

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

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, D.C. 20549**

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

(Mark One)

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

For the quarterly period ended September 30, 2006

OR

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

For the transition period from \_\_\_\_ to \_\_\_\_

Commission file number 1-35

**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**

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

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

There were 10,308,102,000 shares of common stock with a par value of \$0.06 per share outstanding at September 30, 2006.

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

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## Explanatory Note

### Overview

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

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

<i>(In millions)</i>	<b>Effects of Correction</b>			
	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>September 30</b>	<b>September 30</b>	<b>September 30</b>	<b>September 30</b>
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
Increase (decrease) in earnings from continuing operations	\$ (97)	\$ 173	\$ 132	\$ 259

### Background

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

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

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

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

#### **Amendment to this Form 10-Q**

The following sections of this Form 10-Q have been revised to reflect the restatement: Part I - Item 1 - Financial Statements, - Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations, and - Item 4 - Controls and Procedures; and Part II - Item 6 - Exhibits are revised in this filing to reflect the restatement. Except to the extent relating to the restatement of our financial statements and other financial information described above, the financial statements and other disclosure in this Form 10-Q do not reflect any events that have occurred after this Form 10-Q was initially filed on October 31, 2006.

#### **Effects of Restatement**

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

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**Effects on Statements of Earnings**

<i>Income (expense)</i> <i>(In millions; per share amounts in dollars)</i>	<b>Three months ended September 30</b>		<b>Nine months ended September 30</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
<b>Consolidated</b>				
Commercial paper interest rate swap adjustment (note 1) <sup>(a)</sup>	\$ (163)	\$ 271	\$ 193	\$ 390
Interest and other financial charges	4	13	23	36
Earnings from continuing operations before income taxes	(159)	284	216	426
Provision for income taxes	62	(111)	(84)	(167)
Earnings from continuing operations	(97)	173	132	259
Net earnings	(97)	173	132	259

(a) Included in total revenues.

	<b>Three months ended September 30</b>		<b>Nine months ended September 30</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
Per share amounts - earnings from continuing operations				
Diluted, as reported	\$ 0.49	\$ 0.43	\$ 1.34	\$ 1.18
Adjustment	(0.01)	0.02	0.01	0.02
Diluted, as restated	\$ 0.48	\$ 0.45	\$ 1.35	\$ 1.20
Basic, as reported				
Adjustment	(0.01)	0.02	0.02	0.03
Basic, as restated	\$ 0.48	\$ 0.45	\$ 1.36	\$ 1.21
Per share amounts - net earnings				
Diluted, as reported	\$ 0.48	\$ 0.44	\$ 1.36	\$ 1.25
Adjustment	(0.01)	0.02	0.01	0.02
Diluted, as restated	\$ 0.47	\$ 0.46	\$ 1.37	\$ 1.27
Basic, as reported				
Adjustment	(0.01)	0.02	0.01	0.03
Basic, as restated	\$ 0.47	\$ 0.46	\$ 1.37	\$ 1.28

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<i>Income (expense) (In millions)</i>	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>September 30</b>		<b>September 30</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
<b>GECS</b>				
Commercial paper interest rate swap adjustment (note 1) <sup>(a)</sup>	\$ (163)	\$ 271	\$ 193	\$ 390
Interest and other financial charges	4	13	23	36
Earnings from continuing operations before income taxes	(159)	284	216	426
Provision for income taxes	62	(111)	(84)	(167)
Earnings from continuing operations	(97)	173	132	259
Net earnings	(97)	173	132	259

(a) Included in total revenues.

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

Part I

Item 1 - Financial Statements

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

Item 4 - Controls and Procedures

Part II:

Item 6 - Exhibits

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

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**Part I. Financial Information****Item 1. Financial Statements****Condensed Statement of Earnings****General Electric Company and consolidated affiliates****Three months ended September 30 (Unaudited)**

