GENERAL ELECTRIC CO
Form 10-Q
May 07, 2010

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 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 its charter)

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

(Registrant's telephone number, including area code) (203) 373-2211

____

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§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 the 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 Exchange Act).
Yes ¨ No þ

There were 10,676,518,000 shares of common stock with a par value of $0.06 per share outstanding at March 26, 2010.

(1)

General Electric Company

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Forward-Looking Statements

This document contains "forward-looking statements" – that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance and financial condition, and often contain words such as "expect," "anticipate," "intend," "plan," "believe," "seek," "see," or "will. Forward-looking statements by their nature address matters that are, to different degrees, uncertain. For us, particular uncertainties that could cause our actual results to be materially different than those expressed in our forward-looking statements include: the severity and duration of 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 U.S. and foreign government programs to restore liquidity and stimulate national and global economies; 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; 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 soundness of other financial institutions with which GECC does business; the adequacy of our cash flow and earnings and other conditions which may affect our ability to maintain our quarterly dividend at the current 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 proposed 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. We do not undertake to update our forward-looking statements.

(2)

Part I. Financial Information

Item 1. Financial Statements.

General Electric Company and consolidated affiliates

Condensed Statement of Earnings

	Three months ended March 31 (Unaudited)					
	Consolidated		GE(a)		Financial Services (GECS)	
(In millions, except share amounts)	2010	2009	2010	2009	2010	2009
Revenues						
Sales of goods	$ 13,765	$ 14,072	$ 13,489	$ 13,813	$ 281	$ 273
Sales of services	9,908	10,055	10,020	10,209	–	–
Other income	350	428	376	479	–	–
GECS earnings from continuing operations	–	–	539	979	–	–
GECS revenues from services	12,582	13,883	–	–	12,890	14,184
Total revenues	36,605	38,438	24,424	25,480	13,171	14,457
Costs and expenses						
Cost of goods sold	10,572	11,433	10,311	11,222	265	224
Cost of services sold	6,940	6,633	7,052	6,787	–	–
Interest and other financial charges	4,161	5,327	343	376	3,938	5,121
Investment contracts, insurance losses and insurance annuity benefits	747	746	–	–	787	773
Provision for losses on financing receivables	2,263	2,336	–	–	2,263	2,336
Other costs and expenses	9,095	9,337	3,537	3,364	5,733	6,129
Total costs and expenses	33,778	35,812	21,243	21,749	12,986	14,583
Earnings (loss) from continuing operations before income taxes	2,827	2,626	3,181	3,731	185	(126)
Benefit (provision) for income taxes	(431)	309	(788)	(842)	357	1,151
Earnings from continuing operations	2,396	2,935	2,393	2,889	542	1,025
Loss from discontinued operations, net of taxes	(390)	(21)	(390)	(21)	(387)	(4)
Net earnings	2,006	2,914	2,003	2,868	155	1,021
Less net earnings attributable to						

noncontrolling interests		61		85		58		39		3		46
Net earnings attributable to the Company		1,945		2,829		1,945		2,829		152		975
Preferred stock dividends declared		(75)		(75)		(75)		(75)		–		–
Net earnings attributable to GE common shareowners	$	1,870	$	2,754	$	1,870	$	2,754	$	152	$	975
Amounts attributable to the Company												
Earnings from continuing operations	$	2,335	$	2,850	$	2,335	$	2,850	$	539	$	979
Loss from discontinued operations, net of taxes		(390)		(21)		(390)		(21)		(387)		(4)
Net earnings attributable to the Company	$	1,945	$	2,829	$	1,945	$	2,829	$	152	$	975
Per-share amounts												
Earnings from continuing operations												
Diluted earnings per share	$	0.21	$	0.26								
Basic earnings per share	$	0.21	$	0.26								
Net earnings												
Diluted earnings per share	$	0.17	$	0.26								
Basic earnings per share	$	0.17	$	0.26								
Dividends declared per common share	$	0.10	$	0.31								

(a) Represents the adding together of all affiliated companies except General Electric Capital Services, Inc. (GECS or financial services), which is presented on a one-line basis.

See Note 3 for other-than-temporary impairment amounts.

See accompanying notes. Separate information is shown for "GE" and "Financial Services (GECS)." Transactions between GE and GECS have been eliminated from the "Consolidated" columns.

(3)

General Electric Company and consolidated affiliates
Condensed Statement of Financial Position

(In million, except share amounts)	Consolidated March 31, 2010 (Unaudited)	Consolidated December 31, 2009	GE(a) March 31, 2010 (Unaudited)	GE(a) December 31, 2009	Financial Services (GECS) March 31, 2010 (Unaudited)	Financial Services (GECS) December 31, 2009
Assets						
Cash and equivalents	$ 69,628	$ 72,260	$ 10,238	$ 8,654	$ 60,039	$ 64,356
Investment securities	41,549	51,941	28	30	41,523	51,913
Current receivables	17,729	16,458	9,380	9,818	–	–
Inventories	11,751	11,987	11,674	11,916	77	71
Financing receivables – net	346,939	329,232	–	–	356,185	336,926
Other GECS receivables	9,993	14,177	–	–	14,527	18,752
Property, plant and equipment – net	68,016	69,212	12,090	12,495	55,926	56,717
Investment in GECS	–	–	68,517	70,833	–	–
Goodwill	64,910	65,574	36,411	36,613	28,499	28,961
Other intangible assets – net	11,545	11,929	8,307	8,450	3,238	3,479
All other assets	100,475	103,417	17,511	17,097	84,145	87,471
Assets of businesses held for sale	33,735	34,111	32,786	33,986	949	125
Assets of discontinued operations	1,085	1,520	50	50	1,035	1,470
Total assets(b)	$ 777,355	$ 781,818	$ 206,992	$ 209,942	$ 646,143	$ 650,241
Liabilities and equity						
Short-term borrowings	$ 123,931	$ 130,252	$ 899	$ 504	$ 124,457	$ 131,137
Accounts payable, principally trade accounts	14,498	19,703	10,013	10,373	8,261	13,275
Progress collections and price adjustments accrued	11,468	12,192	11,982	12,957	–	–
Other GE current liabilities	14,429	14,527	14,429	14,527	–	–
Non-recourse borrowings of consolidated securitization entities	36,780	3,883	–	–	36,780	3,883
Bank deposits	38,310	38,923	–	–	38,310	38,923
Long-term borrowings	317,606	337,134	11,389	11,681	307,102	326,391
Investment contracts, insurance liabilities and insurance annuity benefits	31,451	31,641	–	–	31,990	32,009
All other liabilities	55,652	58,861	35,210	35,232	20,566	23,756
Deferred income taxes	2,615	2,173	(4,285)	(4,620)	6,900	6,793
Liabilities of businesses held for sale	6,416	6,092	6,386	6,037	30	55
Liabilities of discontinued operations	1,248	1,301	176	163	1,072	1,138

