

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

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q/A

Amendment No. 1 to Form 10-Q

(Mark One)

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

For the quarterly period ended 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 1-6461

GENERAL ELECTRIC CAPITAL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation
or organization)

13-1500700

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

260 Long Ridge Road, Stamford, CT

(Address of principal executive offices)

06927

(Zip Code)

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

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

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

At October 27, 2006, 3,985,403 shares of voting common stock, which constitute all of the outstanding common equity, with a par value of \$14 per share were outstanding.

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

(1)

General Electric Capital Corporation

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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; 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 Capital Corporation (GECC) 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 GECC, and General Electric Capital Services, Inc. (GECS), from January 1, 2001, the date we adopted Statement of Financial Accounting Standards (SFAS) No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended. The restatement has no effect on our cash flows or liquidity, and its effects on our financial position at the ends of the respective restated periods are immaterial. We have not found that any of our hedge positions were inconsistent with our risk management policies or economic objectives.

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

<i>(In millions)</i>	Effects of Correction			
	Three months ended		Nine months ended	
	September 30		September 30	
	2006	2005	2006	2005
Increase (decrease) in earnings from continuing operations	\$ (81)	\$ 154	\$ 119	\$ 242

Background

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

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

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

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

Amendment to this Form 10-Q

The following sections of this Form 10-Q have been revised to reflect the restatement: Part I - Item 1 - Financial Statements, - Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations; and - Item 4 - Controls and Procedures; and Part II - Exhibits are revised in this filing to reflect the restatement. Except to the extent relating to the restatement of our financial statements and other financial information described above, the financial statements and other disclosure in this Form 10-Q do not reflect any events that have occurred after this Form 10-Q was initially filed on October 30, 2006.

Effects of Restatement

The following tables set forth the effects of the restatement relating to the aforementioned hedge accounting on affected line items within our previously reported Statements of Earnings for the period ended 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.

Effects on Statements of Earnings

<i>(Income (expense); in millions)</i>	Three months ended		Nine months ended	
	September 30		September 30	
	2006	2005	2006	2005
Commercial paper interest rate swap adjustment (note 1) ^(a)	\$ (139)	\$ 240	\$ 169	\$ 359
Interest	5	14	27	41
Earnings from continuing operations before income taxes	(134)	254	196	400
Provision for income taxes	53	(100)	(77)	(158)
Earnings from continuing operations	(81)	154	119	242
Net earnings	(81)	154	119	242
Retained earnings at beginning of period	(221)	(665)	(421)	(753)
Retained earnings at end of period	(302)	(511)	(302)	(511)

(a) Included in total revenues.

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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****General Electric Capital Corporation and consolidated affiliates
Condensed Statement of Current and Retained Earnings
(Unaudited)**

<i>(In millions)</i>	Three months ended		Nine months ended	
	September 30		September 30	
	2006	2005	2006	2005
	(Restated)	(Restated)	(Restated)	(Restated)
Revenues				
Revenues from services (note 3)	\$ 14,787	\$ 13,241	\$ 41,674	\$ 37,848
Sales of goods	519	543	1,786	1,881
Commercial paper interest rate swap adjustment (note 1)	(139)	240	169	359
Total revenues	15,167	14,024	43,629	40,088
Costs and expenses				
Interest	4,692	3,455	12,868	10,333
Operating and administrative	4,301	4,065	12,722	12,270
Cost of goods sold	480	505	1,652	1,768
Investment contracts, insurance losses and insurance annuity benefits	169	274	480	693
Provision for losses on financing receivables	961	1,091	2,677	2,979
Depreciation and amortization	1,648	1,560	4,699	4,574
Minority interest in net earnings of consolidated affiliates	60	66	205	116
Total costs and expenses	12,311	11,016	35,303	32,733
Earnings from continuing operations before income taxes				
Provision for income taxes	2,856	3,008	8,326	7,355
	(248)	(434)	(877)	(827)
Earnings from continuing operations	2,608	2,574	7,449	6,528
Earnings (loss) from discontinued operations, net of taxes (note 2)	(70)	330	(45)	664
Net earnings	2,538	2,904	7,404	7,192
Dividends	(1,081)	(3,693)	(7,089)	(5,566)
Retained earnings at beginning of period	34,364	36,609	35,506	34,194
Retained earnings at end of period	\$ 35,821	\$ 35,820	\$ 35,821	\$ 35,820

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

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

<i>(In millions)</i>	September 30, 2006 (Restated) (Unaudited)	December 31, 2005 (Restated)
Assets		
Cash and equivalents	\$ 8,985	\$ 5,996
Investment securities	19,873	18,467
Inventories	174	159
Financing receivables - net (note 4)	305,500	284,567
Other receivables	34,133	25,250
Buildings and equipment, less accumulated amortization of \$22,517 and \$21,271	56,320	50,936
Intangible assets - net (note 5)	24,620	23,086
Other assets	59,340	49,507
Assets of discontinued operations (note 2)	15,522	17,291
Total assets	\$ 524,467	\$ 475,259
Liabilities and equity		
Borrowings (note 6)	\$ 398,803	\$ 355,885
Accounts payable	13,568	14,345
Investment contracts, insurance liabilities and insurance annuity benefits	12,484	12,094
Other liabilities	17,677	16,269
Deferred income taxes	11,069	11,069
Liabilities of discontinued operations (note 2)	14,700	13,195
Total liabilities	468,301	422,857
Minority interest in equity of consolidated affiliates	2,283	2,212
Capital stock	56	56
Accumulated gains (losses) - net		
Investment securities	408	744
Currency translation adjustments	3,791	2,343
Cash flow hedges	(158)	(367)
Minimum pension liabilities	(193)	(147)
Additional paid-in capital	14,158	12,055
Retained earnings	35,821	35,506
Total shareowner's equity	53,883	50,190
Total liabilities and equity	\$ 524,467	\$ 475,259

The sum of accumulated gains (losses) on investment securities, currency translation adjustments, cash flow hedges and minimum pension liabilities constitutes "Accumulated nonowner changes other than earnings," and amounted to \$3,848 million and \$2,573 million at September 30, 2006, and December 31, 2005, respectively.