<i>(In millions; per-share amounts in dollars)</i>	<b>Consolidated</b>		<b>GE</b>		<b>Financial Services (GECS)</b>	
	<b>2006</b> (Restated)	<b>2005</b> (Restated)	<b>2006</b> (Restated)	<b>2005</b> (Restated)	<b>2006</b> (Restated)	<b>2005</b> (Restated)
Sales of goods	\$ 15,656	\$ 14,346	\$ 15,255	\$ 13,823	\$ 519	\$ 543
Sales of services	9,134	7,673	9,223	7,744	-	-
Other income	570	347	613	367	-	-
GECS earnings from continuing operations	-	-	2,607	2,773	-	-
GECS revenues from services	15,496	14,002	-	-	15,756	14,323
GECS commercial paper interest rate swap adjustment	(163)	271	-	-	(163)	271
Total revenues	40,693	36,639	27,698	24,707	16,112	15,137
Cost of goods sold	12,705	11,247	12,343	10,764	480	505
Cost of services sold	5,763	4,754	5,852	4,825	-	-
Interest and other financial charges	5,139	3,702	507	339	4,798	3,495
Investment contracts, insurance losses and insurance annuity benefits	822	874	-	-	867	926
Provision for losses on financing receivables	965	1,095	-	-	965	1,095
Other costs and expenses	9,233	8,749	3,262	3,200	6,063	5,704
Minority interest in net earnings of consolidated affiliates	215	230	158	146	57	84
Total costs and expenses	34,842	30,651	22,122	19,274	13,230	11,809
Earnings from continuing operations before income taxes	5,851	5,988	5,576	5,433	2,882	3,328
Provision for income taxes	(889)	(1,223)	(614)	(668)	(275)	(555)
Earnings from continuing operations	4,962	4,765	4,962	4,765	2,607	2,773
Earnings (loss) from discontinued operations, net of taxes	(95)	85	(95)	85	(95)	85
Net earnings	\$ 4,867	\$ 4,850	\$ 4,867	\$ 4,850	\$ 2,512	\$ 2,858

## Per-share amounts

Per-share amounts - earnings from continuing operations



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Diluted earnings per share	\$	0.48	\$	0.45
Basic earnings per share	\$	0.48	\$	0.45

Per-share amounts - net earnings

Diluted earnings per share	\$	0.47	\$	0.46
Basic earnings per share	\$	0.47	\$	0.46

Dividends declared per share	\$	0.25	\$	0.22
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See notes to condensed, consolidated financial statements. Separate information is shown for “GE” and “Financial Services (GECS).” Transactions between GE and GECS have been eliminated from the “Consolidated” columns.

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**Condensed Statement of Earnings**  
**General Electric Company and consolidated affiliates**

**Nine months ended September 30 (Unaudited)**

<i>(In millions; per-share amounts in dollars)</i>	<b>Consolidated</b>		<b>GE</b>		<b>Financial Services (GECS)</b>	
	<b>2006</b> (Restated)	<b>2005</b> (Restated)	<b>2006</b> (Restated)	<b>2005</b> (Restated)	<b>2006</b> (Restated)	<b>2005</b> (Restated)
Sales of goods	\$ 46,715	\$ 42,751	\$ 45,274	\$ 40,912	\$ 1,786	\$ 1,881
Sales of services	26,456	23,662	26,738	23,896	-	-
Other income	1,678	1,260	1,787	1,321	-	-
GECS earnings from continuing operations	-	-	7,606	6,750	-	-
GECS revenues from services	43,728	39,584	-	-	44,477	40,551
GECS commercial paper interest rate swap adjustment	193	390	-	-	193	390
<b>Total revenues</b>	<b>118,770</b>	<b>107,647</b>	<b>81,405</b>	<b>72,879</b>	<b>46,456</b>	<b>42,822</b>
Cost of goods sold	37,188	33,278	35,881	31,553	1,652	1,768
Cost of services sold	17,084	14,861	17,366	15,095	-	-
Interest and other financial charges	14,014	11,136	1,377	1,056	13,088	10,489
Investment contracts, insurance losses and insurance annuity benefits	2,364	2,500	-	-	2,503	2,642
Provision for losses on financing receivables	2,683	2,955	-	-	2,683	2,955
Other costs and expenses	27,676	26,338	10,305	9,777	17,639	17,037
Minority interest in net earnings of consolidated affiliates	688	736	507	581	181	155
<b>Total costs and expenses</b>	<b>101,697</b>	<b>91,804</b>	<b>65,436</b>	<b>58,062</b>	<b>37,746</b>	<b>35,046</b>
Earnings from continuing operations before income taxes	17,073	15,843	15,969	14,817	8,710	7,776
Provision for income taxes	(2,986)	(3,056)	(1,882)	(2,030)	(1,104)	(1,026)
Earnings from continuing operations	14,087	12,787	14,087	12,787	7,606	6,750
Earnings from discontinued operations, net of taxes	166	761	166	761	166	761
<b>Net earnings</b>	<b>\$ 14,253</b>	<b>\$ 13,548</b>	<b>\$ 14,253</b>	<b>\$ 13,548</b>	<b>\$ 7,772</b>	<b>\$ 7,511</b>
<b>Per-share amounts</b>						
<b>Per-share amounts - earnings from continuing operations</b>						
Diluted earnings per share	\$ 1.35	\$ 1.20				
Basic earnings per share	\$ 1.36	\$ 1.21				
<b>Per-share amounts - net earnings</b>						
Diluted earnings per share	\$ 1.37	\$ 1.27				
Basic earnings per share	\$ 1.37	\$ 1.28				