Total liabilities(b)	654,404	656,682	86,199	86,854	575,468	577,360
Preferred stock (30,000 shares outstanding at both March 31, 2010 and December 31, 2009)	–	–	–	–	–	–
Common stock (10,676,518,000 and 10,663,075,000 shares outstanding at March 31, 2010 and December 31, 2009, respectively)	702	702	702	702	1	1
Accumulated other comprehensive income – net(c)						
Investment securities	(342)	(435)	(342)	(435)	(343)	(436)
Currency translation adjustments	1,424	3,836	1,424	3,836	13	1,372
Cash flow hedges	(1,332)	(1,734)	(1,332)	(1,734)	(1,356)	(1,769)
Benefit plans	(16,534)	(16,932)	(16,534)	(16,932)	(392)	(434)
Other capital	37,588	37,729	37,588	37,729	27,588	27,591
Retained earnings	125,446	126,363	125,446	126,363	43,006	44,508
Less common stock held in treasury	(31,757)	(32,238)	(31,757)	(32,238)	–	–
Total GE shareowners' equity	115,195	117,291	115,195	117,291	68,517	70,833
Noncontrolling interests(d)	7,756	7,845	5,598	5,797	2,158	2,048
Total equity	122,951	125,136	120,793	123,088	70,675	72,881
Total liabilities and equity	$ 777,355	$ 781,818	$ 206,992	$ 209,942	$ 646,143	$ 650,241

(a) Represents the adding together of all affiliated companies except General Electric Capital Services, Inc. (GECS or financial services), which is presented on a one-line basis.

(b) Assets and liabilities of consolidated variable interest entities (VIEs) were $57,571 million and $49,056 million, respectively, at March 31, 2010. Substantially all of the assets of the VIEs can only be used to settle obligations of those VIEs. See Note 16.

(c) The sum of accumulated other comprehensive income - net was $(16,784) million and $(15,265) million at March 31, 2010 and December 31, 2009, respectively.

(d) Included accumulated other comprehensive income - net attributable to noncontrolling interests of $(187) million and $(188) million at March 31, 2010 and December 31, 2009, respectively.

See accompanying notes. Separate information is shown for "GE" and "Financial Services (GECS)." Transactions between GE and GECS have been eliminated from the "Consolidated" columns.

(4)

General Electric Company and consolidated affiliates
Condensed Statement of Cash Flows

	Three months ended March 31 (Unaudited)					
	Consolidated		GE(a)		Financial Services (GECS)	
(In millions)	2010	2009	2010	2009	2010	2009
Cash flows – operating activities						
Net earnings	$ 2,006	$ 2,914	$ 2,003	$ 2,868	$ 155	$ 1,021
Less net earnings attributable to noncontrolling interests	61	85	58	39	3	46
Net earnings attributable to the Company	1,945	2,829	1,945	2,829	152	975
Loss from discontinued operations	390	21	390	21	387	4
Adjustments to reconcile net earnings attributable to the Company to cash provided from operating activities						
Depreciation and amortization of property, plant and equipment	2,475	2,731	550	550	1,925	2,181
Earnings from continuing operations retained by GECS	–	–	(539)	(979)	–	–
Deferred income taxes	320	(528)	40	74	280	(602)
Decrease (increase) in GE current receivables	514	1,952	319	2,225	–	–
Decrease (increase) in inventories	186	(158)	213	(170)	(6)	12
Increase (decrease) in accounts payable	679	(1,672)	188	(555)	322	(1,655)
Increase (decrease) in GE progress collections	(743)	(724)	(994)	(755)	–	–
Provision for losses on GECS financing receivables	2,263	2,336	–	–	2,263	2,336
All other operating activities	(866)	(6,943)	439	(165)	(1,168)	(6,698)
Cash from (used for) operating activities – continuing operations	7,163	(156)	2,551	3,075	4,155	(3,447)
Cash from (used for) operating activities – discontinued operations	(69)	(45)	–	–	(69)	(45)
Cash from (used for) operating activities	7,094	(201)	2,551	3,075	4,086	(3,492)

Cash flows – investing activities						
Additions to property, plant and equipment	(1,302)	(2,560)	(522)	(756)	(857)	(1,896)
Dispositions of property, plant and equipment	1,597	1,183	–	–	1,597	1,183
Net decrease (increase) in GECS financing receivables	10,880	18,004	–	–	11,340	17,962
Proceeds from principal business dispositions	1,842	9,021	1,672	175	–	8,846
Payments for principal businesses purchased	(18)	(7,128)	(18)	(306)	–	(6,822)
Capital contribution from GE to GECS	–	–	–	(9,500)	–	–
All other investing activities	6,001	(2,524)	(20)	54	6,181	(1,935)
Cash from (used for) investing activities – continuing operations	19,000	15,996	1,112	(10,333)	18,261	17,338
Cash from (used for) investing activities – discontinued operations	9	47	–	–	9	47
Cash from (used for) investing activities	19,009	16,043	1,112	(10,333)	18,270	17,385
Cash flows – financing activities						
Net increase (decrease) in borrowings (maturities of 90 days or less)	(1,824)	(13,620)	(151)	990	(1,637)	(15,852)
Net increase (decrease) in bank deposits	(613)	(3,336)	–	–	(613)	(3,336)
Newly issued debt (maturities longer than 90 days)	16,087	31,164	120	1,226	15,914	30,035
Repayments and other reductions (maturities longer than 90 days)	(40,032)	(27,313)	(523)	(1,580)	(39,509)	(25,733)
Net dispositions (purchases) of GE shares for treasury	80	245	80	245	–	–
Dividends paid to shareowners	(1,143)	(3,350)	(1,143)	(3,350)	–	–
Capital contribution from GE to GECS	–	–	–	–	–	9,500
All other financing activities	(594)	(798)	(203)	(194)	(391)	(604)
Cash from (used for) financing activities – continuing operations	(28,039)	(17,008)	(1,820)	(2,663)	(26,236)	(5,990)
Cash from (used for) financing activities –						

discontinued operations	–	–	–	–	–	–
Cash from (used for) financing activities	(28,039)	(17,008)	(1,820)	(2,663)	(26,236)	(5,990)
Effect of currency exchange rate changes on cash and equivalents	(756)	(189)	(259)	(42)	(497)	(147)
Increase (decrease) in cash and equivalents	(2,692)	(1,355)	1,584	(9,963)	(4,377)	7,756
Cash and equivalents at beginning of year	72,444	48,367	8,654	12,090	64,540	37,666
Cash and equivalents at March 31	69,752	47,012	10,238	2,127	60,163	45,422
Less cash and equivalents of discontinued operations at March 31	124	182	–	–	124	182
Cash and equivalents of continuing operations at March 31	$ 69,628	$ 46,830	$ 10,238	$ 2,127	$ 60,039	$ 45,240

(a) Represents the adding together of all affiliated companies except General Electric Capital Services, Inc. (GECS or financial services), which is presented on a one-line basis.

See accompanying notes. Separate information is shown for "GE" and "Financial Services (GECS)." Transactions between GE and GECS have been eliminated from the "Consolidated" columns and are discussed in Note 17.

