broader context the business activities that provide and require cash.

December 31 (In billions)	2010	2009	2008
Operating cash collections(a)	$ 98.2	$ 104.1	$ 115.5
Operating cash payments	(83.5)	(87.7)	(98.8)
Cash dividends from GECS			2.4
GE cash from operating activities (GE CFOA)(a)	$ 14.7	$ 16.4	$ 19.1

(a) GE sells customer receivables to GECS in part to fund the growth of our industrial businesses. These transactions can result in cash generation or cash use. During any given period, GE receives cash from the sale of receivables to GECS. It also foregoes collection of cash on receivables sold. The incremental amount of cash received from sale of receivables in excess of the cash GE would have otherwise collected had those receivables not been sold, represents the cash generated or used in the period relating to this activity. The incremental cash generated in GE CFOA from selling these receivables to GECS increased GE CFOA by $0.3 billion and an insignificant amount in 2010 and 2009, respectively. See Note 27 to the consolidated financial statements in Part II, Item 8. Financial Statements and Supplementary Data of this Form 10-K Report for additional information about the elimination of intercompany transactions between GE and GECS.

The most significant source of cash in GE CFOA is customer-related activities, the largest of which is collecting cash following a product or services sale. GE operating cash collections decreased by $5.9 billion in 2010 and decreased by $11.4 billion in 2009. These changes are consistent with the changes in comparable GE operating segment revenues. Analyses of operating segment revenues discussed in the preceding Segment Operations section are the best way of understanding their customer-related CFOA.

The most significant operating use of cash is to pay our suppliers, employees, tax authorities and others for a wide range of material and services. GE operating cash payments decreased in 2010 and 2009 by $4.2 billion and $11.1 billion, respectively. These changes are consistent with the changes in GE total costs and expenses.

GE CFOA decreased $1.7 billion compared with 2009, primarily reflecting a decrease in progress collections compared to 2009. In 2009, GE CFOA decreased $2.7 billion compared with 2008, primarily reflecting the lack of a dividend from GECS ($2.4 billion).

Dividends from GECS represented the distribution of a portion of GECS retained earnings and are distinct from cash from continuing operating activities within the financial services businesses. The amounts included in GE CFOA are the total dividends, including normal dividends as well as any special dividends from excess capital, primarily resulting from GECS business sales. Beginning in the first quarter of 2009, GECS suspended its normal dividend to GE. There were no special dividends received from GECS in 2010, 2009 or 2008.

GECS Cash Flow

GECS cash and equivalents were $60.3 billion at December 31, 2010, compared with $62.6 billion at December 31, 2009. GECS cash from operating activities totaled $21.2 billion in 2010, compared with $7.4 billion in 2009. This was primarily due to decreases, compared to the prior year, in net cash collateral held from counterparties on derivative contracts of $6.9 billion, in cash used for other liabilities of $1.5 billion, higher current-year earnings, and lower gains and higher impairments at Real Estate of $2.9 billion.

Consistent with our plan to reduce GECS asset levels, cash from investing activities was $36.4 billion in 2010. Primary sources were $26.3 billion resulting from a reduction in financing receivables, primarily from collections exceeding originations, a $1.8 billion reduction in investment securities, and $1.6 billion of recoveries of financing receivables previously written off. Additionally, we received proceeds of $2.5 billion from sales of discontinued operations, primarily BAC, and $1.2 billion resulted from proceeds from business dispositions, including the consumer businesses in Hong Kong and Indonesia. These sources were partially offset by cash used for acquisitions of $0.6 billion for the acquisition of certain financing businesses of the Royal Bank of Scotland.

GECS cash used for financing activities in 2010 reflected our continued reduction in ending net investment. Cash used for financing activities of $59.6 billion related primarily to a $60.3 billion reduction in borrowings consisting primarily of reductions in long-term borrowings (which includes reductions related to borrowings consolidated upon the adoption of ASU 2009-16 & 17) and commercial paper, partially offset by a $4.6 billion increase in bank deposits.

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GECS pays dividends to GE through a distribution of its retained earnings, including special dividends from proceeds of certain business sales. Beginning in the first quarter of 2009, GECS suspended its normal dividend to GE. Dividends paid to GE in 2008 were $2.4 billion. There were no special dividends paid to GE in 2010, 2009 or 2008.

