

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 March 31, 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**

(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

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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 Act). Yes No

There were 10,398,398,000 shares of common stock with a par value of \$0.06 per share outstanding at March 31, 2006.

(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 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.

(2)

Explanatory Note

Overview

General Electric Company (GE) is filing this amendment to its Quarterly Reports on Form 10-Q for the period ended March 31, 2006, to amend and restate financial statements and other financial information for the three months ended March 31, 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 Derivative Instruments and Hedging Activities*, as amended. The restatement has no effect on our cash flows or liquidity, and its effects on our financial position at the ends of the respective restated periods are immaterial. We have not found that any of our hedge positions were inconsistent with our risk management policies or economic objectives.

For the three and three months ended March 31, 2006 and 2005, this non-cash restatement had the following earnings effects:

<i>(In millions)</i>	Effects of Correction	
	Three months ended	
	March 31	
	2006	2005
Increase (decrease) in earnings from continuing operations	\$ 135	\$ 225

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.

(3)

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 April 26, 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 months ended March 31, 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.

(4)

Effects on Statements of Earnings*Income (expense)**(In millions; per share amounts in dollars)*

	Three months ended	
	March 31	
	2006	2005
Consolidated		
Commercial paper interest rate swap adjustment (note 1) ^(a)	\$ 208	\$ 358
Interest and other financial charges	13	12
Earnings from continuing operations before income taxes	221	370
Provision for income taxes	(86)	(145)
Earnings from continuing operations	135	225
Net earnings	135	225

(a) Included in total revenues.

	Three months ended	
	March 31	
	2006	2005
Per share amounts - earnings from continuing operations		
Diluted, as reported	\$ 0.39	\$ 0.33
Adjustment	0.01	0.03
Diluted, as restated	\$ 0.40	\$ 0.36
Basic, as reported	\$ 0.39	\$ 0.34
Adjustment	0.01	0.02
Basic, as restated	\$ 0.40	\$ 0.36
Per share amounts - net earnings		
Diluted, as reported	\$ 0.41	\$ 0.37
Adjustment	0.01	0.02
Diluted, as restated	\$ 0.42	\$ 0.39
Basic, as reported	\$ 0.41	\$ 0.37
Adjustment	0.02	0.03
Basic, as restated	\$ 0.43	\$ 0.40

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<i>Income (expense)</i> <i>(In millions)</i>	Three months ended	
	March 31	
	2006	2005
GECS		
Commercial paper interest rate swap adjustment (note 1) ^(a)	\$ 208	\$ 358
Interest and other financial charges	13	12
Earnings from continuing operations before income taxes	221	370
Provision for income taxes	(86)	(145)
Earnings from continuing operations	135	225
Net earnings	135	225

(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 months ended March 31, 2006 and 2005.

(6)

Part I. Financial Information**Item 1. Financial Statements****Condensed Statement of Earnings****General Electric Company and consolidated affiliates****Three months ended March 31 (Unaudited)**

<i>(In millions; per-share amounts in dollars)</i>	Consolidated		GE		Financial Services (GECS)	
	2006 (Restated)	2005 (Restated)	2006 (Restated)	2005 (Restated)	2006 (Restated)	2005 (Restated)
Sales of goods	\$ 14,535	\$ 13,656	\$ 14,026	\$ 12,988	\$ 555	\$ 674
Sales of services	8,949	7,749	9,060	7,845	-	-
Other income	451	317	479	330	-	-
GECS earnings from continuing operations	-	-	2,405	2,088	-	-
GECS revenues from services	13,886	12,628	-	-	14,126	12,931
GECS commercial paper interest rate swap adjustment	208	358	-	-	208	358
Total revenues	38,029	34,708	25,970	23,251	14,889	13,963
Cost of goods sold	11,656	10,606	11,188	9,977	513	635
Cost of services sold	6,005	4,936	6,117	5,032	-	-
Interest and other financial charges	4,348	3,659	384	381	4,094	3,402
Investment contracts, insurance losses and insurance annuity benefits	749	827	-	-	805	866
Provision for losses on financing receivables	822	902	-	-	822	902
Other costs and expenses	9,037	8,848	3,396	3,311	5,723	5,690
Minority interest in net earnings of consolidated affiliates	238	216	163	186	75	30
Total costs and expenses	32,855	29,994	21,248	18,887	12,032	11,525
Earnings from continuing operations before income taxes	5,174	4,714	4,722	4,364	2,857	2,438
Provision for income taxes	(997)	(929)	(545)	(579)	(452)	(350)
Earnings from continuing operations	4,177	3,785	4,177	3,785	2,405	2,088
Earnings from discontinued operations, net of taxes	263	405	263	405	263	405
Net earnings	\$ 4,440	\$ 4,190	\$ 4,440	\$ 4,190	\$ 2,668	\$ 2,493
Per-share amounts						
Per-share amounts - earnings from continuing operations						
Diluted earnings per share	\$ 0.40	\$ 0.36				