Dividends declared per share       \$     0.75   \$     0.66

See notes to condensed, consolidated financial statements. Separate information is shown for “GE” and “Financial Services (GECS).” Transactions between GE and GECS have been eliminated from the “Consolidated” columns.

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**Condensed Statement of Financial Position**  
**General Electric Company and consolidated affiliates**

	<b>Consolidated</b>		<b>GE</b>		<b>Financial Services (GECS)</b>	
	<b>9/30/06</b>	<b>12/31/05</b>	<b>9/30/06</b>	<b>12/31/05</b>	<b>9/30/06</b>	<b>12/31/05</b>
<i>(In millions; except share amounts)</i>	<i>(Restated)</i>	<i>(Restated)</i>	<i>(Restated)</i>	<i>(Restated)</i>	<i>(Restated)</i>	<i>(Restated)</i>
Cash and equivalents	\$ 13,782	\$ 8,825	\$ 1,739	\$ 2,015	\$ 12,144	\$ 7,130
Investment securities	45,626	42,148	425	461	45,208	41,710
Current receivables	12,535	14,851	12,771	15,058	-	-
Inventories	11,855	10,474	11,681	10,315	174	159
Financing receivables - net	310,231	287,639	-	-	310,258	287,639
Other GECS receivables	16,359	14,332	-	-	20,741	18,625
Property, plant and equipment (including equipment leased to others) - net	72,246	67,528	15,834	16,504	56,412	51,024
Investment in GECS	-	-	51,035	50,812	-	-
Intangible assets - net	85,468	81,630	60,129	57,839	25,339	23,791
All other assets	98,423	84,828	39,232	36,752	60,391	49,440
Assets of discontinued operations	15,540	61,066	-	-	15,540	61,066
<b>Total assets</b>	<b>\$ 682,065</b>	<b>\$ 673,321</b>	<b>\$ 192,846</b>	<b>\$ 189,756</b>	<b>\$ 546,207</b>	<b>\$ 540,584</b>
Short-term borrowings	\$ 167,206	\$ 158,156	\$ 2,679	\$ 1,127	\$ 165,073	\$ 157,672
Accounts payable, principally trade accounts	18,864	21,183	10,500	11,870	12,145	13,043
Progress collections and price adjustments accrued	4,949	4,456	4,949	4,456	-	-
Other GE current liabilities	20,430	21,042	20,430	21,059	-	-
Long-term borrowings	242,927	212,281	9,010	9,081	235,123	204,397
Investment contracts, insurance liabilities and insurance annuity benefits	34,570	33,097	-	-	34,894	33,387
All other liabilities	41,863	39,966	23,803	23,273	18,156	16,787
Deferred income taxes	16,374	16,208	4,183	3,733	12,191	12,475
Liabilities of discontinued operations	15,289	49,527	-	-	15,289	49,763
<b>Total liabilities</b>	<b>562,472</b>	<b>555,916</b>	<b>75,554</b>	<b>74,599</b>	<b>492,871</b>	<b>487,524</b>
Minority interest in equity of consolidated affiliates	8,211	8,054	5,910	5,806	2,301	2,248
Common stock (10,308,102,000 and 10,484,268,000 shares outstanding at September 30, 2006 and December 31, 2005, respectively)	669	669	669	669	1	1
Accumulated gains (losses) - net						
Investment securities	1,253	1,831	1,253	1,831	1,188	1,754
Currency translation adjustments	4,748	2,532	4,748	2,532	3,774	2,287
Cash flow hedges	(172)	(352)	(172)	(352)	(139)	(343)