(5)

Summary of Operating Segments
General Electric Company and consolidated affiliates

(In millions)	Three months ended March 31 (Unaudited) 2010	2009
Revenues		
Energy Infrastructure(a)	$ 8,655	$ 9,082
Technology Infrastructure(a)	8,659	9,523
NBC Universal	4,320	3,524
GE Capital(a)	12,331	13,775
Home & Business Solutions(a)	1,940	1,924
Total segment revenues	35,905	37,828
Corporate items and eliminations	700	610
Consolidated revenues	$ 36,605	$ 38,438
Segment profit(b)		
Energy Infrastructure(a)	$ 1,481	$ 1,318
Technology Infrastructure(a)	1,403	1,702
NBC Universal	199	391
GE Capital(a)	607	1,029
Home & Business Solutions(a)	71	45
Total segment profit	3,761	4,485
Corporate items and eliminations	(295)	(417)
GE interest and other financial charges	(343)	(376)
GE provision for income taxes	(788)	(842)
Earnings from continuing operations attributable to the Company	2,335	2,850
Loss from discontinued operations, net of taxes, attributable to the Company	(390)	(21)
Consolidated net earnings attributable to the Company	$ 1,945	$ 2,829

(a) Effective January 1, 2010, we reorganized our segments. We have reclassified prior-period amounts to conform to the current-period presentation. See Note 1 for a description of the reorganization.

(b) Segment profit always excludes the effects of principal pension plans, results reported as discontinued operations, earnings attributable to noncontrolling interests of consolidated subsidiaries and accounting changes, and 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 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.

See accompanying notes to condensed, consolidated financial statements.

(6)

Notes to Condensed, Consolidated Financial Statements (Unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying condensed, consolidated financial statements represent the consolidation of General Electric Company and all companies that we directly or indirectly control, either through majority ownership or otherwise. See Note 1 to the consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2009 (2009 Form 10-K), which discusses our consolidation and financial statement presentation. As used in this report on Form 10-Q (Report) and in our Annual Report on Form 10-K, “GE” represents the adding together of all affiliated companies except General Electric Capital Services, Inc. (GECS or financial services), which is presented on a one-line basis; GECS consists of General Electric Capital Services, Inc. and all of its affiliates; and “Consolidated” represents the adding together of GE and GECS with the effects of transactions between the two eliminated.

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 is reported in Corporate Items and Eliminations for periods prior to its sale in the first quarter of 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 now included in Commercial Lending and Leasing (CLL) and our Consumer business in Italy, previously reported in Consumer, is now included in CLL. GE includes Energy Infrastructure, Technology Infrastructure, NBC Universal and Home & Business Solutions. GECS includes GE Capital. We have reclassified certain prior-period amounts to conform to the current-period presentation. Unless otherwise indicated, information in these notes to condensed, consolidated financial statements relates to continuing operations.

In the first quarter of 2010, we have included a separate line on the statement of cash flows for the effect of currency exchange rate changes on cash and equivalents. We had previously included the effect of currency exchange rate changes on cash and equivalents in “All other operating activities” for GE and “All other investing activities” for GECS, as the effect was insignificant.

Accounting Changes

On January 1, 2010, we adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2009-16 and ASU 2009-17, amendments to Accounting Standards Codification (ASC) 860, Transfers and Servicing, and ASC 810, Consolidation, respectively (ASU 2009-16 & 17). ASU 2009-16 eliminates the Qualified Special Purpose Entity (QSPE) concept, and ASU 2009-17 requires 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 troubled debt restructuring (TDR).

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. The incremental effect on total assets and liabilities, net of our investment in these entities, was an increase of $31,097 million and $33,042 million, respectively. The net reduction of total equity (including noncontrolling interests) was $1,945 million, principally related to the reversal of previously recognized securitization gains as a cumulative effect adjustment to retained earnings. See Note 16 for additional information.

(7)

The amended guidance on ASC 860 changed existing derecognition criteria in a manner that significantly narrows the types of transactions that will qualify as sales. The revised criteria apply to transfers of financial assets occurring after December 31, 2009.

Interim Period Presentation

The condensed, consolidated financial statements and notes thereto are unaudited. These statements include all adjustments (consisting of normal recurring accruals) that we considered necessary to present a fair statement of our results of operations, financial position and cash flows. The results reported in these condensed, consolidated financial statements should not be regarded as necessarily indicative of results that may be expected for the entire year. It is suggested that these condensed, consolidated financial statements be read in conjunction with the financial statements and notes thereto included in our 2009 Form 10-K. We label our quarterly information using a calendar convention, that is, first quarter is labeled as ending on March 31, second quarter as ending on June 30, and third quarter as ending on September 30. It is our longstanding practice to establish interim quarterly closing dates using a fiscal calendar, which requires our businesses to close their books on either a Saturday or Sunday, depending on the business. The effects of this practice are modest and only exist within a reporting year. The fiscal closing calendar from 1993 through 2013 is available on our website, www.ge.com/secreports.

2. ASSETS AND LIABILITIES OF BUSINESSES HELD FOR SALE AND DISCONTINUED OPERATIONS

Assets and Liabilities of Businesses Held for Sale

On December 3, 2009, we entered into an agreement with Comcast Corporation to transfer the assets of the NBCU business to a newly formed entity, which will consist of our NBCU businesses and Comcast Corporation's cable networks, regional sports networks, certain digital properties and certain unconsolidated investments. Pursuant to the transaction, we expect to receive $6,500 million in cash ($7.1 billion less certain adjustments based on various events between contract signing and closing) and will own a 49% interest in the newly formed entity. The transaction is subject to receipt of various regulatory approvals and is expected to close within the next year.

We also entered into an agreement whereby we will acquire approximately 38% of Vivendi’s interest in NBCU for $2,000 million on September 26, 2010, if the transaction described above has not yet closed. Provided the transaction subsequently closes, we will acquire the remaining Vivendi NBCU interest for $3,578 million and make an additional payment of $222 million related to the previously purchased shares. If the entity formation transaction closes before September 26, 2010, we will purchase Vivendi’s entire ownership interest in NBCU (20%) for $5,800 million.

Prior to the sale, NBCU will borrow approximately $9,100 million from third-party lenders and distribute the cash to us. We expect to realize approximately $8,000 million in cash after debt reduction, transaction fees and the buyout of the Vivendi interest in NBCU.

With respect to our 49% interest in the newly formed entity, we will hold redemption rights which, if exercised, cause the entity to purchase half of our ownership interest after 3.5 years and the remaining half after 7 years subject to certain exceptions, conditions and limitations. Our interest will also be subject to call provisions which, if exercised, allow Comcast Corporation to purchase our interest at specified times subject to certain exceptions. The redemption price for such transactions is determined pursuant to a formula specified in the agreement.

On March 19, 2010, NBCU entered into a three-year credit agreement and a 364-day bridge loan agreement and on April 30, 2010, issued $4,000 million of senior, unsecured notes with maturities ranging from 2015 to 2040, in connection with the $9,100 million financing described above.

(8)

At March 31, 2010, NBCU assets and liabilities of $32,786 million and $6,386 million, respectively, were classified as held for sale. The major classes of assets are current receivables ($2,251 million), property, plant and equipment – net ($1,874 million), goodwill and other intangible assets – net ($22,195 million) and all other assets ($6,341 million), including film and television production costs of $4,197 million. The major classes of liabilities are accounts payable ($443 million), other GE current liabilities ($3,987 million), all other liabilities ($1,138 million) and long-term borrowings ($818 million).