Intercompany Eliminations

Effects of transactions between related companies are eliminated and consist primarily of GECS dividends to GE or capital contributions from GE to GECS; GE customer receivables sold to GECS; GECS services for trade receivables management and material procurement; buildings and equipment (including automobiles) leased between GE and GECS; information technology (IT) and other services sold to GECS by GE; aircraft engines manufactured by GE that are installed on aircraft purchased by GECS from third-party producers for lease to others; and various investments, loans and allocations of GE corporate overhead costs. For further information related to intercompany eliminations see Note 27 to the consolidated financial statements in Part II, Item 8. Financial Statements and Supplementary Data of this Form 10-K Report.

Contractual Obligations

As defined by reporting regulations, our contractual obligations for future payments as of December 31, 2010, follow.

		Payments due by period			
(In billions)	**Total**	**2011**	**2012-2013**	**2014-2015**	**2016 and thereafter**
Borrowings and bank deposits (Note 10)	$ 478.6	$ 153.9	$ 146.1	$ 56.9	$ 121.7
Interest on borrowings and bank deposits	113.7	13.2	18.5	12.1	69.9
Operating lease obligations (Note 19)	4.8	1.1	1.6	0.9	1.2
Purchase obligations(a)(b)	54.7	34.0	13.2	5.9	1.6
Insurance liabilities (Note 11)(c)	24.8	2.8	3.8	3.3	14.9
Other liabilities(d)	65.2	24.8	11.6	6.3	22.5
Contractual obligations of discontinued operations(e)	2.1	2.1			

(a) Included all take-or-pay arrangements, capital expenditures, contractual commitments to purchase equipment that will be leased to others, contractual commitments related to factoring agreements, software acquisition/license commitments, contractual minimum programming commitments and any contractually required cash payments for acquisitions.

(b) Excluded funding commitments entered into in the ordinary course of business by our financial services businesses. Further information on these commitments and other guarantees is provided in Note 25 to the consolidated financial statements in Part II, Item 8. Financial Statements and Supplementary Data of this Form 10-K Report.

(c) Included contracts with reasonably determinable cash flows such as structured settlements, certain property and casualty contracts, and guaranteed investment contracts.

(d) Included an estimate of future expected funding requirements related to our pension and postretirement benefit plans and included liabilities for unrecognized tax benefits. Because their future cash outflows are uncertain, the following non-current liabilities are excluded from the table above: deferred taxes, derivatives, deferred revenue and other sundry items. For further information on certain of these items, see Notes 14 and 22 to the consolidated financial statements in Part II, Item 8. Financial Statements and Supplementary Data of this Form 10-K Report.

(e) Included payments for other liabilities.

Variable Interest Entities

We securitize financial assets and arrange other forms of asset-backed financing in the ordinary course of business to improve shareowner returns and as an alternative source of funding. The securitization transactions we engage in are similar to those used by many financial institutions.

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The assets we securitize include: receivables secured by equipment, commercial real estate, credit card receivables, floorplan inventory receivables, GE trade receivables and other assets originated and underwritten by us in the ordinary course of business. The securitizations are funded with asset-backed commercial paper and term debt. Our securitization activities prior to January 1, 2010 used QSPEs and were therefore not required to be consolidated.

On January 1, 2010, we adopted ASU 2009-16 & 17. ASU 2009-16 eliminated the QSPE concept, and ASU 2009-17 required that all such entities be evaluated for consolidation as Variable Interest Entities (VIEs). Adoption of these amendments resulted in the consolidation of all of our sponsored QSPEs. In addition, we consolidated assets of VIEs related to direct investments in entities that hold loans and fixed income securities, a media joint venture and a small number of companies to which we have extended loans in the ordinary course of business and subsequently were subject to a TDR.

Substantially all of our securitization VIEs are consolidated because we are considered to be the primary beneficiary of the entity. Our interests in other VIEs for which we are not the primary beneficiary and QSPEs are accounted for as investment securities, financing receivables or equity method investments depending on the nature of our involvement.

We consolidated the assets and liabilities of these entities at amounts at which they would have been reported in our financial statements had we always consolidated them. We also deconsolidated certain entities where we did not meet the definition of the primary beneficiary under the revised guidance; however the effect was insignificant at January 1, 2010. The incremental effect on total assets and liabilities, net of our retained interests, was an increase of $31.1 billion and $33.0 billion respectively, at January 1, 2010. The net reduction of total equity (including noncontrolling interests) was $1.9 billion at January 1, 2010, principally related to the reversal of previously recognized securitization gains as a cumulative effect adjustment to retained earnings.

At December 31, 2010, consolidated variable interest entity assets and liabilities were $50.7 billion and $38.3 billion, respectively, an increase of $33.7 billion and $23.1 billion from 2009, respectively. Assets held by these entities are of equivalent credit quality to our on-book assets. We monitor the underlying credit quality in accordance with our role as servicer and apply rigorous controls to the execution of securitization transactions. With the exception of credit and liquidity support discussed below, investors in these entities have recourse only to the underlying assets.