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Minimum pension liabilities	(895)	(874)	(895)	(874)	(193)	(179)
Other capital	25,344	25,227	25,344	25,227	12,538	12,386
Retained earnings	104,111	97,644	104,111	97,644	33,866	34,906
Less common stock held in treasury	(23,676)	(17,326)	(23,676)	(17,326)	-	-
Total shareowners' equity	111,382	109,351	111,382	109,351	51,035	50,812
Total liabilities and equity	\$ 682,065	\$ 673,321	\$ 192,846	\$ 189,756	\$ 546,207	\$ 540,584

The sum of accumulated gains (losses) on investment securities, currency translation adjustments, cash flow hedges and minimum pension liabilities constitutes "Accumulated nonowner changes other than earnings," and amounted to \$4,934 million and \$3,137 million at September 30, 2006, and December 31, 2005, respectively.

See notes to condensed, consolidated financial statements. Separate information is shown for "GE" and "Financial Services (GECS)." September 30, 2006, data are unaudited. Transactions between GE and GECS have been eliminated from the "Consolidated" columns.

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**Condensed Statement of Cash Flows**  
**General Electric Company and consolidated affiliates**

**Nine months ended September 30 (Unaudited)**

	<b>Consolidated</b>		<b>GE</b>		<b>Financial Services (GECS)</b>	
	<b>2006</b> (Restated) <sup>(a)</sup>	<b>2005</b> (Restated) <sup>(a)</sup>	<b>2006</b> (Restated) <sup>(a)</sup>	<b>2005</b> (Restated) <sup>(a)</sup>	<b>2006</b> (Restated) <sup>(a)</sup>	<b>2005</b> (Restated) <sup>(a)</sup>
<i>(In millions)</i>						
<b>Cash flows - operating activities</b>						
Net earnings	\$ 14,253	\$ 13,548	\$ 14,253	\$ 13,548	\$ 7,772	\$ 7,511
Earnings from discontinued operations	(166)	(761)	-	-	(166)	(761)
Adjustments to reconcile net earnings to cash provided from operating activities						
Depreciation and amortization of property, plant and equipment	6,672	6,483	1,935	1,867	4,737	4,616
Earnings retained by GECS	-	-	899	(1,999)	-	-
Deferred income taxes	1,505	(642)	754	(146)	751	(496)
Decrease in GE current receivables	2,337	1,766	2,307	1,857	-	-
Decrease (increase) in inventories	(1,908)	(919)	(1,893)	(934)	(15)	15
Increase (decrease) in accounts payable	(1,432)	(1,096)	(435)	(1,198)	(946)	468
Increase in GE progress collections	469	395	469	395	-	-
Provision for losses on GECS financing receivables	2,683	2,955	-	-	2,683	2,955
All other operating activities	(2,654)	3,645	196	1,307	297	2,692
Cash from operating activities - continuing operations	21,759	25,374	18,485	14,697	15,113	17,000
Cash from (used for) operating activities - discontinued operations	(64)	3,888	-	-	(64)	3,888
Cash from operating activities	21,695	29,262	18,485	14,697	15,049	20,888
<b>Cash flows - investing activities</b>						
Additions to property, plant and equipment	(11,045)	(9,666)	(2,450)	(1,616)	(8,595)	(8,050)
Dispositions of property, plant and equipment	4,429	4,433	-	-	4,429	4,433
Net increase in GECS financing receivables	(24,179)	(5,513)	-	-	(24,179)	(5,513)
Payments for principal businesses purchased	(10,966)	(10,527)	(4,068)	(3,784)	(6,898)	(6,743)
Proceeds from sales of discontinued operations	8,112	6,690	-	-	8,112	6,690
All other investing activities	1,224	(1,347)	1,405	819	(3,483)	(2,937)
Cash used for investing activities - continuing operations	(32,425)	(15,930)	(5,113)	(4,581)	(30,614)	(12,120)
	(2,469)	(5,250)	-	-	(2,469)	(5,250)