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Basic earnings per share	\$	0.40	\$	0.36
Per-share amounts - net earnings				
Diluted earnings per share	\$	0.42	\$	0.39
Basic earnings per share	\$	0.43	\$	0.40
Dividends declared per share	\$	0.25	\$	0.22

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.

(7)

Condensed Statement of Financial Position
General Electric Company and consolidated affiliates

	Consolidated		GE		Financial Services (GECS)	
	3/31/06	12/31/05	3/31/06	12/31/05	3/31/06	12/31/05
<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	\$ 8,503	\$ 8,825	\$ 1,772	\$ 2,015	\$ 6,900	\$ 7,130
Investment securities	45,100	42,148	596	461	44,512	41,710
Current receivables	12,558	14,851	12,764	15,058	-	-
Inventories	11,364	10,474	11,203	10,315	161	159
Financing receivables - net	286,834	287,639	-	-	286,834	287,639
Other GECS receivables	14,360	14,332	-	-	18,855	18,625
Property, plant and equipment (including equipment leased to others) - net	67,684	67,528	16,370	16,504	51,314	51,024
Investment in GECS	-	-	49,291	50,812	-	-
Intangible assets - net	82,955	81,630	59,141	57,839	23,814	23,791
All other assets	86,995	84,828	36,540	36,752	51,919	49,440
Assets of discontinued operations	58,512	61,066	-	-	58,512	61,066
Total assets	\$ 674,865	\$ 673,321	\$ 187,677	\$ 189,756	\$ 542,821	\$ 540,584
Short-term borrowings	\$ 153,200	\$ 158,156	\$ 2,112	\$ 1,127	\$ 151,593	\$ 157,672
Accounts payable, principally trade accounts	19,173	21,183	10,752	11,870	12,291	13,043
Progress collections and price adjustments accrued	4,354	4,456	4,354	4,456	-	-
Other GE current liabilities	21,181	21,042	21,199	21,059	-	-
Long-term borrowings	222,970	212,281	9,085	9,081	215,086	204,397
Investment contracts, insurance liabilities and insurance annuity benefits	33,386	33,097	-	-	33,811	33,387
All other liabilities	38,675	39,966	23,020	23,273	15,752	16,787
Deferred income taxes	16,782	16,208	3,775	3,733	13,007	12,475
Liabilities of discontinued operations	49,476	49,527	-	-	49,702	49,763
Total liabilities	559,197	555,916	74,297	74,599	491,242	487,524
Minority interest in equity of consolidated affiliates	8,143	8,054	5,855	5,806	2,288	2,248
Common stock (10,398,398,000 and 10,484,268,000 shares outstanding at March 31, 2006 and December 31, 2005, respectively)	669	669	669	669	1	1
Accumulated gains (losses) - net						
Investment securities	1,159	1,831	1,159	1,831	1,049	1,754
Currency translation adjustments	2,272	2,532	2,272	2,532	2,007	2,287
Cash flow hedges	(174)	(352)	(174)	(352)	(132)	(343)