At December 31, 2009, prior to the effective date of ASU 2009-16 & 17, our Statement of Financial Position included $11.8 billion in retained interests in these entities related to the transferred financial assets discussed above. These retained interests took two forms: (1) sellers interests, which were classified as financing receivables, and (2) subordinated interests, designed to provide credit enhancement to senior interests, which were classified as investment securities. The carrying value of our retained interests classified as financing receivables was $3.0 billion at December 31, 2009. The carrying value of our retained interests classified as investment securities was $8.8 billion at December 31, 2009.

At December 31, 2010, investments in unconsolidated VIEs, including our noncontrolling interest in PTL and investments in real estate entities, were $12.6 billion, an increase of $2.9 billion from 2009, primarily related to $1.7 billion of investments in entities whose status as a VIE changed upon adoption of ASU 2009-17 and $1.2 billion of additional investment in pre-existing unconsolidated VIEs. In addition to our existing investments, we have contractual obligations to fund additional investments in the unconsolidated VIEs of $2.0 billion, an increase of $0.6 billion from 2009.

We are party to various credit enhancement positions with securitization entities, including liquidity and credit support agreements and guarantee and reimbursement contracts, and have provided our best estimate of the fair value of estimated losses on such positions. The estimate of fair value is based on prevailing market conditions at December 31, 2010. Should market conditions deteriorate, actual losses could be higher. Our exposure to loss under such agreements was limited to $0.9 billion at December 31, 2010.

We do not have implicit support arrangements with any VIE or QSPE. We did not provide non-contractual support for previously transferred financing receivables to any VIE or QSPE in either 2010 or 2009.

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Critical Accounting Estimates

Accounting estimates and assumptions discussed in this section are those that we consider to be the most critical to an understanding of our financial statements because they involve significant judgments and uncertainties. Many of these estimates include determining fair value. All of these estimates reflect our best judgment about current, and for some estimates future, economic and market conditions and their effects based on information available as of the date of these financial statements. If these conditions change from those expected, it is reasonably possible that the judgments and estimates described below could change, which may result in future impairments of investment securities, goodwill, intangibles and long-lived assets, incremental losses on financing receivables, increases in reserves for contingencies, establishment of valuation allowances on deferred tax assets and increased tax liabilities, among other effects. Also see Note 1, Summary of Significant Accounting Policies, to the consolidated financial statements in Part II, Item 8. Financial Statements and Supplementary Data of this Form 10-K Report, which discusses the significant accounting policies that we have selected from acceptable alternatives.

Losses on financing receivables are recognized when they are incurred, which requires us to make our best estimate of probable losses inherent in the portfolio. The method for calculating the best estimate of losses depends on the size, type and risk characteristics of the related financing receivable. Such an estimate requires consideration of historical loss experience, adjusted for current conditions, and judgments about the probable effects of relevant observable data, including present economic conditions such as delinquency rates, financial health of specific customers and market sectors, collateral values (including housing price indices as applicable), and the present and expected future levels of interest rates. The underlying assumptions, estimates and assessments we use to provide for losses are updated periodically to reflect our view of current conditions. Changes in such estimates can significantly affect the allowance and provision for losses. It is possible that we will experience credit losses that are different from our current estimates. Write-offs in both our consumer and commercial portfolios can also reflect both losses that are incurred subsequent to the beginning of a fiscal year and information becoming available during that fiscal year which may identify further deterioration on exposures existing prior to the beginning of that fiscal year, and for which reserves could not have been previously recognized. Our risk management process includes standards and policies for reviewing major risk exposures and concentrations, and evaluates relevant data either for individual loans or financing leases, or on a portfolio basis, as appropriate.

Further information is provided in the Global Risk Management section and Financial Resources and Liquidity Financing Receivables section of this Item, the Asset impairment section that follows and in Notes 1, 6 and 23 to the consolidated financial statements in Part II, Item 8. Financial Statements and Supplementary Data of this Form 10-K Report.

Revenue recognition on long-term product services agreements requires estimates of profits over the multiple-year terms of such agreements, considering factors such as the frequency and extent of future monitoring, maintenance and overhaul events; the amount of personnel, spare parts and other resources required to perform the services; and future billing rate and cost changes. We routinely review estimates under product services agreements and regularly revise them to adjust for changes in outlook. We also regularly assess customer credit risk inherent in the carrying amounts of receivables and contract costs and estimated earnings, including the risk that contractual penalties may not be sufficient to offset our accumulated investment in the event of customer termination. We gain insight into future utilization and cost trends, as well as credit risk, through our knowledge of the installed base of equipment and the close interaction with our customers that comes with supplying critical services and parts over extended periods. Revisions that affect a product services agreement s total estimated profitability result in an adjustment of earnings; such adjustments decreased earnings by $0.2 billion in 2010, increased earnings by $0.2 billion in 2009 and decreased earnings by $0.2 billion in 2008. We provide for probable losses when they become evident.