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

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

(In millions)

	Nine months ended	
	September 30	
	2006 ^(a)	2005 ^(a)
	(Restated)	(Restated)
Cash flows - operating activities		
Net earnings	\$ 7,404	\$ 7,192
Loss (earnings) from discontinued operations	45	(664)
Adjustments to reconcile net earnings to cash provided from operating activities		
Depreciation and amortization	4,699	4,574
Decrease in accounts payable	(448)	(88)
Provision for losses on financing receivables	2,677	2,979
All other operating activities	606	1,411
Cash from operating activities - continuing operations	14,983	15,404
Cash from (used for) operating activities - discontinued operations	(307)	4,432
Cash from operating activities	14,676	19,836
Cash flows - investing activities		
Additions to buildings and equipment	(8,362)	(7,742)
Dispositions of buildings and equipment	3,752	3,987
Increase in loans to customers	(230,800)	(212,262)
Principal collections from customers - loans	211,422	206,261
Investment in financing leases	(18,861)	(16,886)
Principal collections from customers - financing leases	15,793	17,875
Net change in credit card receivables	743	(641)
Payments for principal businesses purchased	(6,898)	(6,743)
Proceeds from sales of discontinued operations	2,753	5,865
All other investing activities	(11,665)	(864)
Cash used for investing activities - continuing operations	(42,123)	(11,150)
Cash from (used for) investing activities - discontinued operations	344	(6,069)
Cash used for investing activities	(41,779)	(17,219)
Cash flows - financing activities		
Net increase (decrease) in borrowings (maturities of 90 days or less)	978	(8,013)
Newly issued debt:		
Short-term (91 to 365 days)	605	1,697
Long-term (longer than one year)	61,596	46,980
Non-recourse, leveraged lease	920	172
Repayments and other debt reductions:		
Short-term (91 to 365 days)	(24,859)	(29,795)
Long-term (longer than one year)	(3,928)	(9,458)
Non-recourse, leveraged lease	(597)	(682)
Dividends paid to shareowner	(6,729)	(5,566)
All other financing activities	2,143	(1,768)
Cash from (used for) financing activities - continuing operations	30,129	(6,433)
Cash from (used for) financing activities - discontinued operations	(37)	249
Cash from (used for) financing activities	30,092	(6,184)

Increase (decrease) in cash and equivalents	2,989	(3,567)
Cash and equivalents at beginning of year	6,182	9,840
Cash and equivalents at September 30	9,171	6,273
Less cash and equivalents of discontinued operations at September 30	186	109
Cash and equivalents of continuing operations at September 30	\$ 8,985	\$ 6,164

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

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

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Notes to Condensed, Consolidated Financial Statements (Unaudited)

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

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

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

2007 Restatement

General Electric Capital Corporation (GECC) 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 GECC, and General Electric Capital Services, Inc. (GECS), from January 1, 2001, the date we adopted Statement of Financial Accounting Standards (SFAS) No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended. The restatement has no effect on our cash flows or liquidity, and its effects on our financial position at the ends of the respective restated periods are immaterial.

Background

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

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

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

Effects of the restatement by line item follow:

<i>(In millions)</i> <i>(unaudited)</i>	Three months ended September 30				Nine months ended September 30			
	2006		2005		2006		2005	
	As previously reported	As restated	As previously reported	As restated	As previously reported	As restated	As previously reported	As restated
Statement of Earnings								
Commercial paper interest rate swap adjustment ^(a)	\$ -	\$ (139)	\$ -	\$ 240	\$ -	\$ 169	\$ -	\$ 359
Interest	4,697	4,692	3,469	3,455	12,895	12,868	10,374	10,333
Earnings from continuing operations before income taxes	2,990	2,856	2,754	3,008	8,130	8,326	6,955	7,355
Provision for income taxes	(301)	(248)	(334)	(434)	(800)	(877)	(669)	(827)
Earnings from continuing operations	2,689	2,608	2,420	2,574	7,330	7,449	6,286	6,528
Net earnings	2,619	2,538	2,750	2,904	7,285	7,404	6,950	7,192
Retained earnings at beginning of period	34,585	34,364	37,274	36,609	35,927	35,506	34,947	34,194
Retained earnings at end of period	36,123	35,821	36,331	35,820	36,123	35,821	36,331	35,820

(a) Included in total revenues.

<i>(In millions)</i> <i>(unaudited)</i>	As	9/30/06	As	12/31/05
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	previously reported	As restated	previously reported	As restated
Statement of Financial Position				
Other assets	\$ 59,366	\$ 59,340	\$ 49,521	\$ 49,507
Total assets	524,493	524,467	475,273	475,259
Accounts payable	13,499	13,568	14,345	14,345
Other liabilities	17,663	17,677	16,269	16,269
Deferred income taxes	11,169	11,069	11,085	11,069
Total liabilities	468,318	468,301	422,873	422,857
Cash flow hedges	(451)	(158)	(790)	(367)
Retained earnings	36,123	35,821	35,927	35,506
Total shareowner's equity	53,892	53,883	50,188	50,190
Total liabilities and equity	524,493	524,467	475,273	475,259

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

Completed sale of Genworth

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

Planned sale of GE Life

On October 13, 2006, Swiss Reinsurance Company (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 (Genworth) and estimated (GE Life) effects.