At December 31, 2009, we classified the NBCU assets and liabilities of $32,150 million and $5,751 million, respectively, as held for sale. The major classes of assets are current receivables ($2,136 million), property, plant and equipment – net ($1,805 million), goodwill and other intangible assets – net ($21,574 million) and all other assets ($6,514 million), including film and television production costs of $4,507 million. The major classes of liabilities are accounts payable ($398 million), other current liabilities ($4,051 million) and all other liabilities ($1,300 million).

On February 18, 2010, we committed to sell our Consumer businesses in Hong Kong (within GE Capital) to Standard Chartered Bank. Assets of $871 million and liabilities of $6 million were classified as held for sale at March 31, 2010.

On February 28, 2010, we completed the sale of our Security business for $1,787 million. Assets and liabilities of $1,780 million and $282 million, respectively, were classified as held for sale at December 31, 2009.

Summarized financial information for businesses held for sale is shown below.

(In millions)	March 31, 2010	December 31, 2009
Assets		
Cash and equivalents	$ 9	$ –
Current receivables	2,251	2,188
Financing receivables – net	873	–
Property, plant and equipment – net	1,908	1,978
Goodwill	19,612	20,086
Other intangible assets – net	2,598	2,866
All other assets	6,342	6,621
Other	142	372
Assets of businesses held for sale	$ 33,735	$ 34,111
Liabilities		
Accounts payable	$ 443	$ 451
Other GE current liabilities	3,992	4,139
All other liabilities	1,142	1,447
Long-term borrowings	818	2
Other	21	53
Liabilities of businesses held for sale	$ 6,416	$ 6,092

Discontinued Operations

Discontinued operations comprised GE Money Japan (our Japanese personal loan business, Lake, and our Japanese mortgage and card businesses, excluding our investment in GE Nissen Credit Co., Ltd.), our U.S. mortgage business

(WMC) and Plastics. Associated results of operations, financial position and cash flows are separately reported as discontinued operations for all periods presented.

Total revenues from GECS discontinued operations were $(1) million and $(6) million in the first quarters of 2010 and 2009, respectively. In total, loss from GECS discontinued operations, net of taxes, were $387 million and $4 million, respectively, and reflected loss from operations, net of taxes, of $6 million and $8 million, respectively, and gain (loss) from disposal, net of taxes, of $(381) million and $4 million, respectively. During the first quarter of 2010, we recorded incremental reserves related to the 2008 disposal of GE Money Japan.

(9)

Assets of GECS discontinued operations were $1,035 million and $1,470 million at March 31, 2010 and December 31, 2009, respectively, and primarily comprised a deferred tax asset for a loss carryforward, which expires in 2015, related to the sale of our GE Money Japan business. Liabilities of GECS discontinued operations were $1,072 million and $1,138 million at March 31, 2010 and December 31, 2009, respectively. During the first quarter of 2010, we recorded an incremental reserve of $380 million related to interest refund claims on the 2008 sale of GE Money Japan. We also reduced tax reserves $325 million related to resolution of an uncertain tax position in Japan, but were required to record an offsetting valuation allowance on our deferred tax asset in Japan.

GE Money Japan

During the third quarter of 2007, we committed to a plan to sell 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 the third quarter of 2008, we completed the sale of GE Money Japan, which included Lake, along with our Japanese mortgage and card businesses, excluding our investment in GE Nissen Credit Co., Ltd. As a result, we recognized an after-tax loss of $908 million in 2007 and an incremental loss in 2008 of $361 million. In connection with the sale, we reduced the proceeds on the sale for estimated interest refund claims in excess of the statutory interest rate. Proceeds from the sale may be increased or decreased based on the actual claims experienced in accordance with loss-sharing terms specified in the agreement, with claims in excess of approximately $3,000 million remaining our responsibility.

We update our estimate of our share of expected losses quarterly. We recorded a reserve of $132 million in the second quarter of 2009 for our estimated share of incremental losses under the loss-sharing provisions of the agreement based on our experience at that time. In the last several months, our overall claims experience has developed unfavorably. While the number of new claims continues to decline, claims severity has increased. In addition, there are Japanese legislative and regulatory changes that may be affecting excess interest refund claims. During the first quarter of 2010, we accrued an additional $380 million of reserves for these claims. The amount of these reserves is based on analyses of recent and historical claims experience, pending and estimated future excess interest refund requests, the estimated percentage of customers who present valid requests, and our estimated payments related to those requests. Uncertainties around the impact of laws and regulations, challenging economic conditions, the liquidating status of the underlying book of business and the effect of our mitigation efforts make it difficult to develop a meaningful estimate of the aggregate possible claims exposure. Recent trends, including the effect of governmental actions, may continue to have an adverse effect on claims development. We will continue to review our estimated exposure quarterly, and make adjustments if required.

GE Money Japan revenues from discontinued operations were an insignificant amount and $1 million in the first quarters of 2010 and 2009, respectively. In total, GE Money Japan earnings (losses) from discontinued operations, net of taxes, were $(383) million and $4 million in the first quarters of 2010 and 2009, respectively.

WMC

During the fourth quarter of 2007, we completed the sale of WMC, our U.S. mortgage business. WMC revenues from discontinued operations were $(1) million and $(7) million in the first quarters of 2010 and 2009, respectively. In total, WMC’s losses from discontinued operations, net of taxes, were $4 million and $6 million in the first quarters of 2010 and 2009, respectively.

GE industrial loss from discontinued operations, net of taxes, were $3 million and $17 million in the first quarters of 2010 and 2009, respectively. The sum of GE industrial earnings (loss) from discontinued operations, net of taxes, and GECS earnings (loss) from discontinued operations, net of taxes, are reported as GE industrial earnings (loss) from discontinued operations, net of taxes, on the Condensed Statement of Earnings.

Assets of GE industrial discontinued operations were $50 million at both March 31, 2010 and December 31, 2009, respectively. Liabilities of GE industrial discontinued operations were $176 million and $163 million at March 31, 2010, and December 31, 2009, respectively, and primarily represent taxes payable and pension liabilities related to the sale of our Plastics business in 2007.

(10)

3. INVESTMENT SECURITIES

The vast majority of our investment securities are classified as available-for-sale and 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.

	At							
	March 31, 2010				December 31, 2009			
(In millions)	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
GE								
Debt – U.S. corporate	$ 12	$ –	$ –	$ 12	$ 12	$ 4	$ (1)	$ 15
Equity – available-for-sale	16	–	–	16	14	1	–	15
	28	–	–	28	26	5	(1)	30
GECS								
Debt								
U.S. corporate(a)	22,790	1,009	(571)	23,228	23,410	981	(756)	23,635
State and municipal	2,130	43	(210)	1,963	2,006	34	(246)	1,794
Residential mortgage-backed(b)	3,684	84	(574)	3,194	4,005	79	(766)	3,318
Commercial mortgage-backed	3,070	142	(340)	2,872	3,053	89	(440)	2,702
Asset-backed	2,925	77	(269)	2,733	2,994	48	(305)	2,737
Corporate – non-U.S.	2,578	85	(95)	2,568	1,831	59	(50)	1,840
Government – non-U.S.	2,347	68	(36)	2,379	2,902	63	(29)	2,936
U.S. government and federal agency	1,395	47	(10)	1,432	2,628	46	–	2,674
Retained interests(c)	62	3	(22)	43	8,479	392	(40)	8,831
Equity								
Available-for-sale	550	149	(14)	685	489	242	(5)	726
Trading	426	–	–	426	720	–	–	720
	41,957	1,707	(2,141)	41,523	52,517	2,033	(2,637)	51,913
Eliminations	(2)	–	–	(2)	(2)	–	–	(2)
Total	$ 41,983	$ 1,707	$ (2,141)	$ 41,549	$ 52,541	$ 2,038	$ (2,638)	$ 51,941

(a) Included $65 million of U.S corporate debt securities at March 31, 2010, related to our adoption of ASU 2009-16 & 17 on January 1, 2010.