Further information is provided in Notes 1 and 9 to the consolidated financial statements in Part II, Item 8. Financial Statements and Supplementary Data of this Form 10-K Report.

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Asset impairment assessment involves various estimates and assumptions as follows:

Investments. We regularly review investment securities for impairment using both quantitative and qualitative criteria. Effective April 1, 2009, the FASB amended ASC 320 and modified the requirements for recognizing and measuring other-than-temporary impairment for debt securities. If we do not intend to sell the security and it is not more likely than not that we will be required to sell the security before recovery of our amortized cost, we evaluate other qualitative criteria to determine whether a credit loss exists, such as the financial health of and specific prospects for the issuer, including whether the issuer is in compliance with the terms and covenants of the security. Quantitative criteria include determining whether there has been an adverse change in expected future cash flows. For equity securities, our criteria include the length of time and magnitude of the amount that each security is in an unrealized loss position. Our other-than-temporary impairment reviews involve our finance, risk and asset management functions as well as the portfolio management and research capabilities of our internal and third-party asset managers. See Note 1 to the consolidated financial statements in Part II, Item 8. Financial Statements and Supplementary Data of this Form 10-K Report, which discusses the determination of fair value of investment securities.

Further information about actual and potential impairment losses is provided in the Financial Resources and Liquidity Investment Securities section of this Item and in Notes 1, 3 and 9 to the consolidated financial statements in Part II, Item 8. Financial Statements and Supplementary Data of this Form 10-K Report.

Long-Lived Assets. We review long-lived assets for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Determining whether an impairment has occurred typically requires various estimates and assumptions, including determining which undiscounted cash flows are directly related to the potentially impaired asset, the useful life over which cash flows will occur, their amount, and the asset s residual value, if any. In turn, measurement of an impairment loss requires a determination of fair value, which is based on the best information available. We derive the required undiscounted cash flow estimates from our historical experience and our internal business plans. To determine fair value, we use quoted market prices when available, our internal cash flow estimates discounted at an appropriate interest rate and independent appraisals, as appropriate.

Our operating lease portfolio of commercial aircraft is a significant concentration of assets in GE Capital, and is particularly subject to market fluctuations. Therefore, we test recoverability of each aircraft in our operating lease portfolio at least annually. Additionally, we perform quarterly evaluations in circumstances such as when aircraft are re-leased, current lease terms have changed or a specific lessee s credit standing changes. We consider market conditions, such as global demand for commercial aircraft. Estimates of future rentals and residual values are based on historical experience and information received routinely from independent appraisers. Estimated cash flows from future leases are reduced for expected downtime between leases and for estimated technical costs required to prepare aircraft to be redeployed. Fair value used to measure impairment is based on management s best estimate. In determining its best estimate, management evaluates average current market values (obtained from third parties) of similar type and age aircraft, which are adjusted for the attributes of the specific aircraft under lease.

We recognized impairment losses on our operating lease portfolio of commercial aircraft of $0.4 billion and $0.1 billion in 2010 and 2009, respectively. Provisions for losses on financing receivables related to commercial aircraft were insignificant and $0.1 billion in 2010 and 2009, respectively.

Further information on impairment losses and our exposure to the commercial aviation industry is provided in the Operations Overview section of this Item and in Notes 7 and 25 to the consolidated financial statements in Part II, Item 8. Financial Statements and Supplementary Data of this Form 10-K Report.