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Minimum pension liabilities	(889)	(874)	(889)	(874)	(189)	(179)
Other capital	25,362	25,227	25,362	25,227	12,525	12,386
Retained earnings	99,470	97,644	99,470	97,644	34,030	34,906
Less common stock held in treasury	(20,344)	(17,326)	(20,344)	(17,326)	-	-
Total shareowners' equity	107,525	109,351	107,525	109,351	49,291	50,812
Total liabilities and equity	\$ 674,865	\$ 673,321	\$ 187,677	\$ 189,756	\$ 542,821	\$ 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 was \$2,368 million and \$3,137 million at March 31, 2006, and December 31, 2005, respectively.

See notes to condensed, consolidated financial statements. Separate information is shown for "GE" and "Financial Services (GECS)." March 31, 2006, data are unaudited. Transactions between GE and GECS have been eliminated from the "Consolidated" columns.

(8)

Condensed Statement of Cash Flows
General Electric Company and consolidated affiliates

Three months ended March 31 (Unaudited)

	Consolidated		GE		Financial Services (GECS)	
	2006 (Restated) ^(a)	2005 (Restated) ^(a)	2006 (Restated) ^(a)	2005 (Restated) ^(a)	2006 (Restated) ^(a)	2005 (Restated) ^(a)
<i>(In millions)</i>						
Cash flows - operating activities						
Net earnings	\$ 4,440	\$ 4,190	\$ 4,440	\$ 4,190	\$ 2,668	\$ 2,493
Earnings from discontinued operations	(263)	(405)	-	-	(263)	(405)
Adjustments to reconcile net earnings to cash provided from operating activities						
Depreciation and amortization of property, plant and equipment	2,132	2,280	633	643	1,499	1,637
Earnings retained by GECS	-	-	736	(2,269)	-	-
Deferred income taxes	307	(23)	73	(1)	234	(22)
Decrease in GE current receivables	2,472	1,315	2,472	1,387	-	-
Increase in inventories	(878)	(678)	(876)	(671)	(2)	(7)
Decrease in accounts payable	(1,209)	(1,583)	(683)	(1,032)	(385)	(850)
Decrease in GE progress collections	(108)	(102)	(108)	(102)	-	-
Provision for losses on GECS financing receivables	822	902	-	-	822	902
All other operating activities	(2,297)	1,818	25	745	(1,312)	1,338
Cash from operating activities - continuing operations	5,418	7,714	6,712	2,890	3,261	5,086
Cash from operating activities - discontinued operations	91	1,210	-	-	91	1,210
Cash from operating activities	5,509	8,924	6,712	2,890	3,352	6,296
Cash flows - investing activities						
Additions to property, plant and equipment	(2,984)	(2,934)	(853)	(412)	(2,131)	(2,522)
Dispositions of property, plant and equipment	1,158	1,811	-	-	1,113	1,814
Net decrease (increase) in GECS financing receivables	(3,063)	750	-	-	(3,063)	750
Payments for principal businesses purchased	(2,075)	(7,300)	(1,651)	(2,669)	(424)	(4,631)
All other investing activities	(199)	866	346	586	(1,481)	156
Cash used for investing activities - continuing operations	(7,163)	(6,807)	(2,158)	(2,495)	(5,986)	(4,433)
Cash from (used for) investing activities - discontinued operations	800	(359)	-	-	800	(359)
Cash used for investing activities	(6,363)	(7,166)	(2,158)	(2,495)	(5,186)	(4,792)