Cash used for investing activities -  
discontinued operations

Cash used for investing activities	(34,894)	(21,180)	(5,113)	(4,581)	(33,083)	(17,370)
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**Cash flows - financing activities**

Net increase (decrease) in borrowings (maturities of 90 days or less)	600	(9,871)	1,596	(493)	(1,089)	(7,680)
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Newly issued debt (maturities longer than 90 days)	60,745	48,289	88	151	60,665	48,159
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Repayments and other reductions (maturities longer than 90 days)	(29,754)	(40,866)	(111)	(819)	(29,643)	(40,047)
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Net purchases of GE treasury shares	(7,390)	(1,868)	(7,390)	(1,868)	-	-
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Dividends paid to shareowners	(7,831)	(7,015)	(7,831)	(7,015)	(8,671)	(5,512)
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All other financing activities	(747)	(1,401)	-	-	(747)	(1,401)
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Cash from (used for) financing activities - continuing operations	15,623	(12,732)	(13,648)	(10,044)	20,515	(6,481)
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Cash from (used for) financing activities - discontinued operations	(257)	249	-	-	(257)	249
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Cash from (used for) financing activities	15,366	(12,483)	(13,648)	(10,044)	20,258	(6,232)
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Increase (decrease) in cash and equivalents	2,167	(4,401)	(276)	72	2,224	(2,714)
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Cash and equivalents at beginning of year	11,801	15,328	2,015	3,155	10,106	12,367
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Cash and equivalents at September 30	13,968	10,927	1,739	3,227	12,330	9,653
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Less cash and equivalents of discontinued operations at September 30	186	2,154	-	-	186	2,154
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Cash and equivalents of continuing operations at September 30	\$ 13,782	\$ 8,773	\$ 1,739	\$ 3,227	\$ 12,144	\$ 7,499
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See notes to condensed, consolidated financial statements. Separate information is shown for "GE" and "Financial Services (GECS)." Transactions between GE and GECS have been eliminated from the "Consolidated" columns.

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

**Summary of Operating Segments**  
**General Electric Company and consolidated affiliates**

<i>(In millions)</i>	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>September 30</b>		<b>September 30 (Unaudited)</b>	
	<b>(Unaudited)</b>			
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
<b>Revenues</b>				
Infrastructure	\$ 12,104	\$ 10,128	\$ 33,588	\$ 29,723
Industrial	8,526	8,257	25,454	24,178
Healthcare	3,897	3,578	11,712	10,667
NBC Universal	3,631	3,038	11,971	10,497
Commercial Finance	6,006	5,414	17,017	15,415
GE Money <sup>(a)</sup>	5,590	4,913	15,948	14,530
Total segment revenues	39,754	35,328	115,690	105,010
Corporate items and eliminations	939	1,311	3,080	2,637
<b>Consolidated revenues</b>	<b>\$ 40,693</b>	<b>\$ 36,639</b>	<b>\$ 118,770</b>	<b>\$ 107,647</b>
<b>Segment profit</b> <sup>(b)</sup>				
Infrastructure	\$ 2,336	\$ 1,880	\$ 6,146	\$ 5,336
Industrial	692	629	2,021	1,790
Healthcare	700	589	1,991	1,670
NBC Universal	542	603	2,078	2,291
Commercial Finance	1,290	1,212	3,521	3,010
GE Money <sup>(a)</sup>	916	810	2,632	2,280
Total segment profit	6,476	5,723	18,389	16,377
Corporate items and eliminations	(393)	49	(1,043)	(504)
GE interest and other financial charges	(507)	(339)	(1,377)	(1,056)
GE provision for income taxes	(614)	(668)	(1,882)	(2,030)
Earnings from continuing operations	4,962	4,765	14,087	12,787
Earnings (loss) from discontinued operations, net of taxes	(95)	85	166	761
<b>Consolidated net earnings</b>	<b>\$ 4,867</b>	<b>\$ 4,850</b>	<b>\$ 14,253</b>	<b>\$ 13,548</b>

(a) Formerly known as Consumer Finance.