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Real Estate. We review the estimated value of our commercial real estate investments semi-annually. The cash flow estimates used for both estimating value and the recoverability analysis are inherently judgmental, and reflect current and projected lease profiles, available industry information about expected trends in rental, occupancy and capitalization rates and expected business plans, which include our estimated holding period for the asset. Our portfolio is diversified, both geographically and by asset type. However, the global real estate market is subject to periodic cycles that can cause significant fluctuations in market values. As of our most recent estimate performed in 2010, the carrying value of our Real Estate investments exceeded their estimated value by about $5.1 billion. The estimated value of the portfolio continues to reflect deterioration in real estate values and market fundamentals, including reduced market occupancy rates and market rents as well as the effects of limited real estate market liquidity. Given the current and expected challenging market conditions, there continues to be risk and uncertainty surrounding commercial real estate values. Declines in the estimated value of real estate below carrying amount result in impairment losses when the aggregate undiscounted cash flow estimates used in the estimated value measurement are below the carrying amount. As such, estimated losses in the portfolio will not necessarily result in recognized impairment losses. When we recognize an impairment, the impairment is measured using the estimated fair value of the underlying asset, which is based upon cash flow estimates that reflect current and projected lease profiles and available industry information about capitalization rates and expected trends in rents and occupancy and is corroborated by external appraisals. During 2010, Real Estate recognized pre-tax impairments of $2.3 billion in its real estate held for investment, as compared to $0.8 billion in 2009. Continued deterioration in economic conditions or prolonged market illiquidity may result in further impairments being recognized. Furthermore, significant judgment and uncertainty related to forecasted valuation trends, especially in illiquid markets, results in inherent imprecision in real estate value estimates. Further information is provided in the Global Risk Management and the All other assets section of this Item and in Note 9 to the consolidated financial statements in Part II, Item 8. Financial Statements and Supplementary Data of this Form 10-K Report.

Goodwill and Other Identified Intangible Assets. We test goodwill for impairment annually and more frequently if circumstances warrant. We determine fair values for each of the reporting units using an income approach. When available and appropriate, we use comparative market multiples to corroborate discounted cash flow results. For purposes of the income approach, fair value is determined based on the present value of estimated future cash flows, discounted at an appropriate risk-adjusted rate. We use our internal forecasts to estimate future cash flows and include an estimate of long-term future growth rates based on our most recent views of the long-term outlook for each business. Actual results may differ from those assumed in our forecasts. We derive our discount rates using a capital asset pricing model and analyzing published rates for industries relevant to our reporting units to estimate the cost of equity financing. We use discount rates that are commensurate with the risks and uncertainty inherent in the respective businesses and in our internally developed forecasts. Discount rates used in our reporting unit valuations ranged from 9% to 14.5%. Valuations using the market approach reflect prices and other relevant observable information generated by market transactions involving comparable businesses.

Compared to the market approach, the income approach more closely aligns each reporting unit valuation to our business profile, including geographic markets served and product offerings. Required rates of return, along with uncertainty inherent in the forecasts of future cash flows, are reflected in the selection of the discount rate. Equally important, under this approach, reasonably likely scenarios and associated sensitivities can be developed for alternative future states that may not be reflected in an observable market price. A market approach allows for comparison to actual market transactions and multiples. It can be somewhat more limited in its application because the population of potential comparables is often limited to publicly-traded companies where the characteristics of the comparative business and ours can be significantly different, market data is usually not available for divisions within larger conglomerates or non-public subsidiaries that could otherwise qualify as comparable, and the specific circumstances surrounding a market transaction (e.g., synergies between the parties, terms and conditions of the transaction, etc.) may be different or irrelevant with respect to our business. It can also be difficult, under certain market conditions, to identify orderly transactions between market participants in similar businesses. We assess the valuation methodology based upon the relevance and availability of the data at the time we perform the valuation and weight the methodologies appropriately.

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We performed our annual impairment test of goodwill for all of our reporting units in the third quarter using data as of July 1, 2010. The impairment test consists of two steps: in step one, the carrying value of the reporting unit is compared with its fair value; in step two, which is applied when the carrying value is more than its fair value, the amount of goodwill impairment, if any, is derived by deducting the fair value of the reporting unit s assets and liabilities from the fair value of its equity, and comparing that amount with the carrying amount of goodwill. In performing the valuations, we used cash flows that reflected management s forecasts and discount rates that included risk adjustments consistent with the current market conditions. Based on the results of our step one testing, the fair values of each of the GE Industrial reporting units and the CLL, Consumer, Energy Financial Services and GECAS reporting units exceeded their carrying values; therefore, the second step of the impairment test was not required to be performed and no goodwill impairment was recognized.

Our Real Estate reporting unit had a goodwill balance of $1.1 billion at December 31, 2010. As of July 1, 2010, the carrying amount exceeded the estimated fair value of our Real Estate reporting unit by approximately $3.2 billion. The estimated fair value of the Real Estate reporting unit is based on a number of assumptions about future business performance and investment, including loss estimates for the existing finance receivable and investment portfolio, new debt origination volume and margins, and anticipated stabilization of the real estate market allowing for sales of real estate investments at normalized margins. Our assumed discount rate was 12% and was derived by applying a capital asset pricing model and corroborated using equity analyst research reports and implied cost of equity based on forecasted price to earnings per share multiples for similar companies. Given the volatility and uncertainty in the current commercial real estate environment, there is uncertainty about a number of assumptions upon which the estimated fair value is based. Different loss estimates for the existing portfolio, changes in the new debt origination volume and margin assumptions, changes in the expected pace of the commercial real estate market recovery, or changes in the equity return expectation of market participants may result in changes in the estimated fair value of the Real Estate reporting unit.