<i>(In millions)</i>	Three months ended		Nine months ended	
	September 30		September 30	
	2006	2005	2006	2005
Operations				
Revenues from services	\$ 490	\$ 3,327	\$ 1,356	\$ 9,554
Earnings from discontinued operations before				
minority interest and income taxes	\$ 18	\$ 457	\$ 29	\$ 1,351
Minority interest	-	150	-	394
Earnings from discontinued operations before				
income taxes	18	307	29	957
Income tax expense	(8)	(231)	(9)	(633)
Earnings from discontinued operations before				
disposal, net of taxes	\$ 10	\$ 76	\$ 20	\$ 324
Disposal				
Gain (loss) on disposal before income taxes	\$ (132)	\$ 420	\$ 64	\$ 576
Income tax benefit (expense)	52	(166)	(129)	(236)
Gain (loss) on disposal, net of taxes	\$ (80)	\$ 254	\$ (65)	\$ 340

Earnings (loss) from discontinued
operations,
net of taxes

\$	(70)	\$	330	\$	(45)	\$	664
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(11)

<i>(In millions)</i>	At	
	9/30/06	12/31/05
Assets		
Cash and equivalents	\$ 186	\$ 186
Investment securities	12,107	13,977
Other receivables	449	435
Other	2,780	2,693
Assets of discontinued operations	\$ 15,522	\$ 17,291
Liabilities and equity		
Investment contracts, insurance liabilities and insurance annuity benefits	\$ 13,403	\$ 12,335
Other	1,297	860
Liabilities of discontinued operations	\$ 14,700	\$ 13,195
Total accumulated nonowner changes other than earnings	\$ 198	\$ 633

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

<i>(In millions)</i>	Three months ended		Nine months ended	
	September 30		September 30	
	2006	2005	2006	2005
Interest on loans	\$ 5,519	\$ 4,743	\$ 16,328	\$ 14,795
Operating lease rentals	3,381	2,980	9,386	8,484
Fees	1,032	1,085	2,996	2,829
Financing leases	1,163	940	3,160	2,963
Investment income	277	372	769	863
Other income	3,415	3,121	9,035	7,914
Total	\$ 14,787	\$ 13,241	\$ 41,674	\$ 37,848

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

<i>(In millions)</i>	At	
	9/30/06	12/31/05
Loans, net of deferred income	\$ 242,502	\$ 226,113
Investment in financing leases, net of deferred income	67,489	63,024
	309,991	289,137
Less allowance for losses	(4,491)	(4,570)
Financing receivables - net	\$ 305,500	\$ 284,567

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

<i>(In millions)</i>	At	
	9/30/06	12/31/05
Loans, net of deferred income	\$ 12,444	\$ 15,868
Investment in financing leases, net of deferred income	213	769
	12,657	16,637
Less allowance for losses	(29)	(22)
Financing receivables - net	\$ 12,628	\$ 16,615

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

<i>(In millions)</i>	At	
	9/30/06	12/31/05
Goodwill	\$ 22,029	\$ 21,161
Intangible assets subject to amortization	2,591	1,925
Total	\$ 24,620	\$ 23,086

Changes in goodwill balances follow.

<i>(In millions)</i>	2006				
	GE Commercial Finance	GE Money ^(a)	GE Industrial ^(b)	GE Infrastructure ^(b)	Total
Balance January 1	\$ 10,445	\$ 9,184	\$ 1,406	\$ 126	\$ 21,161
Acquisitions/purchase accounting adjustments	378	224	(4)	-	598
Currency exchange and other	63	165	41	1	270
Balance September 30	\$ 10,886	\$ 9,573	\$ 1,443	\$ 127	\$ 22,029

(a) Formerly known as GE Consumer Finance.

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

Goodwill balances increased \$696 million in 2006 as a result of new acquisitions. The largest goodwill balance increases this year arose from acquisitions of the custom fleet business of National Australia Bank Ltd. (\$279 million) and the senior housing portfolios of Formation Capital LLC (\$180 million) at GE Commercial Finance. During 2006, we decreased goodwill associated with previous acquisitions by \$98 million.

Intangible Assets Subject to Amortization

<i>(In millions)</i>				At			
	Gross carrying amount	9/30/06 Accumulated amortization	Net	Gross carrying amount	12/31/05 Accumulated amortization	Net	
Capitalized software	\$ 1,594	\$ (904)	\$ 690	\$ 1,453	\$ (784)	\$ 669	
Patents, licenses and trademarks	460	(287)	173	495	(272)	223	
All other	2,679	(951)	1,728	1,774	(741)	1,033	
Total	\$ 4,733	\$ (2,142)	\$ 2,591	\$ 3,722	\$ (1,797)	\$ 1,925	

Amortization expense related to intangible assets subject to amortization amounted to \$164 million and \$88 million for the quarters ended September 30, 2006 and 2005, respectively, and \$414 million and \$292 million for the nine months ended September 30, 2006 and 2005, respectively.

6. Borrowings are summarized in the following table.

<i>(In millions)</i>	At	
	9/30/06	12/31/05
Short-Term Borrowings		
Commercial paper		
U.S.		
Unsecured	\$ 58,222	\$ 60,640
Asset-backed ^(a)	6,927	9,267
Non-U.S.	24,137	20,456
Current portion of long-term debt ^{(b)(c)}	49,621	41,744
Other	20,249	17,572
Total	159,156	149,679

Long-Term Borrowings

Senior notes		
Unsecured ^(d)	216,733	182,654
Asset-backed ^(e)	6,181	6,845
Extendible notes ^(f)	11,991	14,022
Subordinated notes ^(g)	4,742	2,685
Total	239,647	206,206
Total borrowings	\$ 398,803	\$ 355,885

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

(b) Included short-term borrowings by consolidated, liquidating securitization entities of \$497 million and \$697 million at September 30, 2006, and December 31, 2005,

respectively. See note 8.

- (c) Included \$250 million of subordinated notes guaranteed by GE at both September 30, 2006, and December 31, 2005.
- (d) Included borrowings from GECS affiliates of \$3,920 million and \$1,464 million at September 30, 2006, and December 31, 2005, respectively.
- (e) Included asset-backed senior notes issued by consolidated, liquidating securitization entities of \$5,024 million and \$6,845 million at September 30, 2006, and December 31, 2005, respectively. See note 8.
- (f) Included \$38 million of obligations of consolidated, liquidating securitization entities at December 31, 2005. See note 8.
- (g) Included \$450 million of subordinated notes guaranteed by GE at both September 30, 2006, and December 31, 2005.