(b) Segment profit always excludes the effects of principal pension plans, results reported as discontinued operations 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 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 refer to



as “operating profit,” for Healthcare, NBC Universal and the industrial businesses of the Infrastructure and Industrial segments; included in determining segment profit, which we refer to as “net earnings,” for Commercial Finance, GE Money, and the financial services businesses of the Infrastructure segment (Aviation Financial Services, Energy Financial Services and Transportation Finance) and the Industrial segment (Equipment Services).

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

1. 2007 Restatement

General Electric Company (GE) is filing this amendment to its Quarterly Report on Form 10-Q for the period ended September 30, 2006, to amend and restate financial statements and other financial information for the three and nine months ended September 30, 2006 and 2005. The restatement adjusts our accounting for interest rate swap transactions related to a portion of the commercial paper issued by General Electric Capital Corporation (GECC) and General Electric Capital Services, Inc. (GECS), each wholly-owned subsidiaries, from January 1, 2001, the date we adopted Statement of Financial Accounting Standards (SFAS) No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended. The restatement has not effect on our cash flows or liquidity, and its effects on our financial position at the ends of the respective periods are immaterial.

**Background**

As previously disclosed, the Boston Office of the U.S. Securities and Exchange Commission (SEC) is conducting a formal investigation of our application of SFAS No. 133. In the course of that investigation, the SEC Enforcement staff raised certain concerns about our accounting for the use of interest rate swaps to fix certain otherwise variable interest costs in a portion of our commercial paper program at GECC and GECS. The SEC Enforcement staff referred such concerns to the Office of Chief Accountant. We and our auditors determined that our accounting for the commercial paper hedging program satisfied the requirements of SFAS 133 and conveyed our views to the staff of the Office of Chief Accountant. Following our discussions, however, the Office of Chief Accountant communicated its view to us that our commercial paper hedging program as structured did not meet the SFAS 133 specificity requirement

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

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

Effects of the restatement by line item follow:

	Three months ended September 30				Nine months ended September 30			
	2006		2005		2006		2005	
<i>(In millions; per share amounts in dollars) (unaudited)</i>	As previously reported	As restated	As previously reported	As restated	As previously reported	As restated	As previously reported	As restated
<b>Statement of Earnings</b>								
<b>Consolidated</b>								
GECS commercial paper interest rate swap adjustment (a)	\$ -	\$ (163)	\$ -	\$ 271	\$ -	\$ 193	\$ -	\$ 390
Interest and other financial charges	5,143	5,139	3,715	3,702	14,037	14,014	11,172	11,136
Earnings from continuing operations before income taxes	6,010	5,851	5,704	5,988	16,857	17,073	15,417	15,843
Provision for income taxes	(951)	(889)	(1,112)	(1,223)	(2,902)	(2,986)	(2,889)	(3,056)
Earnings from continuing operations	5,059	4,962	4,592	4,765	13,955	14,087	12,528	12,787
Net earnings	4,964	4,867	4,677	4,850	14,121	14,253	13,289	13,548

(a) Included in total revenues.

Per share amounts								
Earnings from continuing operations								
Diluted earnings per share	\$ 0.49	\$ 0.48	\$ 0.43	\$ 0.45	\$ 1.34	\$ 1.35	\$ 1.18	\$ 1.20
Basic earnings per share	0.49	0.48	0.43	0.45	1.34	1.36	1.18	1.21
Net earnings								
Diluted earnings per share	\$ 0.48	\$ 0.47	\$ 0.44	\$ 0.46	\$ 1.36	\$ 1.37	\$ 1.25	\$ 1.27
Basic earnings per share	0.48	0.47	0.44	0.46	1.36	1.37	1.25	1.28

## GECS

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GECS commercial paper interest rate swap adjustment	\$	-	\$	(163)	\$	-	\$	271	\$	-	\$	193	\$	-	\$	390
(a)																
Interest and other financial charges		4,802		4,798		3,508		3,495		13,111		13,088		10,525		10,489
Earnings from continuing operations before income taxes		3,041		2,882		3,044		3,328		8,494		8,710		7,350		7,776
Provision for income taxes		(337)		(275)		(444)		(555)		(1,020)		(1,104)		(859)		(1,026)
Earnings from continuing operations		2,704		2,607		2,600		2,773		7,474		7,606		6,491		6,750
Net earnings		2,609		2,512		2,685		2,858		7,640		7,772		7,252		7,511

(a) Included in total revenues.