(b) Substantially collateralized by U.S. mortgages.

(c) Included $1,918 million of retained interests at December 31, 2009 accounted for at fair value in accordance with ASC 815, Derivatives and Hedging. See Note 16.

The fair value of investment securities decreased to $41,549 million at March 31, 2010, from $51,941 million at December 31, 2009, primarily driven by a decrease in retained interests as a result of our adoption of ASU 2009-16 & 17 and maturities, partially offset by improved market conditions.

(11)

The following tables present the estimated fair values and gross unrealized losses of our available-for-sale investment securities.

	In loss position for			
	Less than 12 months		12 months or more	
(In millions)	Estimated fair value	Gross unrealized losses	Estimated fair value	Gross unrealized losses
March 31, 2010				
Debt				
U.S. corporate	$ 3,906	$ (74)	$ 4,145	$ (497)
State and municipal	373	(15)	698	(195)
Residential mortgage-backed	74	(6)	1,512	(568)
Commercial mortgage-backed	47	(3)	1,295	(337)
Asset-backed	68	(20)	1,255	(249)
Corporate – non-U.S.	263	(33)	502	(62)
Government – non-U.S.	479	(7)	177	(29)
U.S. government and federal agency	306	(10)	–	–
Retained interests	–	–	15	(22)
Equity	66	(12)	6	(2)
Total	$ 5,582	$ (180)	$ 9,605	$ (1,961)
December 31, 2009				
Debt				
U.S. corporate	$ 3,146	$ (88)	$ 4,881	$ (669)
State and municipal	592	(129)	535	(117)
Residential mortgage-backed	118	(14)	1,678	(752)
Commercial mortgage-backed	167	(5)	1,293	(435)
Asset-backed	126	(11)	1,342	(294)
Corporate – non-U.S.	374	(18)	481	(32)
Government – non-U.S.	399	(4)	224	(25)
U.S. government and federal agency	–	–	–	–
Retained interests	208	(16)	27	(24)
Equity	92	(2)	10	(3)
Total	$ 5,222	$ (287)	$ 10,471	$ (2,351)

We adopted amendments to ASC 320 and recorded a cumulative effect adjustment to increase retained earnings as of April 1, 2009, of $62 million.

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. For additional information regarding our methods for determining the fair value of our investment securities, see Note 3 to the consolidated financial statements in our 2009 Form 10-K.

During the first quarter of 2010, we recorded pre-tax, other-than-temporary impairments of $158 million, of which $79 million was recorded through earnings and $79 million was recorded in accumulated other comprehensive income (AOCI). At January 1, 2010, cumulative impairments recognized in earnings associated with debt securities still held were $338 million. Subsequent to January 1, 2010, we recognized first time impairments of $55 million and incremental charges on previously impaired securities of $18 million. These amounts included $31 million related to securities that were subsequently sold.

During the first quarter of 2009, we recognized impairments of $297 million. Of the $297 million, $33 million was reclassified to retained earnings at April 1, 2009, as a result of the amendments to ASC 320, Investments – Debt and Equity Securities.

(12)

Contractual Maturities of GECS Investment in Available-for-Sale Debt Securities (Excluding Mortgage-Backed and Asset-Backed Securities)

(In millions)	Amortized cost	Estimated fair value
Due in		
2010	$ 2,927	$ 2,949
2011-2014	6,079	6,309
2015-2019	4,457	4,424
2020 and later	17,777	17,888

We expect actual maturities to differ from contractual maturities because borrowers have the right to call or prepay certain obligations.

Supplemental information about gross realized gains and losses on available-for-sale investment securities follows.

	Three months ended March 31	
(In millions)	2010	2009
GE		
Gains	$ –	$ –
Losses, including impairments	–	(65)
Net	–	(65)
GECS		
Gains	93	24
Losses, including impairments	(82)	(239)
Net	11	(215)
Total	$ 11	$ (280)

Although we generally do not have the intent to sell any specific securities at the end of the period, in the ordinary course of managing our investment securities portfolio, we may sell securities prior to their maturities for a variety of reasons, including diversification, credit quality, yield and liquidity requirements and the funding of claims and obligations to policyholders. In some of our bank subsidiaries, we maintain a certain level of purchases and sales volume principally of non-U.S. government debt securities. In these situations, fair value approximates carrying value for these securities.

Proceeds from investment securities sales and early redemptions by the issuer totaled $3,947 million and $2,143 million in the first quarters of 2010 and 2009, respectively, principally from the sales of short-term securities in our bank subsidiaries.

We recognized net pre-tax gains on trading securities of $15 million and $40 million in the first quarters of 2010 and 2009, respectively.

(13)

4. INVENTORIES

Inventories consisted of the following.

	At	
(In millions)	March 31, 2010	December 31, 2009
Raw materials and work in process	$ 7,341	$ 7,581
Finished goods	4,148	4,176
Unbilled shipments	767	759
	12,256	12,516
Less revaluation to LIFO	(505)	(529)
Total	$ 11,751	$ 11,987

5. GECS FINANCING RECEIVABLES AND ALLOWANCE FOR LOSSES ON FINANCING RECEIVABLES

GECS financing receivables – net, consisted of the following.

		At	
(In millions)	March 31, 2010	January 1, 2010(a)	December 31, 2009
Loans, net of deferred income	$313,792	$331,710	$290,586
Investment in financing leases, net of deferred income	51,927	55,209	54,445
	365,719	386,919	345,031
Less allowance for losses	(9,534)	(9,805)	(8,105)
Financing receivables – net(b)	$356,185	$377,114	$336,926

(a) Reflects the effects of our adoption of ASU 2009-16 & 17 on January 1, 2010.

(b) Financing receivables at March 31, 2010 and December 31, 2009 included $1,911 million and $2,704 million, respectively, relating to loans that had been acquired in a transfer but have been subject to credit deterioration since origination per ASC 310, Receivables.

Effective January 1, 2009, 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 loan losses is not carried over at acquisition. This may result in lower reserve coverage ratios prospectively. Details of financing receivables – net follow.