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

<i>(In millions)</i>	Three months ended		Nine months ended	
	September 30		September 30	
	2006	2005	2006	2005
	(Restated)	(Restated)	(Restated)	(Restated)
Net earnings	\$ 2,538	\$ 2,904	\$ 7,404	\$ 7,192
Investment securities - net	129	(459)	(336)	(410)
Currency translation adjustments - net	363	224	1,448	(1,795)
Cash flow hedges - net	(171)	(13)	209	113
Minimum pension liabilities - net	(1)	4	(46)	(7)
Total	\$ 2,858	\$ 2,660	\$ 8,679	\$ 5,093

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

<i>(In millions)</i>	At	
	9/30/06	12/31/05
Receivables secured by:		
Equipment	\$ 9,640	\$ 12,949
Commercial real estate	9,906	11,437
Residential real estate	7,726	8,882
Other assets	14,758	12,869
Credit card receivables	12,853	10,039
Trade receivables	163	-
Total securitized assets	\$ 55,046	\$ 56,176

<i>(In millions)</i>	At	
	9/30/06	12/31/05
Off-balance sheet ^{(a)(b)}	\$ 41,390	\$ 38,272
On-balance sheet ^(c)	13,656	17,904
Total securitized assets	\$ 55,046	\$ 56,176

(a) At September 30, 2006, and December 31, 2005, liquidity support amounted to \$1,737 million and \$1,931 million, respectively. These amounts are net of \$2,051 million and \$2,450 million, respectively, participated or deferred beyond one year. Credit support amounted to \$3,385 million and \$4,386 million at September 30, 2006, and December 31, 2005, respectively.

(b) Liabilities for recourse obligations related to off-balance sheet assets amounted to \$74 million and \$93 million at September 30, 2006, and December 31, 2005, respectively.

(c) At September 30, 2006, and December 31, 2005, liquidity support amounted to \$7,315 million and \$10,044 million, respectively. These amounts are net of \$21 million and \$138

million, respectively, participated or deferred beyond one year. Credit support amounted to \$3,535 million and \$4,780 million at September 30, 2006, and December 31, 2005, respectively.

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

<i>(In millions)</i>	At	
	9/30/06	12/31/05
Financing receivables - net (note 4)	\$ 12,628	\$ 16,615
Other	1,028	1,289
Total	\$ 13,656	\$ 17,904

9. As part of our continuing review of our derivatives and hedging activities, we made immaterial adjustments in the third quarter of 2006 for certain prior-period activities. The largest such adjustment related to termination of hedge accounting for commercial paper swaps associated with the 2004 disposal of Genworth. This correction comprised a reduction of \$79 million, net of tax, in our gain on the Genworth disposition and an adjustment of \$45 million, net of tax, for the subsequent net increase in value of the stand-alone swaps.

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

2007 Restatement

As discussed in the explanatory note to this Form 10-Q/A and in note 1 to our financial statements, we are restating financial statements and other financial information for the three and 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 GECC, and General Electric Capital Services, Inc. (GECS), from January 1, 2001, the date we adopted Statement of Financial Accounting Standards (SFAS) No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended. The restatement has no effect on our cash flows or liquidity, and its effects on our financial position at the ends of the respective restated periods are immaterial.

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

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

<i>(In millions)</i>	Increase (decrease) in earnings from continuing operations			
	Three months ended		Nine months ended	
	September 30		September 30	
	2006	2005	2006	2005
Total adjustment	\$ (81)	\$ 154	\$ 119	\$ 242
Previously reported earnings from continuing operations	\$ 2,689	\$ 2,420	\$ 7,330	\$ 6,286
Percent variation from previously reported earnings from continuing operations	(3.0)%	6.4%	1.6%	3.8%

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

A. Results of Operations

In the accompanying analysis of financial information, we sometimes use information derived from consolidated financial information but not presented in our financial statements prepared in accordance with U.S. generally accepted accounting principles (GAAP). Certain of these data are considered "non-GAAP financial measures" under the U.S. Securities and Exchange Commission (SEC) rules. For such measures, we have provided supplemental explanations and reconciliations in Exhibit 99 to this report on Form 10-Q.

Unless otherwise indicated, we refer to captions such as revenues and earnings from continuing operations simply as "revenues" and "earnings" throughout this Management's Discussion and Analysis. Similarly, discussion of other matters in our consolidated financial statements relates to continuing operations unless otherwise indicated.

Overview

Restated revenues for the third quarter of 2006 were \$15.2 billion, a \$1.1 billion (8%) increase over the third quarter of 2005. Revenues for the third quarter of 2006 included \$0.5 billion of revenue from acquisitions and were reduced by \$0.2 billion as a result of dispositions. Revenues were reduced by \$0.1 billion and increased \$0.2 billion in the third quarters of 2006 and 2005, respectively, related to the 2007 restatement. Revenues also increased \$1.2 billion compared with the third quarter of 2005 as a result of organic revenue growth, the weakening U.S. dollar and the second quarter 2006 consolidation of GE SeaCo, an entity previously accounted for using the equity method. Organic

revenue growth excludes the effects of acquisitions, business dispositions (other than dispositions of

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businesses acquired for investment) and currency exchange rates. Restated earnings were \$2.6 billion, up 1% from \$2.6 billion in the third quarter of 2005, primarily as a result of core growth and acquisitions.

Restated revenues for the first nine months of 2006 were \$43.6 billion, a \$3.5 billion (9%) increase over the first nine months of 2005. Revenues for the first nine months of 2006 and 2005 included \$1.3 billion and \$0.1 billion of revenue from acquisitions, respectively, and in 2006 were reduced by \$0.4 billion as a result of dispositions. Revenues increased \$0.2 billion and \$0.4 billion for the first nine months of 2006 and 2005, respectively, related to the 2007 restatement. Revenues also increased \$3.0 billion compared with the first nine months of 2005 as a result of organic revenue growth and the consolidation of GE SeaCo, partially offset by the strengthening U.S. dollar. Restated earnings were \$7.4 billion, up 14% from \$6.5 billion during the first nine months of 2005, primarily as a result of core growth, acquisitions and gain on sale of a business interest at Equipment Services, partially offset by the effects of the strengthening U.S. dollar.