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<i>(In millions) (unaudited)</i>	<b>9/30/06</b>		<b>12/31/05</b>	
	<b>As previously reported</b>	<b>As restated</b>	<b>As previously reported</b>	<b>As restated</b>
<b>Statement of Financial Position</b>				
<b>Consolidated</b>				
All other assets	\$ 98,458	\$ 98,423	\$ 84,849	\$ 84,828
Total assets	682,100	682,065	673,342	673,321
Accounts payable	18,788	18,864	21,183	21,183
All other liabilities	41,849	41,863	39,966	39,966
Deferred income taxes	16,484	16,374	16,226	16,208
Total liabilities	562,492	562,472	555,934	555,916
Cash flow hedges	(498)	(172)	(822)	(352)
Retained earnings	104,452	104,111	98,117	97,644
Total shareowners' equity	111,397	111,382	109,354	109,351
Total liabilities and equity	682,100	682,065	673,342	673,321
<b>GECS</b>				
All other assets	\$ 60,426	\$ 60,391	\$ 49,461	\$ 49,440
Total assets	546,242	546,207	540,605	540,584
Accounts payable	12,069	12,145	13,043	13,043
All other liabilities	18,142	18,156	16,787	16,787
Deferred income taxes	12,301	12,191	12,493	12,475
Total liabilities	492,891	492,871	487,542	487,524
Cash flow hedges	(465)	(139)	(813)	(343)
Retained earnings	34,207	33,866	35,379	34,906
Total shareowner's equity	51,050	51,035	50,815	50,812
Total liabilities and equity	546,242	546,207	540,605	540,584

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 included in the Annual Report on Form 10-K for the year ended December 31, 2005. That note discusses consolidation and financial statement presentation. As used in this report on Form 10-Q (Report) and in the 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. We reclassified certain prior-period amounts to conform to the current period's presentation. Unless otherwise indicated, information in these notes to condensed, consolidated financial statements relates to continuing operations.

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

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

### **Completed sale of GE Insurance Solutions**

In June 2006, we completed the sale of the property and casualty insurance and reinsurance businesses and the European life and health operations of GE Insurance Solutions to Swiss Reinsurance Company (Swiss Re) for \$9,297 million, including the assumption of \$1,700 million of debt. We received \$5,359 million in cash and \$2,238 million of newly issued Swiss Re common stock, representing a 9% interest in Swiss Re, that we are not permitted to sell before June 4, 2007, under the agreement we have with Swiss Re. GE Insurance Solutions loss from discontinued operations, net of taxes, for the third quarter of 2006 was \$25 million and earnings from discontinued operations, net of taxes, for the first nine months of 2006 were \$211 million.

### **Completed sale of Genworth**

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

### **Planned sale of GE Life**

On October 13, 2006, Swiss Re agreed to purchase GE Life, our U.K.-based life insurance operation, for 465 million pounds (approximately \$863 million). Operating results through closing will be controlled by us and be for our benefit, subject to certain restrictions with respect to conducting the operation being sold. Effective at closing, all policyholder and other customer contracts will be the responsibility of Swiss Re. We expect this transaction to close in the fourth quarter of 2006, subject to regulatory approvals and customary closing conditions. GE Life revenues for the third quarter and first nine months of 2006 were \$490 million and \$1,352 million, respectively; its earnings from operations for the third quarter and first nine months of 2006 were \$12 million and \$29 million, respectively. We have provided for our best estimate of loss on the sale. We made no such provision in the third quarter of 2006. We have provided \$320 million (\$285 million after tax) for the first nine months of 2006.

### **Summarized financial information for discontinued operations**

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

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<i>(In millions)</i>	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>September 30</b>		<b>September 30</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
<b>Operations</b>				
Revenues from services	\$ 489	\$ 5,137	\$ 4,171	\$ 15,367
Earnings from discontinued operations before minority interest and income taxes	\$ 9	\$ 47	\$ 391	\$ 1,381
Minority interest	-	150	-	394
Earnings (loss) from discontinued operations before income taxes	9	(103)	391	987
Income tax expense	(4)	(66)	(86)	(566)
Earnings (loss) from discontinued operations before disposal, net of taxes	\$ 5	\$ (169)	\$ 305	\$ 421
<b>Disposal</b>				
Gain (loss) on disposal before income taxes	\$ (163)	\$ 420	\$ (152)	\$ 576
Income tax benefit (expense)	63	(166)	13	(236)
Gain (loss) on disposal, net of taxes	\$ (100)	\$ 254	\$ (139)	\$ 340
Earnings (loss) from discontinued operations, net of taxes	\$ (95)	\$ 85	\$ 166	\$ 761