(In millions)	March 31, 2010	At January 1, 2010(a)	December 31, 2009
CLL(b)			
Americas	$ 96,553	$ 99,666	$ 87,496
Europe	39,980	43,403	41,455
Asia	12,664	13,159	13,202
Other	2,791	2,836	2,836
	151,988	159,064	144,989
Consumer(b)			
Non-U.S. residential mortgages	52,722	58,345	58,345
Non-U.S. installment and revolving credit	24,256	24,976	24,976
U.S. installment and revolving credit	43,330	47,171	23,190
Non-U.S. auto	12,025	13,344	13,344
Other	10,898	11,688	11,688
	143,231	155,524	131,543
Real Estate	47,586	48,673	44,841
Energy Financial Services	7,854	7,790	7,790
GECAS(b)	12,615	13,254	13,254
Other(c)	2,445	2,614	2,614
	365,719	386,919	345,031
Less allowance for losses	(9,534)	(9,805)	(8,105)
Total	$ 356,185	$ 377,114	$ 336,926

(a) Reflects the effects of our adoption of ASU 2009-16 & 17 on January 1, 2010.

(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) Consisted of loans and financing leases related to certain consolidated, liquidating securitization entities.

Individually impaired loans are defined by U.S. generally accepted accounting principles (GAAP) 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 nonearning receivables are excluded from this definition, as they represent smaller balance homogeneous loans that we evaluate collectively by portfolio for impairment. An analysis of impaired loans and specific reserves follows.

(15)

	At		
(In millions)	March 31, 2010	January 1, 2010(a)	December 31, 2009
Loans requiring allowance for losses	$ 10,403	$ 9,541	$ 9,145
Loans expected to be fully recoverable	3,928	3,914	3,741
Total impaired loans	$ 14,331	$ 13,455	$ 12,886
Allowance for losses (specific reserves)	$ 2,675	$ 2,376	$ 2,331
Average investment during the period	13,580	(c)	8,493
Interest income earned while impaired(b)	96	(c)	227

(a) Reflects the effects of our adoption of ASU 2009-16 & 17 on January 1, 2010.

(b) Recognized principally on cash basis.

(c) Not applicable.

Impaired loans increased by $876 million from January 1, 2010, to March 31, 2010, primarily relating to increases at Real Estate. Impaired loans consolidated as a result of our adoption of ASU 2009-16 & 17 primarily related to our Consumer business. 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. 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 impaired loans and related specific reserves at Real Estate reflects our current estimate of collateral values of the underlying properties, and our estimate of loans which are not past due, but for which it is probable that we will be unable to collect the full principal balance at maturity due to a decline in the underlying value of the collateral. Of our $7,479 million impaired loans at Real Estate at March 31, 2010, $5,191 million are currently paying in accordance with the contractual terms of the loan. Impaired loans at CLL primarily represent senior secured lending positions.

Our loss mitigation strategy intends 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 included in impaired loans. As of March 31, 2010, TDRs included in impaired loans were $4,324 million, primarily relating to Real Estate ($1,641 million), Consumer ($1,355 million) and CLL ($1,265 million). TDRs consolidated as a result of our adoption of ASU 2009-16 & 17 primarily related to our Consumer business ($364 million).

GECS Allowance for Losses on Financing Receivables

(In millions)	Balance December 31, 2009	Adoption of ASU 2009-16 & 17(a)	Balance January 1, 2010	Provision charged to operations	Other(b)	Gross write-offs	Recoveries	Balance March 31, 2010
CLL(c)								
Americas	$ 1,179	$ 66	$ 1,245	$ 325	$ (4)	$ (282)	$ 35	$ 1,319
Europe	575	–	575	72	(31)	(147)	15	484
Asia	244	(10)	234	50	(2)	(50)	4	236
Other	11	–	11	1	–	–	–	12
Consumer(c)								
Non-U.S. residential mortgages	949	–	949	108	(66)	(105)	27	913
Non-U.S. installment and revolving credit	1,181	–	1,181	354	(7)	(543)	154	1,139
U.S. installment and revolving credit	1,698	1,602	3,300	939	–	(1,249)	135	3,125
Non-U.S. auto	308	–	308	43	(10)	(98)	51	294
Other	300	–	300	107	(8)	(110)	19	308
Real Estate	1,494	42	1,536	211	(2)	(189)	1	1,557
Energy Financial Services	28	–	28	19	–	–	–	47
GECAS(c)	104	–	104	21	–	(71)	–	54
Other	34	–	34	13	1	(2)	–	46
Total	$ 8,105	$ 1,700	$ 9,805	$ 2,263	$ (129)	$ (2,846)	$ 441	$ 9,534

(a) Reflects the effects of our adoption of ASU 2009-16 & 17 on January 1, 2010.

(b) Other primarily included the effects of currency exchange.

(c) 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.

(17)

(In millions)	Balance January 1, 2009	Provision charged to operations	Other(a)	Gross write-offs	Recoveries	Balance March 31, 2009
CLL(b)						
Americas	$ 843	$ 271	$ (9)	$ (201)	$ 16	$ 920
Europe	311	123	(12)	(82)	14	354
Asia	163	50	(11)	(28)	4	178
Other	4	–	3	–	–	7
Consumer(b)						
Non-U.S. residential mortgages	381	236	(36)	(80)	23	524
Non-U.S. installment and revolving credit	1,049	427	(49)	(491)	97	1,033
U.S. installment and revolving credit	1,700	905	(229)	(695)	37	1,718
Non-U.S. auto	203	117	8	(141)	42	229
Other	226	74	(36)	(76)	11	199
Real Estate	301	110	(6)	(9)	–	396
Energy Financial Services	58	10	(2)	–	–	66
GECAS(b)	58	–	–	–	–	58
Other	28	13	1	(10)	–	32
Total	$ 5,325	$ 2,336	$ (378)	$ (1,813)	$ 244	$ 5,714

(a) Other primarily included the effects of securitization activity and currency exchange.

(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.

6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment – net, consisted of the following.

(In millions)	At March 31, 2010	December 31, 2009
Original cost	$ 112,450	$ 113,315

Less accumulated depreciation and amortization	(44,434)	(44,103)
Property, plant and equipment – net	$ 68,016	$ 69,212

(18)

7. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill and other intangible assets – net, consisted of the following.

(In millions)	At March 31, 2010	At December 31, 2009
Goodwill	$ 64,910	$ 65,574
Other intangible assets		
Intangible assets subject to amortization	$ 11,440	$ 11,824
Indefinite-lived intangible assets(a)	105	105
Total	$ 11,545	$ 11,929

(a) Indefinite-lived intangible assets principally comprised trademarks and tradenames.

Changes in goodwill balances follow.

(In millions)	Balance January 1, 2010	Acquisitions	Dispositions, currency exchange and other	Balance March 31, 2010
Energy Infrastructure	$ 12,777	$ –	$ (9)	$ 12,768
Technology Infrastructure	22,648	34	(53)	22,629
GE Capital	28,961	(45)	(417)	28,499
Home & Business Solutions	1,188	–	(174)	1,014
Total	$ 65,574	$ (11)	$ (653)	$ 64,910

Goodwill balances decreased $664 million in the first quarter of 2010, primarily as a result of the stronger U.S. dollar ($625 million).