Acquisitions contributed \$0.5 billion and \$0.6 billion to total revenues in the third quarters of 2006 and 2005, respectively. Our earnings included an insignificant effect from acquired businesses in the third quarter of 2006 compared with \$0.1 billion in the third quarter of 2005. We integrate acquisitions as quickly as possible. Only revenues and earnings from the date we complete the acquisition through the end of the fourth following quarter are attributed to such businesses. Dispositions also affected our results through lower revenues of approximately \$0.2 billion and \$0.3 billion in the third quarters of 2006 and 2005, respectively, and earnings by an insignificant amount in each of the third quarters of 2006 and 2005.

Acquisitions contributed \$1.3 billion and \$2.5 billion to total revenues in the first nine months of 2006 and 2005, respectively. Our earnings in the first nine months of 2006 and 2005 included approximately \$0.2 billion and \$0.3 billion, respectively, from acquired businesses. Dispositions also affected our results through lower revenues of approximately \$0.4 billion and \$0.6 billion and increased earnings of \$0.1 billion and an insignificant amount in the first nine months of 2006 and 2005, respectively.

The most significant acquisitions affecting 2006 results were:

- GE Commercial Finance - Transportation Financial Services Group of CitiCapital, Antares Capital Corp. and the custom fleet business of National Australia Bank Ltd.
- GE Money (formerly GE Consumer Finance) - joint ventures with Garanti Bank and Hyundai Card Company.

In total, these acquisitions contributed \$0.2 billion and an insignificant amount to third quarter 2006 revenues and earnings, respectively. Contributions to revenues and earnings for the first nine months of 2006 were \$0.6 billion and \$0.2 billion, respectively.

The restated provision for income taxes was \$0.2 billion for the third quarter of 2006 (effective tax rate of 8.7%), compared with \$0.4 billion for the third quarter of 2005 (effective tax rate of 14.4%). The tax rate decreased primarily because of growth in lower-taxed earnings from global operations and lower state taxes, partially offset by the absence of the 2005 one-time benefits from the reorganization of our foreign aircraft leasing operations.

The restated provision for income taxes was \$0.9 billion for the first nine months of 2006 (effective tax rate of 10.5%), compared with \$0.8 billion for the first nine months of 2005 (effective tax rate of 11.2%). The tax rate decreased primarily because of growth in lower-taxed earnings from global operations and lower state taxes. This

decrease was partially offset by the absence of the 2005 one-time benefits from the reorganization of our foreign aircraft leasing operations.

Segment Operations

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

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

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

Segment profit is determined based on internal performance measures used by the Chief Executive Officer to assess the performance of each business in a given period. In connection with that assessment, the Chief Executive Officer may exclude matters such as charges for restructuring; rationalization and other similar expenses; in-process research and development and certain other acquisition-related charges and balances; technology and product development costs; certain gains and losses from dispositions; and litigation settlements or other charges, responsibility for which preceded the current management team.

Segment profit always excludes the effects of principal pension plans, results reported as discontinued operations and accounting changes. Segment profit excludes or includes interest and other financial charges and income taxes according to how a particular segment's management is measured - excluded in determining segment profit, which we refer to as "operating profit," for GE Healthcare, GE NBC Universal and the industrial businesses of the GE Industrial and GE Infrastructure segments; included in determining segment profit, which we refer to as "net earnings," for GE Commercial Finance, GE Money, and the financial services businesses of the GE Industrial segment (Equipment Services) and the GE Infrastructure segment (Aviation Financial Services, Energy Financial Services and Transportation Finance).

We have reclassified certain prior-period amounts to conform to the current period's presentation.

Summary of Operating Segments

<i>(In millions)</i>	Three months ended		Nine months ended	
	September 30		September 30	
	2006	2005	2006	2005
	(Restated)	(Restated)	(Restated)	(Restated)
Revenues				
GE Commercial Finance	\$ 6,006	\$ 5,414	\$ 17,017	\$ 15,415
GE Money ^(a)	5,590	4,913	15,948	14,530
GE Industrial	8,526	8,257	25,454	24,178
GE Infrastructure	12,104	10,128	33,588	29,723
Total segment revenues	32,226	28,712	92,007	83,846
GECC corporate items and eliminations, as restated ^(b)	312	791	1,656	1,958
Total revenues	32,538	29,503	93,663	85,804
Less portion of GE revenues not included in GECC	(17,371)	(15,479)	(50,034)	(45,716)
Total revenues in GECC	\$ 15,167	\$ 14,024	\$ 43,629	\$ 40,088
Segment profit				
GE Commercial Finance	\$ 1,290	\$ 1,212	\$ 3,521	\$ 3,010
GE Money ^(a)	916	810	2,632	2,280
GE Industrial	692	629	2,021	1,790
GE Infrastructure	2,336	1,880	6,146	5,336
Total segment profit	5,234	4,531	14,320	12,416
GECC corporate items and eliminations, as restated	(106)	184	98	316
Less portion of GE segment profit not included in GECC	(2,520)	(2,141)	(6,969)	(6,204)
Earnings in GECC from continuing operations	2,608	2,574	7,449	6,528
Earnings (loss) in GECC from discontinued operations, net of taxes	(70)	330	(45)	664
Total net earnings in GECC	\$ 2,538	\$ 2,904	\$ 7,404	\$ 7,192

(a) Formerly known as GE Consumer Finance.