Cash flows - financing activities

Net increase (decrease) in borrowings (maturities of 90 days or less)	(1,498)	(3,270)	1,054	503	(2,876)	(3,675)
Newly issued debt (maturities longer than 90 days)	24,623	23,722	43	14	24,583	23,677
Repayments and other reductions (maturities longer than 90 days)	(16,103)	(21,219)	(122)	(342)	(15,981)	(20,877)
Net dispositions (purchases) of GE treasury shares	(3,141)	121	(3,141)	121	-	-
Dividends paid to shareowners	(2,631)	(2,336)	(2,631)	(2,336)	(3,404)	(224)
All other financing activities	173	(592)	-	-	173	(592)
Cash from (used for) financing activities - continuing operations	1,423	(3,574)	(4,797)	(2,040)	2,495	(1,691)
Cash used for financing activities - discontinued operations	(249)	(613)	-	-	(249)	(613)
Cash from (used for) financing activities	1,174	(4,187)	(4,797)	(2,040)	2,246	(2,304)
Increase (decrease) in cash and equivalents	320	(2,429)	(243)	(1,645)	412	(800)
Cash and equivalents at beginning of year	11,801	15,328	2,015	3,155	10,106	12,367
Cash and equivalents at March 31	12,121	12,899	1,772	1,510	10,518	11,567
Less cash and equivalents of discontinued operations at March 31	3,618	3,504	-	-	3,618	3,504
Cash and equivalents of continuing operations at March 31	\$ 8,503	\$ 9,395	\$ 1,772	\$ 1,510	\$ 6,900	\$ 8,063

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

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

(9)

Summary of Operating Segments
General Electric Company and consolidated affiliates

<i>(In millions)</i>	Three months ended	
	March 31 (Unaudited)	
	2006	2005
Revenues		
Infrastructure	\$ 10,152	\$ 9,374
Industrial	8,140	7,668
Healthcare	3,659	3,321
NBC Universal	4,482	3,601
Commercial Finance	5,484	5,072
Consumer Finance	5,090	4,689
Total segment revenues	37,007	33,725
Corporate items and eliminations	1,022	983
Consolidated revenues	\$ 38,029	\$ 34,708
Segment profit ^(a)		
Infrastructure	\$ 1,703	\$ 1,540
Industrial	600	526
Healthcare	496	409
NBC Universal	654	709
Commercial Finance	1,174	926
Consumer Finance	836	735
Total segment profit	5,463	4,845
Corporate items and eliminations	(357)	(100)
GE interest and other financial charges	(384)	(381)
GE provision for income taxes	(545)	(579)
Earnings from continuing operations	4,177	3,785
Earnings from discontinued operations, net of taxes	263	405
Consolidated net earnings	\$ 4,440	\$ 4,190

(a) 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 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, Consumer Finance, and the financial services businesses of the Infrastructure segment (Aviation Financial Services, Energy Financial Services and Transportation Finance) and the Industrial segment (Equipment Services).

(10)

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 March 31, 2006, to amend and restate financial statements and other financial information for the three months ended March 31, 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 no 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:

<i>(In millions; per share amounts in dollars) (unaudited)</i>	Three months ended March 31			
	2006			2005
	As previously reported	As restated	As previously reported	As restated
Statement of Earnings				
Consolidated				
GECS commercial paper interest rate swap adjustment ^(a)	\$ -	\$ 208	\$ -	\$ 358
Interest and other financial charges	4,361	4,348	3,671	3,659
Earnings from continuing operations before income taxes	4,953	5,174	4,344	4,714
Provision for income taxes	(911)	(997)	(784)	(929)
Earnings from continuing operations	4,042	4,177	3,560	3,785
Net earnings	4,305	4,440	3,965	4,190

(a) Included in total revenues.

Per share amounts

Earnings from continuing operations

Diluted earnings per share	\$ 0.39	\$ 0.40	\$ 0.33	\$ 0.36
Basic earnings per share	0.39	0.40	0.34	0.36

Net earnings

Diluted earnings per share	\$ 0.41	\$ 0.42	\$ 0.37	\$ 0.39
Basic earnings per share	0.41	0.43	0.37	0.40

GECS

GECS commercial paper interest rate swap adjustment ^(a)	\$ -	\$ 208	\$ -	\$ 358
Interest and other financial charges	4,107	4,094	3,414	3,402
Earnings from continuing operations before income taxes	2,636	2,857	2,068	2,438
Provision for income taxes	(366)	(452)	(205)	(350)
Earnings from continuing operations	2,270	2,405	1,863	2,088
Net earnings	2,533	2,668	2,268	2,493

(a) Included in total revenues.