Intangible Assets Subject to Amortization

	At					
	March 31, 2010			December 31, 2009		
(In millions)	Gross carrying amount	Accumulated amortization	Net	Gross carrying amount	Accumulated amortization	Net
Customer-related	$ 6,025	$ (1,454)	$ 4,571	$ 6,044	$ (1,392)	$ 4,652
Patents, licenses and trademarks	5,095	(2,204)	2,891	5,198	(2,177)	3,021
Capitalized software	6,580	(4,211)	2,369	6,549	(4,127)	2,422
Lease valuations	1,703	(806)	897	1,754	(793)	961

Present value of future profits	887	(442)	445	921	(470)	451
All other	640	(373)	267	745	(428)	317
Total	$ 20,930	$ (9,490)	$ 11,440	$ 21,211	$ (9,387)	$ 11,824

Consolidated amortization related to intangible assets subject to amortization was $406 million and $460 million for the three months ended March 31, 2010 and 2009, respectively.

8. GECS BORROWINGS AND BANK DEPOSITS

GECS borrowings are summarized in the following table.

(In millions)	At March 31, 2010	At December 31, 2009
Short-term borrowings		
Commercial paper		
U.S.	$ 36,635	$ 37,775
Non-U.S.	9,396	9,525
Current portion of long-term borrowings(a)(b)(c)	64,584	69,883
GE Interest Plus notes(d)	8,326	7,541
Other(c)	5,516	6,413
GECS short-term borrowings	$ 124,457	$ 131,137
Long-term borrowings		
Senior unsecured notes(a)(b)	$ 285,643	$ 305,306
Subordinated notes(e)	2,542	2,686
Subordinated debentures(f)	7,335	7,647
Other(c)(g)	11,582	10,752
GECS long-term borrowings	$ 307,102	$ 326,391
Non-recourse borrowings of consolidated securitization entities(h)	$ 36,780	$ 3,883
Bank deposits(i)	$ 38,310	$ 38,923
Total borrowings and bank deposits	$ 506,649	$ 500,334

(a) GECC had issued and outstanding $59,045 million and $59,336 million of senior, unsecured debt that was guaranteed by the Federal Deposit Insurance Corporation (FDIC) under the Temporary Liquidity Guarantee Program at March 31, 2010 and December 31, 2009, respectively. Of the above amounts $14,000 million and $5,841 million is included in current portion of long-term borrowings at March 31, 2010 and December 31, 2009, respectively. 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.

(b) Included in total long-term borrowings was $3,024 million and $3,138 million of obligations to holders of guaranteed investment contracts at March 31, 2010 and December 31, 2009, respectively, of which GECC could be required to repay up to approximately $3,000 million if its long-term credit rating were to fall below AA–/Aa3 or its short-term credit rating were to fall below A–1+/P–1.

(c) Included $12,163 million and $10,604 million of secured funding at March 31, 2010 and December 31, 2009, respectively, of which $5,163 million and $5,667 million is non-recourse to GECS at March 31, 2010 and December 31, 2009, respectively.

(d) Entirely variable denomination floating rate demand notes.

(e) Included $417 million of subordinated notes guaranteed by GE at both March 31, 2010 and December 31, 2009.

(f) Subordinated debentures receive rating agency equity credit and were hedged at issuance to the U.S. dollar equivalent of $7,725 million.

(g) Included $1,714 million and $1,649 million of covered bonds at March 31, 2010 and December 31, 2009, respectively. If the short-term credit rating of GECC were reduced below A–1/P–1, GECC would be required to partially cash collateralize these bonds in an amount up to $744 million.

(h) Included at March 31, 2010 was $2,248 million of commercial paper, $15,774 million of current portion of long-term borrowings and $18,758 million of long-term borrowings related to former QSPEs consolidated on January 1, 2010 upon our adoption of ASU 2009-16 & 17, previously consolidated liquidating securitization entities and other on-book securitization borrowings. Included at December 31, 2009, was $2,424 million of commercial paper, $378 million of current portion of long-term borrowings and $1,081 million of long-term borrowings issued by consolidated liquidating securitization entities. See Note 16.

(i) Included $21,076 million and $21,252 million of deposits in non-U.S. banks at March 31, 2010 and December 31, 2009, respectively, and $10,578 million and $10,476 million of certificates of deposits distributed by brokers with maturities greater than one year at March 31, 2010 and December 31, 2009, respectively.

9. POSTRETIREMENT BENEFIT PLANS

We sponsor a number of pension and retiree health and life insurance benefit plans. Principal pension plans include the GE Pension Plan and the GE Supplementary Pension Plan. Principal retiree benefit plans generally provide health and life insurance benefits to employees who retire under the GE Pension Plan with 10 or more years of service. Other pension plans include the U.S. and non-U.S. pension plans with pension assets or obligations greater than $50 million. Smaller pension plans and other retiree benefit plans are not material individually or in the aggregate. The effect on operations of the pension plans follows.

	Principal Pension Plans Three months ended March 31		Other Pension Plans Three months ended March 31	
(In millions)	2010	2009	2010	2009
Expected return on plan assets	$ (1,086)	$ (1,126)	$ (130)	$ (106)
Service cost for benefits earned	292	353	82	83
Interest cost on benefit obligation	675	669	124	112
Prior service cost amortization	60	81	4	2
Net actuarial loss amortization	333	90	59	29
Pension plans cost	$ 274	$ 67	$ 139	$ 120

The effect on operations of principal retiree health and life insurance plans follows.

	Principal Retiree Health and Life Insurance Plans Three months ended March 31	
(In millions)	2010	2009
Expected return on plan assets	$ (29)	$ (32)
Service cost for benefits earned	58	74
Interest cost on benefit obligation	175	177
Prior service cost amortization	158	168
Net actuarial gain amortization	(6)	(27)
Retiree benefit plans cost	$ 356	$ 360

10. INCOME TAXES

The balance of "unrecognized tax benefits," the amount of related interest and penalties we have provided and what we believe to be the range of reasonably possible changes in the next 12 months, were:

	At	
(In millions)	March 31, 2010	December 31, 2009
Unrecognized tax benefits	$ 6,916	$ 7,251

Portion that, if recognized, would reduce tax expense and effective tax rate(a)	4,632	4,918
Accrued interest on unrecognized tax benefits	1,435	1,369
Accrued penalties on unrecognized tax benefits	99	99
Reasonably possible reduction to the balance of unrecognized tax benefits		
in succeeding 12 months	0-2,100	0-1,800
Portion that, if recognized, would reduce tax expense and effective tax rate(a)	0-1,600	0-1,400

(a) Some portion of such reduction might be reported as discontinued operations.

(21)

The IRS is currently auditing our consolidated income tax returns for 2003-2007. In addition, certain other U.S. tax deficiency issues and refund claims for previous years remain unresolved. It is reasonably possible that the 2003-2005 U.S. audit cycle will be completed during the next 12 months, which could result in a decrease in our balance of "unrecognized tax benefits" – that is, the aggregate tax effect of differences between tax return positions and the benefits recognized in our financial statements. We believe that there are no other jurisdictions in which the outcome of unresolved issues or claims is likely to be material to our results of operations, financial position or cash flows. We further believe that we have made adequate provision for all income tax uncertainties.

GE and GECS file a consolidated U.S. federal income tax return. The GECS provision for current tax expense includes its effect on the consolidated return. The effect of GECS on the consolidated liability is settled in cash as GE tax payments are due.