<i>(In millions)</i>	<b>At</b>	
	<b>9/30/06</b>	<b>12/31/05</b>
<b>Assets</b>		
Cash and equivalents	\$ 186	\$ 2,976
Investment securities	12,107	37,633
Other receivables	467	13,915
Other	2,780	6,542
Assets of discontinued operations	\$ 15,540	\$ 61,066

<i>(In millions)</i>	<b>At</b>	
	<b>9/30/06</b>	<b>12/31/05</b>
<b>Liabilities and equity</b>		
Investment contracts, insurance liabilities and insurance annuity benefits	\$ 13,403	\$ 43,378
Other	1,886	6,385
Liabilities of discontinued operations	15,289	49,763
Eliminations	-	(236)

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Total	\$ 15,289	\$ 49,527
Total accumulated nonowner changes other than earnings	\$ 194	\$ 652

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4. GECS revenues from services are summarized in the following table.

<i>(In millions)</i>	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>September 30</b>		<b>September 30</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
Interest on loans	\$ 5,586	\$ 4,843	\$ 16,555	\$ 14,944
Operating lease rentals	3,410	3,006	9,477	8,562
Fees	1,002	1,126	3,018	2,944
Financing leases	1,176	962	3,203	3,030
Investment income	687	895	1,913	2,137
Premiums earned by insurance activities	536	563	1,512	1,686
Other income	3,359	2,928	8,799	7,248
Total	\$ 15,756	\$ 14,323	\$ 44,477	\$ 40,551

5. 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 whose pension assets or obligations exceeded \$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 and retiree benefit plans follows.

<i>(In millions)</i>	<b>Principal Pension Plans</b>			
	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>September 30</b>		<b>September 30</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
Expected return on plan assets	\$ (953)	\$ (971)	\$ (2,858)	\$ (2,911)
Service cost for benefits earned	338	407	1,027	1,057
Interest cost on benefit obligation	576	564	1,728	1,684
Prior service cost	69	63	184	187
Net actuarial loss recognized	181	90	550	261
Cost of pension plans	\$ 211	\$ 153	\$ 631	\$ 278

<i>(In millions)</i>	<b>Other Pension Plans</b>			
	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>September 30</b>		<b>September 30</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
Expected return on plan assets	\$ (101)	\$ (87)	\$ (298)	\$ (267)
Service cost for benefits earned	81	66	247	212
Interest cost on benefit obligation	96	89	283	274
Prior service cost	1	1	3	5
Net actuarial loss recognized	42	29	120	86
Cost of pension plans	\$ 119	\$ 98	\$ 355	\$ 310

(17)

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**Principal Retiree Health and  
Life Insurance Plans**

<i>(In millions)</i>	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>September 30</b>		<b>September 30</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
Expected return on plan assets	\$ (31)	\$ (34)	\$ (95)	\$ (103)
Service cost for benefits earned	50	92	158	199
Interest cost on benefit obligation	114	127	342	380
Prior service cost	101	75	247	224
Net actuarial loss recognized	16	18	52	54
Cost of principal retiree benefit plans	\$ 250	\$ 278	\$ 704	\$ 754

6. 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.

<i>(In millions; per-share amounts in dollars)</i>	<b>Three months ended September 30</b>			
	<b>2006</b>		<b>2005</b>	
	<b>Diluted</b>	<b>Basic</b>	<b>Diluted</b>	<b>Basic</b>
<b>Consolidated</b>				
Earnings from continuing operations for per-share calculation <sup>(a)</sup>	\$ 4,962	\$ 4,962	\$ 4,765	\$ 4,765
Earnings (loss) from discontinued operations for per-share calculation <sup>(b)</sup>	(95)	(95)	82	85
Net earnings available for per-share calculation	\$ 4,867	\$ 4,867	\$ 4,847	