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

GE Commercial Finance

<i>(In millions)</i>	Three months ended		Nine months ended	
	September 30		September 30	
	2006	2005	2006	2005
Revenues	\$ 6,006	\$ 5,414	\$ 17,017	\$ 15,415
Less portion of GE Commercial Finance not included in GECC	(221)	(213)	(581)	(499)
Total revenues in GECC	\$ 5,785	\$ 5,201	\$ 16,436	\$ 14,916
Segment profit	\$ 1,290	\$ 1,212	\$ 3,521	\$ 3,010
Less portion of GE Commercial Finance not included in GECC	(75)	(100)	(252)	(239)
Total segment profit in GECC	\$ 1,215	\$ 1,112	\$ 3,269	\$ 2,771

<i>(In millions)</i>	At		12/31/05
	9/30/06	9/30/05	
Total assets	\$ 215,276	\$ 183,139	\$ 190,546
Less portion of GE Commercial Finance not included in GECC	2,821	(387)	(1,408)
Total assets in GECC	\$ 218,097	\$ 182,752	\$ 189,138

<i>(In millions)</i>	Three months ended		Nine months ended	
	September 30		September 30	
	2006	2005	2006	2005
Revenues in GE				
Capital Solutions	\$ 3,101	\$ 2,834	\$ 8,968	\$ 8,579
Real Estate	1,328	1,022	3,450	2,664
Segment profit in GE				
Capital Solutions	\$ 525	\$ 444	\$ 1,297	\$ 1,055
Real Estate	440	343	1,215	893

<i>(In millions)</i>	At		12/31/05
	9/30/06	9/30/05	
Assets in GE			
Capital Solutions	\$ 92,560	\$ 83,724	\$ 87,306
Real Estate	48,525	34,845	35,323

GE Commercial Finance revenues and net earnings increased 11% and 6%, respectively, in the third quarter of 2006. Revenues for 2006 included \$0.2 billion from acquisitions. Revenues for the third quarter also increased as a result of organic revenue growth (\$0.3 billion) and the effects of the weakening U.S. dollar (\$0.1 billion). The increase in net earnings resulted primarily from core growth (\$0.1 billion), including growth in lower-taxed earnings from global operations.

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GE Commercial Finance revenues and net earnings increased 10% and 17%, respectively, in the first nine months of 2006. Revenues for the first nine months of 2006 and 2005 included \$0.6 billion and \$0.1 billion from acquisitions, respectively, and in 2006 were reduced by dispositions (\$0.2 billion). Revenues for the first nine months also increased as a result of organic revenue growth (\$1.5 billion), partially offset by the strengthening U.S. dollar (\$0.1 billion). The increase in net earnings resulted primarily from core growth (\$0.5 billion), including growth in lower-taxed earnings from global operations, and acquisitions (\$0.1 billion).

GE Money

<i>(In millions)</i>	Three months ended		Nine months ended	
	September 30		September 30	
	2006	2005	2006	2005
Revenues	\$ 5,590	\$ 4,913	\$ 15,948	\$ 14,530
Less portion of GE Money not included in GECC	-	-	-	-
Total revenues in GECC	\$ 5,590	\$ 4,913	\$ 15,948	\$ 14,530
Segment profit	\$ 916	\$ 810	\$ 2,632	\$ 2,280
Less portion of GE Money not included in GECC	(15)	2	(42)	(4)
Total segment profit in GECC	\$ 901	\$ 812	\$ 2,590	\$ 2,276

<i>(In millions)</i>	At		
	9/30/06	9/30/05	12/31/05
Total assets	\$ 175,649	\$ 153,315	\$ 158,829
Less portion of GE Money not included in GECC	956	16	763
Total assets in GECC	\$ 176,605	\$ 153,331	\$ 159,592

GE Money revenues and net earnings increased 14% and 13%, respectively, in the third quarter of 2006. Revenues for 2006 included \$0.2 billion from acquisitions. Revenues for the third quarter also increased as a result of organic revenue growth (\$0.4 billion) and the effects of the weakening U.S. dollar (\$0.1 billion). The \$0.1 billion increase in net earnings resulted primarily from higher securitizations and acquisitions.

GE Money revenues and net earnings increased 10% and 15%, respectively, in the first nine months of 2006. Revenues for 2006 included \$0.7 billion from acquisitions. Revenues for the first nine months also increased as a result of organic revenue growth (\$1.0 billion), partially offset by the strengthening U.S. dollar (\$0.3 billion). The increase in net earnings resulted primarily from core growth (\$0.2 billion), including growth in lower-taxed earnings from global operations, acquisitions (\$0.2 billion) and higher securitizations (\$0.1 billion).

In Japan, we are evaluating the potential effects of legislative proposals to reduce the maximum allowable lending rate and limit individual consumer borrowing. We have also made provisions related to customer claims for interest refunds under Japanese law. Our future revenues and provisions for losses could be affected by both this proposed legislation and continued increases in the volume and amounts of interest refund claims.

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GE Industrial

<i>(In millions)</i>	Three months ended		Nine months ended	
	September 30		September 30	
	2006	2005	2006	2005
Revenues	\$ 8,526	\$ 8,257	\$ 25,454	\$ 24,178
Less portion of GE Industrial not included in GECC	(6,678)	(6,548)	(20,175)	(19,243)
Total revenues in GECC	\$ 1,848	\$ 1,709	\$ 5,279	\$ 4,935
Segment profit	\$ 692	\$ 629	\$ 2,021	\$ 1,790
Less portion of GE Industrial not included in GECC	(601)	(563)	(1,854)	(1,678)
Total segment profit in GECC	\$ 91	\$ 66	\$ 167	\$ 112
Revenues in GE				
Consumer & Industrial	\$ 3,533	\$ 3,522	\$ 10,919	\$ 10,359
Equipment Services	1,848	1,709	5,279	4,935
Plastics	1,677	1,663	5,005	4,951
Segment profit in GE				
Consumer & Industrial	\$ 283	\$ 196	\$ 821	\$ 588
Equipment Services	91	66	167	112
Plastics	152	197	560	645

GE Industrial revenues rose 3%, or \$0.3 billion, in the third quarter of 2006 as higher volume (\$0.2 billion) was partially offset by lower prices (\$0.1 billion) at the industrial businesses in the segment. The increase in volume and decrease in prices was primarily at Plastics. Revenues in the third quarter of 2006 were also approximately \$0.3 billion lower as a result of the sale of GE Supply during the quarter. Revenues also increased at Equipment Services as a result of the second quarter 2006 consolidation of GE SeaCo, an entity previously accounted for using the equity method (\$0.1 billion) and organic revenue growth (\$0.1 billion).

Segment profit rose 10%, or \$0.1 billion, in the third quarter of 2006 as productivity (\$0.4 billion), primarily at Consumer & Industrial and Plastics, was partially offset by higher material and other costs (\$0.3 billion), primarily at Consumer & Industrial and Plastics, and lower prices (\$0.1 billion), primarily at Plastics.