During the first quarter of 2009, following the change in our external credit ratings, funding actions taken and 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 $700 million in the first quarter of 2009.

11. SHAREOWNERS' EQUITY

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

	Three months ended March 31	
(In millions)	2010	2009
Net earnings attributable to the Company	$ 1,945	$ 2,829
Investment securities – net	93	(635)
Currency translation adjustments – net	(2,412)	(4,060)
Cash flow hedges – net	402	717
Benefit plans – net	398	239
Total	$ 426	$ (910)

On January 1, 2010, we adopted ASU 2009-16 & 17. This resulted in a reduction of GE shareowners' equity primarily related to the reversal of a portion of previously recognized securitization gains. This adjustment is reflected as a cumulative effect adjustment of the opening balances of retained earnings ($1,708 million) and accumulated other comprehensive income ($265 million). See Notes 1 and 16 for additional information.

Changes to noncontrolling interests during the first quarter of 2010 resulted from net earnings $61 million, dividends $(185) million, AOCI $1 million and other $6 million. Changes to the individual components of AOCI attributable to noncontrolling interests were insignificant.

Changes to noncontrolling interests during the first quarter of 2009 resulted from net earnings $85 million, dividends $(199) million, the effects of deconsolidating Penske Truck Leasing Co., L.P. (PTL) $(331) million, AOCI $(33)

million and other $(12) million. Changes to the individual components of AOCI attributable to noncontrolling interests were insignificant.

(22)

12. GECS REVENUES FROM SERVICES

GECS revenues from services are summarized in the following table.

	Three months ended March 31	
(In millions)	2010	2009
Interest on loans(a)	$ 5,726	$ 5,100
Equipment leased to others	2,761	3,485
Fees(a)	1,265	1,160
Investment income(a)(b)	568	665
Financing leases(a)	756	908
Premiums earned by insurance activities	489	510
Net securitization gains(a)	–	326
Real estate investments	277	347
Associated companies	597	165
Other items(c)	451	1,518
Total	$ 12,890	$ 14,184

(a) On January 1, 2010, we adopted ASU 2009-16 & 17 which required us to consolidate substantially all of our former QSPEs. As a result, 2010 GECS Revenues from services include interest and fee income from these entities, which were not presented on a consolidated basis in 2009. Also beginning in 2010, we will no longer record gains for substantially all of our securitizations as they are recorded as on-book financings. See Note 16.

(b) Included net other-than-temporary impairments on investment securities of $79 million and $232 million in the first quarters of 2010 and 2009, respectively. See Note 3.

(c) Included a gain on the sale of a limited partnership interest in PTL and a related gain on the remeasurement of the retained investment to fair value totaling $296 million in the first quarter of 2009.

13. EARNINGS PER SHARE INFORMATION

GE's authorized common stock consists of 13,200,000,000 shares having a par value of $0.06 each. Information related to the calculation of earnings per share follows.

	Three months ended March 31			
	2010		2009	
(In millions; per-share amounts in dollars)	Diluted	Basic	Diluted	Basic
Amounts attributable to the Company:				
Consolidated				
Earnings from continuing operations for per-share calculation(a)	$ 2,316	$ 2,316	$ 2,841	$ 2,840
Preferred stock dividends declared	(75)	(75)	(75)	(75)
Earnings from continuing operations attributable to common shareowners for per-share calculation	$ 2,241	$ 2,241	$ 2,766	$ 2,765
Loss from discontinued operations for per-share calculation	(390)	(390)	(21)	(21)
Net earnings attributable to GE common shareowners for per-share calculation	1,852	1,852	2,745	2,745
Average equivalent shares				
Shares of GE common stock outstanding	10,671	10,671	10,564	10,564
Employee compensation-related shares, including stock options	16	–	–	–
Total average equivalent shares	10,687	10,671	10,564	10,564
Per-share amounts				
Earnings from continuing operations	$ 0.21	$ 0.21	$ 0.26	$ 0.26
Loss from discontinued operations	(0.04)	(0.04)	–	–
Net earnings	0.17	0.17	0.26	0.26

(a) Included an insignificant amount of dividend equivalents in each of the periods presented and an insignificant amount related to accretion of redeemable securities for the three months ended March 31, 2010.

For the three months ended March 31, 2010 and 2009, there were approximately 308 million and 344 million, respectively, of outstanding stock awards that were not included in the computation of diluted earnings per share because their effect was anti-dilutive.

Earnings-per-share amounts are computed independently for earnings from continuing operations, earnings (loss) from discontinued operations and net earnings. As a result, the sum of per-share amounts from continuing operations and discontinued operations may not equal the total per-share amounts for net earnings.

14. FAIR VALUE MEASUREMENTS

For a description on how we estimate fair value, see Note 1 to the consolidated financial statements in our 2009 Form 10-K for information.

The following tables present our assets and liabilities measured at fair value on a recurring basis. Included in the tables are investment securities of $26,426 million and $25,729 million at March 31, 2010 and December 31, 2009, respectively, primarily supporting obligations to annuitants and policyholders in our run-off insurance operations, and $6,440 million and $6,629 million at March 31, 2010 and December 31, 2009, respectively, supporting obligations to holders of GICs in Trinity, which ceased issuing new investment contracts beginning in the first quarter of 2010, and investment securities held at our global banks. Such securities are mainly investment grade.

(In millions)	Level 1(a)	Level 2(a)	Level 3(b)	Netting adjustment(c)	Net balance
March 31, 2010					
Assets					
Investment securities					
Debt					
U.S. corporate	$ 709	$ 19,534	$ 2,997	$ –	$ 23,240
State and municipal	–	1,720	243	–	1,963
Residential mortgage-backed	–	3,061	133	–	3,194
Commercial mortgage-backed	–	2,756	116	–	2,872
Asset-backed	–	871	1,862	–	2,733
Corporate – non-U.S.	148	1,217	1,203	–	2,568
Government – non-U.S.	1,026	1,205	148	–	2,379
U.S. government and federal agency	60	1,103	269	–	1,432
Retained interests(d)	–	–	43	–	43
Equity					
Available-for-sale	550	130	19	–	699
Trading	426	–	–	–	426
Derivatives(e)	–	10,541	658	(4,187)	7,012
Other(f)	–	–	896	–	896
Total	$ 2,919	$ 42,138	$ 8,587	$ (4,187)	$ 49,457
Liabilities					
Derivatives	$ –	$ 7,236	$ 508	$ (4,195)	$ 3,549
Other(g)	–	923	–	–	923
Total	$ –	$ 8,159	$ 508	$ (4,195)	$ 4,472
December 31, 2009					
Assets					
Investment securities					
Debt					
U.S. corporate	$ 723	$ 19,669	$ 3,258	$ –	$ 23,650
State and municipal	–	1,621	173	–	1,794
Residential mortgage-backed	–	3,195	123	–	3,318
Commercial mortgage-backed	–	2,647	55	–	2,702
Asset-backed	–	860	1,877	–	2,737
Corporate – non-U.S.	159	692	989	–	1,840
Government – non-U.S.	1,277	1,483	176	–	2,936
U.S. government and federal agency	85				