Based on the results of the step one testing, we performed the second step of the impairment test described above. Based on the results of the second step analysis for the Real Estate reporting unit, the estimated implied fair value of goodwill exceeded the carrying value of goodwill by approximately $3.5 billion. Accordingly, no goodwill impairment was required. In the second step, unrealized losses in an entity s assets have the effect of increasing the estimated implied fair value of goodwill. The results of the second step analysis were attributable to several factors. The primary driver was the excess of the carrying value over the estimated fair value of our Real Estate Equity Investments, which approximated $6.3 billion at that time. Further information about the Real Estate investment portfolio is provided in the Financial Resources and Liquidity Statement of Financial Position All other assets of this Item. Other drivers for the favorable outcome include the unrealized losses in the Real Estate finance receivable portfolio and the fair value premium on the Real Estate reporting unit allocated debt. The results of the second step analysis are highly sensitive to these measurements, as well as the key assumptions used in determining the estimated fair value of the Real Estate reporting unit.

Estimating the fair value of reporting units requires the use of estimates and significant judgments that are based on a number of factors including actual operating results. If current conditions persist longer or deteriorate further than expected, it is reasonably possible that the judgments and estimates described above could change in future periods.

We review identified intangible assets with defined useful lives and subject to amortization for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Determining whether an impairment loss occurred requires comparing the carrying amount to the sum of undiscounted cash flows expected to be generated by the asset. We test intangible assets with indefinite lives annually for impairment using a fair value method such as discounted cash flows. For our insurance activities remaining in continuing operations, we periodically test for impairment our deferred acquisition costs and present value of future profits.

Further information is provided in the Financial Resources and Liquidity Goodwill and Other Intangible Assets section of this Item and in Notes 1 and 8 to the consolidated financial statements in Part II, Item 8. Financial Statements and Supplementary Data of this Form 10-K Report.

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Pension assumptions are significant inputs to the actuarial models that measure pension benefit obligations and related effects on operations. Two assumptions discount rate and expected return on assets are important elements of plan expense and asset/liability measurement. We evaluate these critical assumptions at least annually on a plan and country-specific basis. We periodically evaluate other assumptions involving demographic factors, such as retirement age, mortality and turnover, and update them to reflect our experience and expectations for the future. Actual results in any given year will often differ from actuarial assumptions because of economic and other factors.

Accumulated and projected benefit obligations are measured as the present value of future cash payments. We discount those cash payments using the weighted average of market-observed yields for high quality fixed income securities with maturities that correspond to the payment of benefits. Lower discount rates increase present values and subsequent-year pension expense; higher discount rates decrease present values and subsequent-year pension expense.

Our discount rates for principal pension plans at December 31, 2010, 2009 and 2008 were 5.28%, 5.78% and 6.11%, respectively, reflecting market interest rates.

To determine the expected long-term rate of return on pension plan assets, we consider current and expected asset allocations, as well as historical and expected returns on various categories of plan assets. In developing future return expectations for our principal benefit plans assets, we evaluate general market trends as well as key elements of asset class returns such as expected earnings growth, yields and spreads. Assets in our principal pension plans earned 13.5% in 2010, and had average annual earnings of 4.1%, 7.9% and 9.5% per year in the 10-, 15- and 25-year periods ended December 31, 2010, respectively. These average historical returns were significantly affected by investment losses in 2008. Based on our analysis of future expectations of asset performance, past return results, and our current and expected asset allocations, we have assumed an 8.0% long-term expected return on those assets for cost recognition in 2011. This is a reduction from the 8.5% we had assumed in 2010, 2009 and 2008.

Changes in key assumptions for our principal pension plans would have the following effects.

- Discount rate A 25 basis point increase in discount rate would decrease pension cost in the following year by $0.2 billion and would decrease the pension benefit obligation at year-end by about $1.5 billion.

- Expected return on assets A 50 basis point decrease in the expected return on assets would increase pension cost in the following year by $0.2 billion.

Further information on our pension plans is provided in the Operations Overview section of this Item and in Note 12 to the consolidated financial statements in Part II, Item 8. Financial Statements and Supplementary Data of this Form 10-K Report.