GE Industrial revenues rose 5% for the nine months ended September 30, 2006 as higher volume (\$1.2 billion) was partially offset by the effects of the strengthening U.S. dollar (\$0.1 billion) and lower prices (\$0.1 billion) at the industrial businesses in the segment. Volume increases were primarily at Consumer & Industrial and Plastics. Revenues also increased at Equipment Services as a result of organic revenue growth (\$0.2 billion) and the consolidation of GE SeaCo (\$0.2 billion).

Segment profit rose 13% for the nine months ended September 30, 2006, as productivity (\$0.8 billion), primarily at Consumer & Industrial and Plastics, and higher volume (\$0.1 billion) were partially offset by higher material and other costs (\$0.6 billion), primarily at Consumer & Industrial and Plastics, and lower prices (\$0.1 billion). Lower prices at Plastics were partially offset by higher prices at Consumer & Industrial.

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GE Infrastructure

<i>(In millions)</i>	Three months ended		Nine months ended	
	September 30		September 30	
	2006	2005	2006	2005
Revenues	\$ 12,104	\$ 10,128	\$ 33,588	\$ 29,723
Less portion of GE Infrastructure not included in GECC	(10,472)	(8,718)	(29,278)	(25,974)
Total revenues in GECC	\$ 1,632	\$ 1,410	\$ 4,310	\$ 3,749
Segment profit	\$ 2,336	\$ 1,880	\$ 6,146	\$ 5,336
Less portion of GE Infrastructure not included in GECC	(1,829)	(1,480)	(4,821)	(4,283)
Total segment profit in GECC	\$ 507	\$ 400	\$ 1,325	\$ 1,053
Revenues in GE				
Aviation	\$ 3,157	\$ 3,007	\$ 9,489	\$ 8,568
Aviation Financial Services	1,075	964	2,990	2,600
Energy	5,055	3,681	13,332	11,516
Energy Financial Services	524	379	1,189	989
Oil & Gas	1,029	906	2,895	2,310
Transportation	1,016	910	3,041	2,558
Segment profit in GE				
Aviation	\$ 706	\$ 604	\$ 2,079	\$ 1,821
Aviation Financial Services	261	195	777	543
Energy	747	584	1,872	1,786
Energy Financial Services	234	177	497	450
Oil & Gas	161	107	324	209
Transportation	196	161	565	344

GE Infrastructure revenues increased 20%, or \$2.0 billion, in the third quarter of 2006 reflecting higher volume (\$1.7 billion), higher prices (\$0.1 billion) and the effect of the weakening U.S. dollar (\$0.1 billion) at the industrial businesses of the segment. Volume increased at Energy (primarily Wind equipment), Aviation (commercial, partially offset by military), Transportation (primarily locomotives and services) and Oil & Gas (new equipment and services). Higher prices were primarily at Energy, especially Wind equipment. The effect of the weakening U.S. dollar was primarily at Oil & Gas. Revenues also increased as a result of organic revenue growth at Energy Financial Services (\$0.1 billion) and Aviation Financial Services (\$0.1 billion). Intra-segment revenues, which increased \$0.1 billion, were eliminated from total Infrastructure revenues.

Segment profit rose 24%, or \$0.5 billion, in the third quarter as higher volume (\$0.3 billion) and higher prices (\$0.1 billion) more than offset lower productivity (\$0.1 billion) and higher material and other costs (\$0.1 billion) at the industrial businesses of the segment. Segment profit from the financial services businesses increased as a result of core growth at Aviation Financial Services (\$0.1 billion), including growth in lower-taxed earnings from global operations that were more than offset by lower one-time benefits from our aircraft leasing reorganization, and Energy Financial Services (\$0.1 billion).

GE Infrastructure revenues rose 13% to \$33.6 billion for the nine months ended September 30, 2006, as higher volume (\$3.6 billion) and higher prices (\$0.1 billion) were partially offset by the effects of the overall strengthening U.S. dollar over the nine months (\$0.1 billion) at the industrial businesses of the segment. The

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increase in volume reflected increased sales of power generation equipment at Energy, commercial and military services and commercial engines at Aviation, equipment at Oil & Gas, and locomotives at Transportation. Revenues also increased as a result of organic revenue growth at Aviation Financial Services (\$0.4 billion) and Energy Financial Services (\$0.2 billion). Intra-segment revenues, which increased \$0.5 billion, were eliminated from total GE Infrastructure revenues.

Segment profit for the nine months ended September 30, 2006, rose 15% to \$6.1 billion, compared with \$5.3 billion in 2005, as higher volume (\$0.6 billion) and higher prices (\$0.1 billion) were partially offset by higher material and other costs (\$0.2 billion) at the industrial businesses of the segment. Volume increases were primarily at Energy and Aviation. Higher material and other costs were primarily at Aviation. Segment profit from the financial services businesses increased \$0.3 billion primarily as a result of core growth at Aviation Financial Services (\$0.2 billion), including growth in lower-taxed earnings from global operations that were more than offset by lower one-time benefits from our aircraft leasing reorganization.

Discontinued Insurance Operations

<i>(In millions)</i>	Three months ended		Nine months ended	
	September 30 2006	2005	September 30 2006	2005
Earnings (loss) in GECC from discontinued operations, net of taxes	\$ (70)	\$ 330	\$ (45)	\$ 664

In October 2006, Swiss Reinsurance Company (Swiss Re) agreed to purchase GE Life, our U.K.-based life insurance operation, for approximately \$0.9 billion. We have recorded a provision for our best estimate of loss on the sale of \$0.3 billion before and after tax. We expect this transaction to close in the fourth quarter of 2006, subject to regulatory approvals and customary closing conditions.

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

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

Loss from discontinued operations, net of taxes, for the third quarter of 2006 was mostly the result of adjustments related to Genworth.

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

Loss from discontinued operations, net of taxes, for the first nine months of 2006 reflected the provision for estimated loss on the planned sale of GE Life (\$0.3 billion), partially offset by the gain on the sale of our remaining 18% investment in Genworth common stock (\$0.2 billion).