(12)

<i>(In millions) (unaudited)</i>	3/31/06		12/31/05	
	As previously reported	As restated	As previously reported	As restated
Statement of Financial Position				
Consolidated				
All other assets	\$ 86,947	\$ 86,995	\$ 84,849	\$ 84,828
Total assets	674,817	674,865	673,342	673,321
Accounts payable	19,096	19,173	21,183	21,183
Other liabilities	38,661	38,675	39,966	39,966
Deferred income taxes	16,862	16,782	16,226	16,208
Total liabilities	559,186	559,197	555,934	555,916
Cash flow hedges	(549)	(174)	(822)	(352)
Retained earnings	99,808	99,470	98,117	97,644
Total shareowners' equity	107,488	107,525	109,354	109,351
Total liabilities and equity	674,817	674,865	673,342	673,321
GECS				
All other assets	\$ 51,871	\$ 51,919	\$ 49,461	\$ 49,440
Total assets	542,773	542,821	540,605	540,584
Accounts payable	12,214	12,291	13,043	13,043
Other liabilities	15,738	15,752	16,787	16,787
Deferred income taxes	13,087	13,007	12,493	12,475
Total liabilities	491,231	491,242	487,542	487,524
Cash flow hedges	(507)	(132)	(813)	(343)
Retained earnings	34,368	34,030	35,379	34,906
Total shareowners' equity	49,254	49,291	50,815	50,812
Total liabilities and equity	542,773	542,821	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.

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.

3. At March 31, 2006, 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.

Planned sale of GE Life

In March 2006, we initiated a plan to sell GE Life, our U.K.-based life insurance operation. GE Life's assets were \$14,520 million at March 31, 2006; its first quarter 2006 revenues were \$799 million; and its first quarter 2006 earnings were insignificant. We have provided for a pre-tax loss of \$210 million (\$175 million after tax or \$0.02 per share) based on our best estimate of sales proceeds. We anticipate selling GE Life by March 31, 2007.

Planned sale of GE Insurance Solutions

Swiss Reinsurance Company (Swiss Re) has agreed to buy the property and casualty insurance and reinsurance businesses and the European life and health operations of GE Insurance Solutions for \$8,500 million, including the assumption of \$1,700 million of debt. On April 20, 2006, we and Swiss Re agreed that consideration, other than assumed debt, will consist of \$2,400 million of newly issued Swiss Re common stock that we will be restricted from selling for 360 days and the remainder will consist of some combination of cash, immediately salable notes and mandatory convertible instruments. We presently expect this transaction to close in the second quarter of 2006, subject to regulatory approvals and customary closing conditions.

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 or \$0.03 per share).

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

<i>(In millions)</i>	Three months ended	
	March 31	
	2006	2005
Discontinued operations before disposal		
Revenues from services	\$ 2,345	\$ 5,213
Earnings from discontinued operations before minority interest and income taxes	\$ 179	\$ 698
Minority interest	-	99
Earnings from discontinued operations before income taxes	179	599
Income tax expense	(41)	(280)
Earnings from discontinued operations before disposal, net of taxes	\$ 138	\$ 319
Disposal		
Gain on disposal before income taxes	\$ 306	\$ 156
Income tax expense	(181)	(70)
Gain on disposal, net of taxes	\$ 125	\$ 86
Earnings from discontinued operations, net of taxes	\$ 263	\$ 405

<i>(In millions)</i>	At	
	3/31/06	12/31/05
Assets		
Cash and equivalents	\$ 3,618	\$ 2,976
Investment securities	35,023	37,633
Other GECS receivables	13,333	13,915
Other	6,538	6,542
Assets of discontinued operations	58,512	61,066
Eliminations	-	-
Total	\$ 58,512	\$ 61,066
Liabilities and equity		
Investment contracts, insurance liabilities and insurance annuity benefits	\$ 43,525	\$ 43,378
Other	6,177	6,385
Liabilities of discontinued operations	49,702	49,763
Eliminations		