Income Taxes. Our annual tax rate is based on our income, statutory tax rates and tax planning opportunities available to us in the various jurisdictions in which we operate. Tax laws are complex and subject to different interpretations by the taxpayer and respective governmental taxing authorities. Significant judgment is required in determining our tax expense and in evaluating our tax positions, including evaluating uncertainties. We review our tax positions quarterly and adjust the balances as new information becomes available. Our income tax rate is significantly affected by the tax rate on our global operations. In addition to local country tax laws and regulations, this rate depends on the extent earnings are indefinitely reinvested outside the United States. Indefinite reinvestment is determined by management s judgment about and intentions concerning the future operations of the company. At December 31, 2010, $94 billion of earnings have been indefinitely reinvested outside the United States. Most of these earnings have been reinvested in active non-U.S. business operations, and we do not intend to repatriate these earnings to fund U.S. operations. Because of the availability of U.S. foreign tax credits, it is not practicable to determine the U.S. federal income tax liability that would be payable if such earnings were not reinvested indefinitely. Deferred income tax assets represent amounts available to reduce income taxes payable on taxable income in future years. Such assets arise because of temporary differences between the financial reporting and tax bases of assets and liabilities, as well as from net operating loss and tax credit carryforwards. We evaluate the recoverability of these future tax deductions and credits by assessing the adequacy of future expected taxable income from all sources, including reversal of taxable temporary differences, forecasted operating earnings and available tax planning strategies. These sources of income rely heavily on estimates. We use our historical experience and our short and long-range business forecasts to provide insight. Further, our global and diversified business portfolio gives us the opportunity to employ various prudent and feasible tax planning strategies to facilitate the recoverability of future deductions. Amounts recorded for deferred tax assets related to non-U.S. net operating losses, net of valuation allowances, were $4.4 billion and $3.6 billion at December 31, 2010 and 2009, respectively, including $1.0 billion and $1.3 billion at December 31, 2010 and 2009, respectively, of deferred tax assets, net of valuation allowances, associated with losses reported in discontinued operations, primarily related to our loss on the sale of GE Money Japan. Such year-end 2010 amounts are expected to be fully recoverable within the applicable statutory expiration periods. To the extent we do not consider it more likely than not that a deferred tax asset will be recovered, a valuation allowance is established.

Further information on income taxes is provided in the Operations Overview section of this Item and in Note 14 to the consolidated financial statements in Part II, Item 8. Financial Statements and Supplementary Data of this Form 10-K Report.

Derivatives and Hedging. We use derivatives to manage a variety of risks, including risks related to interest rates, foreign exchange and commodity prices. Accounting for derivatives as hedges requires that, at inception and over the term of the arrangement, the hedged item and related derivative meet the requirements for hedge accounting. The rules and interpretations related to derivatives accounting are complex. Failure to apply this complex guidance correctly will result in all changes in the fair value of the derivative being reported in earnings, without regard to the offsetting changes in the fair value of the hedged item.

In evaluating whether a particular relationship qualifies for hedge accounting, we test effectiveness at inception and each reporting period thereafter by determining whether changes in the fair value of the derivative offset, within a specified range, changes in the fair value of the hedged item. If fair value changes fail this test, we discontinue applying hedge accounting to that relationship prospectively. Fair values of both the derivative instrument and the hedged item are calculated using internal valuation models incorporating market-based assumptions, subject to third-party confirmation, as applicable.

At December 31, 2010, derivative assets and liabilities were $7.5 billion and $2.8 billion, respectively. Further information about our use of derivatives is provided in Notes 1, 9, 21 and 22 to the consolidated financial statements in Part II, Item 8. Financial Statements and Supplementary Data of this Form 10-K Report.

Fair Value Measurements. Assets and liabilities measured at fair value every reporting period include investments in debt and equity securities and derivatives. Assets that are not measured at fair value every reporting period but that are subject to fair value measurements in certain circumstances include loans and long-lived assets that have been reduced to fair value when they are held for sale, impaired loans that have been reduced based on the fair value of the underlying collateral, cost and equity method investments and long-lived assets that are written down to fair value when they are impaired and the remeasurement of retained investments in formerly consolidated subsidiaries upon a change in control that results in deconsolidation of a subsidiary, if we sell a controlling interest and retain a noncontrolling stake in the entity. Assets that are written down to fair value when impaired and retained investments are not subsequently adjusted to fair value unless further impairment occurs.

A fair value measurement is determined as the price we would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. In the absence of active markets for the identical assets or liabilities, such measurements involve developing assumptions based on market observable data and, in the absence of such data, internal information that is consistent with what market participants would use in a hypothetical transaction that occurs at the measurement date. The determination of fair value often involves significant judgments about assumptions such as determining an appropriate discount rate that factors in both risk and liquidity premiums, identifying the similarities and differences in market transactions, weighting those differences accordingly and then making the appropriate adjustments to those market transactions to reflect the risks specific to our asset being valued. Further information on fair value measurements is provided in Notes 1, 21 and 22 to the consolidated financial statements in Part II, Item 8. Financial Statements and Supplementary Data of this Form 10-K Report.