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

B. Statement of Financial Position

Overview of Financial Position

Major changes in our financial position resulted from the following:

- In October 2006, Swiss Re agreed to purchase GE Life, our U.K.-based life insurance operation. Since the first quarter of 2006, when we initiated our plan to sell GE Life, we have separately reported the assets and liabilities of GE Life as discontinued operations for all periods presented.
- During the first quarter of 2006, we completed the sale of our remaining 18% investment in Genworth common stock. We have separately reported the assets and liabilities of Genworth as discontinued operations for all periods presented.
- During the first nine months of 2006, we completed the acquisitions of Arden Realty, Inc., the custom fleet business of National Australia Bank Ltd., and the senior housing portfolios of Formation Capital LLC at GE Commercial Finance; and the private-label credit card portfolio of Hudson's Bay Co. at GE Money.
- The U.S. dollar was weaker at September 30, 2006, than it was at December 31, 2005, increasing the translated levels of our non-U.S. dollar assets and liabilities. However, on average, the U.S. dollar in the first nine months of 2006 has been stronger than during the comparable 2005 period, decreasing the translated levels of our non-U.S. dollar operations, as noted in the preceding Results of Operations section.

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

Financing receivables is our largest category of assets and represents one of our primary sources of revenues. The portfolio of financing receivables, before allowance for losses, amounted to \$310.0 billion at September 30, 2006, and \$289.1 billion at December 31, 2005. The related allowance for losses amounted to \$4.5 billion at September 30, 2006, and \$4.6 billion at December 31, 2005, representing our best estimate of probable losses inherent in the portfolio. A discussion of the quality of certain elements of the financing receivables portfolio follows. For purposes of that discussion, "delinquent" receivables are those that are 30 days or more past due; and "nonearning" receivables are those that are 90 days or more past due (or for which collection has otherwise become doubtful).

Financing receivables, before allowance for losses, increased \$20.9 billion from December 31, 2005, primarily as a result of core growth (\$47.0 billion), the effects of the weaker U.S. dollar at September 30, 2006, (\$5.6 billion) and acquisitions (\$3.6 billion), partially offset by securitizations and sales (\$33.4 billion) and loans transferred to assets held for sale (\$1.7 billion). Related nonearning receivables were \$4.7 billion (1.5% of

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outstanding receivables) at September 30, 2006, compared with \$4.1 billion (1.4% of outstanding receivables) at year-end 2005. This \$0.6 billion increase was primarily related to additions from certain secured transactions in our corporate finance business at GE Commercial Finance and higher nonearning receivables at GE Money resulting from core growth.

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

	Delinquency rates at		
	9/30/06^(a)	12/31/05	9/30/05
GE Commercial Finance	1.33%	1.31%	1.24%
GE Money	5.14	5.08	5.23

(a) Subject to update.

Delinquency rates at GE Commercial Finance increased slightly from December 31, 2005, and September 30, 2005, to September 30, 2006, reflecting continued stable portfolio quality.

Delinquency rates at GE Money increased from December 31, 2005, to September 30, 2006, associated with the effects of the weakening U.S. dollar. The decrease from September 30, 2005, to September 30, 2006, resulted from growth in our unsecured financing businesses, which tend to experience relatively lower delinquencies than the rest of our portfolio, partially offset by the effects of the weakening U.S. dollar.

C. Debt Instruments

During the first nine months of 2006, GECC and GECC affiliates issued \$57 billion of senior, unsecured long-term debt and \$2 billion of subordinated, unsecured long-term debt. This debt was both fixed and floating rate and was issued to institutional and retail investors in the U.S. and 17 other global markets. Maturities for these issuances ranged from one to sixty years. We used the proceeds for repayment of maturing long-term debt, and to fund acquisitions and organic growth. We anticipate that we will issue between \$20 billion and \$25 billion of additional long-term debt during the remainder of 2006, mostly to repay maturing long-term debt. The ultimate amount we issue will depend on our needs and on the markets.

D. Other Information

New Accounting Standards

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

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In November 2005, the FASB added a project to its agenda to reconsider all accounting and disclosure requirements of its existing standards on pensions and other postretirement benefits. The initial objective of that project was to require annual measurement and recognition of an asset or liability reflecting the funded status of defined benefit postretirement plans, with current year changes in that funded status recognized through all other comprehensive income. No aspect of measuring net earnings was addressed or modified under this objective. In September 2006, FASB issued Statement of Financial Accounting Standards (SFAS) 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*, which will be effective for us beginning December 31, 2006. Based on the December 31, 2005, funded status of our plans, we estimate that the effect of SFAS 158 at that time would have been to increase total liabilities and decrease shareowner's equity about \$0.2 billion. The actual effects will depend on the funded status of our plans at December 31, 2006, which will depend on several factors, principally 2006 returns on plan assets and December 31, 2006, discount rates.

Item 4. Controls and Procedures

In connection with the restatement discussed above in the explanatory note to this Form 10-Q/A and in note 1 to our financial statements, under the direction of our Chief Executive Officer and Chief Financial Officer, we reevaluated our disclosure controls and procedures. We identified a material weakness in our internal control over financial reporting with respect to accounting for hedge transactions, namely, that we did not have adequately designed procedures to designate, with the specificity required under SFAS 133, each hedged commercial paper transaction. Solely as a result of this material weakness, we concluded that our disclosure controls and procedures were not effective as of September 30, 2006.

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

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

Part II. Other Information

Item 1. Legal Proceedings

In August 2006, the New Jersey Department of Environmental Protection (DEP) issued an Administrative Order seeking a penalty of \$142,000 for violations of the Clean Air Act at General Electric Capital Corporation's Linden, New Jersey facility. The DEP has alleged that emissions from the facility exceed thresholds established in the site's permit. General Electric Capital Corporation has requested a hearing to contest the fine.

Item 6. Exhibits

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

*Filed electronically herewith.

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Signatures

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

General Electric Capital Corporation

(Registrant)

January 19, 2007
Date

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

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