Other loss contingencies are uncertain and unresolved matters that arise in the ordinary course of business and result from events or actions by others that have the potential to result in a future loss. Such contingencies include, but are not limited to environmental obligations, litigation, regulatory proceedings, product quality and losses resulting from other events and developments.

When a loss is considered probable and reasonably estimable, we record a liability in the amount of our best estimate for the ultimate loss. When there appears to be a range of possible costs with equal likelihood, liabilities are based on the low end of such range. However, the likelihood of a loss with respect to a particular contingency is often difficult to predict and determining a meaningful estimate of the loss or a range of loss may not be practicable based on the information available and the potential effect of future events and decisions by third parties that will determine the ultimate resolution of the contingency. Moreover, it is not uncommon for such matters to be resolved over many years, during which time relevant developments and new information must be continuously evaluated to determine both the likelihood of potential loss and whether it is possible to reasonably estimate a range of possible loss. When a loss is probable but a reasonable estimate cannot be made, disclosure is provided.

Disclosure also is provided when it is reasonably possible that a loss will be incurred or when it is reasonably possible that the amount of a loss will exceed the recorded provision. We regularly review all contingencies to determine whether the likelihood of loss has changed and to assess whether a reasonable estimate of the loss or range of loss can be made. As discussed above, development of a meaningful estimate of loss or a range of potential loss is complex when the outcome is directly dependent on negotiations with or decisions by third parties, such as regulatory agencies, the court system and other interested parties. Such factors bear directly on whether it is possible to reasonably estimate a range of potential loss and boundaries of high and low estimates.

Further information is provided in Notes 13 and 25 to the consolidated financial statements in Part II, Item 8. Financial Statements and Supplementary Data of this Form 10-K Report.

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Other Information

New Accounting Standards

In September 2009, the FASB issued amendments to existing standards for revenue arrangements with multiple components. ASU 2009-13 requires the allocation of consideration to separate components based on the relative selling price of each component in a revenue arrangement. ASU 2009-14 requires certain software-enabled products to be accounted for under the general accounting standards for multiple component arrangements as opposed to accounting standards specifically applicable to software arrangements. The amendments are effective prospectively for revenue arrangements entered into or materially modified after January 1, 2011. The impact of adopting these amendments is expected to be insignificant to our financial statements.

Research and Development

GE-funded research and development expenditures were $3.9 billion, $3.3 billion and $3.1 billion in 2010, 2009 and 2008, respectively. In addition, research and development funding from customers, principally the U.S. government, totaled $1.0 billion, $1.1 billion and $1.3 billion in 2010, 2009 and 2008, respectively. Technology Infrastructure s Aviation business accounts for the largest share of GE s research and development expenditures with funding from both GE and customer funds. Energy Infrastructure s Energy business and Technology Infrastructure s Healthcare business also made significant expenditures funded primarily by GE.

Expenditures reported above reflect the definition of research and development required by U.S. generally accepted accounting principles. For operating and management purposes, we also measure amounts spent on product and services technology. These technology expenditures were $5.9 billion in 2010 and included our reported research and development expenditures as well as the amount spent to improve our existing products and services, and to improve productivity of our plants, equipment and processes.

Orders Backlog

GE s total backlog of firm unfilled orders at the end of 2010 was $66.7 billion, a decrease of 1% from year-end 2009, reflecting decreased demand at Energy Infrastructure, partially offset by increased demand at Technology Infrastructure. Of this backlog, $46.0 billion related to products, of which 59% was scheduled for delivery in 2011. Product services orders, included in this reported backlog for only the succeeding 12 months, were $20.6 billion at the end of 2010. Product services orders beyond the succeeding 12 months were approximately $108.7 billion, which combined with the firm unfilled orders described above resulted in a total backlog of approximately $175.4 billion at December 31, 2010. Orders constituting backlog may be cancelled or deferred by customers, subject in certain cases to penalties. See the Segment Operations section of this Item for further information.

Supplemental Information

Financial Measures that Supplement Generally Accepted Accounting Principles

We sometimes use information derived from consolidated financial information but not presented in our financial statements prepared in accordance with U.S. generally accepted accounting principles (GAAP). Certain of these data are considered non-GAAP financial measures under U.S. Securities and Exchange Commission rules. Specifically, we have referred, in various sections of this Form 10-K Report, to: