GENERAL ELECTRIC CO
Form 10-Q
May 12, 2014

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2014

OR

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

For the transition period from ____ to ____

Commission file number 001-00035

GENERAL ELECTRIC COMPANY
(Exact name of registrant as specified in its charter)

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

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

_____

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

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

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

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

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

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

There were 10,027,765,000 shares of common stock with a par value of $0.06 per share outstanding at March 31, 2014.

(1)

General Electric Company

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FORWARD-LOOKING STATEMENTS

This document contains “forward-looking statements” – that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance and financial condition, and often contain words such as “expect,” “anticipate,” “intend,” “plan,” “believe,” “seek,” “see,” or “will.” Forward-looking statements by their nature address matters that are, to different degrees, uncertain. For us, particular uncertainties that could cause our actual results to be materially different than those expressed in our forward-looking statements include: current economic and financial conditions, including volatility in interest and exchange rates, commodity and equity prices and the value of financial assets; potential market disruptions or other impacts arising in the United States or Europe from developments in sovereign debt situations; the impact of conditions in the financial and credit markets on the availability and cost of General Electric Capital Corporation’s (GECC) funding and on our ability to reduce GECC’s asset levels as planned; the impact of conditions in the housing market and unemployment rates on the level of commercial and consumer credit defaults; pending and future mortgage securitization claims and litigation in connection with WMC, which may affect our estimates of liability, including possible loss estimates; our ability to maintain our current credit rating and the impact on our funding costs and competitive position if we do not do so; the adequacy of our cash flows and earnings and other conditions which may affect our ability to pay our quarterly dividend at the planned level or to repurchase shares at planned levels; GECC’s ability to pay dividends to GE at the planned level, which may be affected by GECC's cash flows and earnings, financial services regulation and oversight, and other factors; our ability to convert pre-order commitments/wins into orders; the price we realize on orders since commitments/wins are stated at list prices; the level of demand and financial performance of the major industries we serve, including, without limitation, air and rail transportation, power generation, oil and gas production, real estate and healthcare; the impact of regulation and regulatory, investigative and legal proceedings and legal compliance risks, including the impact of financial services regulation; our capital allocation plans, as such plans may change including with respect to the timing and size of share repurchases, acquisitions, joint ventures, dispositions and other strategic actions; our success in completing announced transactions and integrating acquired businesses; our ability to complete the staged exit from our North American Retail Finance business or the acquisition of the Thermal, Renewables and Grid businesses of Alstom as planned; the impact of potential information technology or data security breaches; and numerous other matters of national, regional and global scale, including those of a political, economic, business and competitive nature. These uncertainties may cause our actual future results to be materially different than those expressed in our forward-looking statements. We do not undertake to update our forward-looking statements.

CORPORATE INFORMATION

GE’s Investor Relations website at www.ge.com/investor and our corporate blog at www.gereports.com, as well as GE’s Facebook page and Twitter accounts, contain a significant amount of information about GE, including financial and other information for investors. GE encourages investors to visit these websites from time to time, as information is updated and new information is posted.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

General Electric Company and consolidated affiliates

Condensed Statement of Earnings

	Three months ended March 31 (Unaudited)					
	Consolidated		GE(a)		Financial Services (GECC)	
(In millions, except share amounts)	2014	2013	2014	2013	2014	2013
Revenues and other income						
Sales of goods	$ 16,941	$ 15,674	$ 16,988	$ 15,677	$ 27	$ 26
Sales of services	6,909	6,513	7,023	6,626	–	–
Other income	196	1,615	161	1,620	–	–
GECC earnings from continuing operations	–	–	1,933	1,938	–	–
GECC revenues from services	10,132	11,141	–	–	10,488	11,442
Total revenues and other income	34,178	34,943	26,105	25,861	10,515	11,468
Costs and expenses						
Cost of goods sold	13,713	12,866	13,762	12,874	25	21
Cost of services sold	4,809	4,449	4,923	4,562	–	–
Interest and other financial charges	2,414	2,603	365	324	2,161	2,382
Investment contracts, insurance losses and insurance annuity benefits	620	663	–	–	643	689
Provision for losses on financing receivables	970	1,457	–	–	970	1,457
Other costs and expenses	8,196	8,766	3,808	4,057	4,574	4,886
Total costs and expenses	30,722	30,804	22,858	21,817	8,373	9,435
Earnings from continuing operations before income taxes	3,456	4,139	3,247	4,044	2,142	2,033
Benefit (provision) for income taxes	(516)	(508)	(318)	(424)	(198)	(84)
Earnings from continuing operations	2,940	3,631	2,929	3,620	1,944	1,949
Earnings (loss) from discontinued operations, net of taxes	12	(120)	12	(120)	12	(120)
Net earnings	2,952	3,511	2,941	3,500	1,956	1,829

Less net earnings (loss) attributable to noncontrolling interests	(47)	(16)	(58)	(27)	11	11
Net earnings attributable to the Company	$ 2,999	$ 3,527	$ 2,999	$ 3,527	$ 1,945	$ 1,818
Amounts attributable to the Company						
Earnings from continuing operations	$ 2,987	$ 3,647	$ 2,987	$ 3,647	$ 1,933	$ 1,938
Earnings (loss) from discontinued operations, net of taxes	12	(120)	12	(120)	12	(120)
Net earnings attributable to the Company	$ 2,999	$ 3,527	$ 2,999	$ 3,527	$ 1,945	$ 1,818
Per-share amounts						
Earnings from continuing operations						
Diluted earnings per share	$ 0.29	$ 0.35				
Basic earnings per share	$ 0.30	$ 0.35				
Net earnings						
Diluted earnings per share	$ 0.30	$ 0.34				
Basic earnings per share	$ 0.30	$ 0.34				
Dividends declared per common share	$ 0.22	$ 0.19				

(a) Represents the adding together of all affiliated companies except General Electric Capital Corporation (GECC or Financial Services), which is presented on a one-line basis.

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

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

(4)

General Electric Company and consolidated affiliates
Condensed, Consolidated Statement of Comprehensive Income

	Three months ended March 31 (Unaudited)	
(In millions)	2014	2013
Net earnings	$ 2,952	$ 3,511
Less: net earnings (loss) attributable to noncontrolling interests	(47)	(16)
Net earnings attributable to the Company	$ 2,999	$ 3,527
Other comprehensive income (loss)		
Investment securities	$ 457	$ 68
Currency translation adjustments	49	(459)
Cash flow hedges	68	102
Benefit plans	695	853
Other comprehensive income (loss)	1,269	564
Less: other comprehensive income (loss) attributable to noncontrolling interests	(2)	(2)
Other comprehensive income (loss) attributable to the Company	$ 1,271	$ 566
Comprehensive income	$ 4,221	$ 4,075
Less: comprehensive income (loss) attributable to noncontrolling interests	(49)	(18)
Comprehensive income attributable to the Company	$ 4,270	$ 4,093

Amounts presented net of taxes. See Note 11 for further information about other comprehensive income and noncontrolling interests.

See accompanying notes.

General Electric Company and consolidated affiliates
Condensed, Consolidated Statement of Changes in Shareowners' Equity

	Three months ended March 31 (Unaudited)	
(In millions)	2014	2013
GE shareowners' equity balance at January 1	$ 130,566	$ 123,026

Increases from net earnings attributable to the Company	2,999	3,527
Dividends and other transactions with shareowners	(2,210)	(1,974)
Other comprehensive income (loss) attributable to the Company	1,271	566
Net sales (purchases) of shares for treasury	(840)	(1,422)
Changes in other capital	50	(9)
Ending balance at March 31	131,836	123,714
Noncontrolling interests	6,183	5,336
Total equity balance at March 31	$ 138,019	$ 129,050

See Note 11 for further information about changes in shareowners' equity.

See accompanying notes.

(5)

General Electric Company and consolidated affiliates
Condensed Statement of Financial Position

	Consolidated		GE(a)		Financial Services (GECC)	
(In millions, except share amounts)	March 31, 2014 (Unaudited)	December 31, 2013	March 31, 2014 (Unaudited)	December 31, 2013	March 31, 2014 (Unaudited)	December 31, 2013
Assets						
Cash and equivalents	$ 86,979	$ 88,555	$ 11,690	$ 13,682	$ 75,289	$ 74,873
Investment securities	45,733	43,981	286	323	45,450	43,662
Current receivables	20,975	21,388	11,102	10,970	-	-
Inventories	18,881	17,325	18,819	17,257	62	68
Financing receivables – net	237,005	241,940	-	-	247,242	253,029
Other GECC receivables	9,009	9,114	-	-	15,643	16,513
Property, plant and equipment – net	67,743	68,827	17,624	17,574	50,489	51,607
Investment in GECC	-	-	79,637	77,745	-	-
Goodwill	79,129	77,648	52,793	51,453	26,336	26,195
Other intangible assets – net	14,788	14,310	13,518	13,180	1,275	1,136
All other assets	70,504	70,808	23,940	23,708	47,164	47,366
Assets of businesses held for sale	48	50	-	-	48	50
Assets of discontinued operations	1,458	2,339	9	9	1,449	2,330
Total assets(b)	$ 652,252	$ 656,285	$ 229,418	$ 225,901	$ 510,447	$ 516,829
Liabilities and equity						
Short-term borrowings	$ 76,121	$ 77,890	$ 1,547	$ 1,841	$ 75,102	$ 77,298
Accounts payable, principally trade accounts	17,206	16,471	15,718	16,353	7,740	6,549
Progress collections and price adjustments accrued	12,804	13,125	12,817	13,152	-	-
Dividends payable	2,206	2,220	2,206	2,220	-	-
Other GE current liabilities	13,622	13,381	13,622	13,381	-	-
Non-recourse borrowings of consolidated securitization entities	28,724	30,124	-	-	28,724	30,124
Bank deposits	54,743	53,361	-	-	54,743	53,361
Long-term borrowings	220,992	221,665	14,469	11,515	206,654	210,279
Investment contracts, insurance liabilities and insurance annuity benefits	27,019	26,544	-	-	27,604	26,979
All other liabilities	59,147	61,057	40,841	40,955	18,773	20,531
Deferred income taxes	381	(275)	(4,575)	(5,061)	4,956	4,786
Liabilities of businesses held for sale	2	6	-	-	2	6
	1,266	3,933	144	143	1,122	3,790

Liabilities of discontinued operations						
Total liabilities(b)	514,233	519,502	96,789	94,499	425,420	433,703
GECC preferred stock (50,000 shares outstanding at both March 31, 2014 and December 31, 2013)	-	-	-	-	-	-
Common stock (10,027,765,000 and 10,060,881,000 shares outstanding at March 31, 2014 and December 31, 2013, respectively)	702	702	702	702	-	-
Accumulated other comprehensive income (loss) – net(c)						
Investment securities	764	307	764	307	793	309
Currency translation adjustments	177	126	177	126	(773)	(687)
Cash flow hedges	(189)	(257)	(189)	(257)	(225)	(293)
Benefit plans	(8,601)	(9,296)	(8,601)	(9,296)	(381)	(363)
Other capital	32,544	32,494	32,544	32,494	32,563	32,563
Retained earnings	149,840	149,051	149,840	149,051	52,610	51,165
Less common stock held in treasury	(43,401)	(42,561)	(43,401)	(42,561)	-	-
Total GE shareowners' equity	131,836	130,566	131,836	130,566	84,587	82,694
Noncontrolling interests(d)	6,183	6,217	793	836	440	432
Total equity	138,019	136,783	132,629	131,402	85,027	83,126
Total liabilities and equity	$ 652,252	$ 656,285	$ 229,418	$ 225,901	$ 510,447	$ 516,829

(a) Represents the adding together of all affiliated companies except General Electric Capital Corporation (GECC or Financial Services), which is presented on a one-line basis.

(b) Our consolidated assets at March 31, 2014 include total assets of $46,492 million of certain variable interest entities (VIEs) that can only be used to settle the liabilities of those VIEs. These assets include net financing receivables of $40,749 million and investment securities of $3,797 million. Our consolidated liabilities at March 31, 2014 include liabilities of certain VIEs for which the VIE creditors do not have recourse to GE. These liabilities include non-recourse borrowings of consolidated securitization entities (CSEs) of $27,175 million. See Note 16.

(c) The sum of accumulated other comprehensive income (loss) (AOCI) attributable to the Company was $(7,849) million and $(9,120) million at March 31, 2014 and December 31, 2013, respectively.

(d) Included AOCI attributable to noncontrolling interests of $(180) million at both March 31, 2014 and December 31, 2013.

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

(6)

General Electric Company and consolidated affiliates
Condensed Statement of Cash Flows

	Three months ended March 31 (Unaudited)					
	Consolidated		GE(a)		Financial Services (GECC)	
(In millions)	2014	2013	2014	2013	2014	2013
Cash flows – operating activities						
Net earnings	$ 2,952	$ 3,511	$ 2,941	$ 3,500	$ 1,956	$ 1,829
Less: net earnings (loss) attributable to noncontrolling interests	(47)	(16)	(58)	(27)	11	11
Net earnings attributable to the Company	2,999	3,527	2,999	3,527	1,945	1,818
(Earnings) loss from discontinued operations	(12)	120	(12)	120	(12)	120
Adjustments to reconcile net earnings attributable to the Company to cash provided from operating activities						
Depreciation and amortization of property, plant and equipment	2,275	2,309	659	612	1,616	1,697
Earnings from continuing operations retained by GECC(b)	-	-	(1,433)	(1,938)	-	-
Deferred income taxes	(1,964)	(1,511)	(341)	(1,762)	(1,623)	251
Decrease (increase) in GE current receivables	482	562	(143)	(635)	-	-
Decrease (increase) in inventories	(1,445)	(977)	(1,453)	(963)	13	(1)
Increase (decrease) in accounts payable	1,007	750	165	134	887	614
Increase (decrease) in GE progress collections	(334)	598	(347)	598	-	-
Provision for losses on GECC financing receivables	970	1,457	-	-	970	1,457
All other operating activities	986	(2,124)	1,656	507	(638)	(2,802)
Cash from (used for) operating activities – continuing operations	4,964	4,711	1,750	200	3,158	3,154
Cash from (used for) operating activities –						

discontinued operations	(3)	(101)	-	(2)	(3)	(99)
Cash from (used for) operating activities	4,961	4,610	1,750	198	3,155	3,055
Cash flows – investing activities						
Additions to property, plant and equipment	(3,361)	(3,644)	(1,090)	(975)	(2,361)	(2,696)
Dispositions of property, plant and equipment	1,192	829	-	-	1,192	829
Net decrease (increase) in GECC financing receivables	3,169	5,209	-	-	3,983	6,326
Proceeds from sale of discontinued operations	232	-	-	-	232	-
Proceeds from principal business dispositions	20	272	20	111	-	161
Proceeds from sale of equity interest in NBCU LLC	-	16,699	-	16,699	-	-
Net cash from (payments for) principal businesses purchased	(1,454)	6,383	(1,454)	(9)	-	6,392
All other investing activities	2,084	5,654	81	(249)	3,009	6,226
Cash from (used for) investing activities – continuing operations	1,882	31,402	(2,443)	15,577	6,055	17,238
Cash from (used for) investing activities – discontinued operations	(90)	83	-	2	(90)	81
Cash from (used for) investing activities	1,792	31,485	(2,443)	15,579	5,965	17,319
Cash flows – financing activities						
Net increase (decrease) in borrowings (maturities of 90 days or less)	(3,330)	(9,849)	(756)	(529)	(3,750)	(9,457)
Net increase (decrease) in bank deposits	1,175	(3,237)	-	-	1,175	(3,237)
Newly issued debt (maturities longer than 90 days)	8,775	17,521	3,034	92	5,743	17,430
Repayments and other reductions (maturities longer than 90 days)	(11,601)	(23,465)	(35)	(5,013)	(11,566)	(18,452)

Net dispositions (purchases) of GE shares for treasury	(1,337)	(1,733)	(1,337)	(1,733)	-	-
Dividends paid to shareowners	(2,223)	(1,983)	(2,223)	(1,983)	(500)	-
All other financing activities	46	(195)	37	(29)	9	(166)
Cash from (used for) financing activities – continuing operations	(8,495)	(22,941)	(1,280)	(9,195)	(8,889)	(13,882)
Cash from (used for) financing activities – discontinued operations	(6)	(15)	-	-	(6)	(15)
Cash from (used for) financing activities	(8,501)	(22,956)	(1,280)	(9,195)	(8,895)	(13,897)
Effect of currency exchange rate changes on cash and equivalents	73	(714)	(19)	(17)	92	(697)
Increase (decrease) in cash and equivalents	(1,675)	12,425	(1,992)	6,565	317	5,780
Cash and equivalents at beginning of year	88,787	77,459	13,682	15,509	75,105	62,044
Cash and equivalents at March 31	87,112	89,884	11,690	22,074	75,422	67,824
Less: cash and equivalents of discontinued operations at March 31	133	158	-	-	133	158
Cash and equivalents of continuing operations at March 31	$ 86,979	$ 89,726	$ 11,690	$ 22,074	$ 75,289	$ 67,666

(a) Represents the adding together of all affiliated companies except General Electric Capital Corporation (GECC or Financial Services), which is presented on a one-line basis.
(b) Represents GECC earnings from continuing operations attributable to the Company, net of GECC dividends paid to GE.

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

NOTES TO CONDENSED, CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying condensed, consolidated financial statements represent the consolidation of General Electric Company (the Company) and all companies that we directly or indirectly control, either through majority ownership or otherwise. See Note 1 to the consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended December 31, 2013 (2013 consolidated financial statements), which discusses our consolidation and financial statement presentation. As used in this report on Form 10-Q (Report), "GE" represents the adding together of all affiliated companies except General Electric Capital Corporation (GECC or Financial Services), whose continuing operations are presented on a one-line basis; GECC consists of General Electric Capital Corporation and all of its affiliates; and "Consolidated" represents the adding together of GE and GECC with the effects of transactions between the two eliminated. Unless otherwise indicated, we refer to the caption revenues and other income simply as "revenues" throughout Item 1 of this Form 10-Q.

We have reclassified certain prior-period amounts to conform to the current-period presentation. Unless otherwise indicated, information in these notes to the condensed, consolidated financial statements relates to continuing operations.

Interim Period Presentation

The condensed, consolidated financial statements and notes thereto are unaudited. These statements include all adjustments (consisting of normal recurring accruals) that we considered necessary to present a fair statement of our results of operations, financial position and cash flows. The results reported in these condensed, consolidated financial statements should not be regarded as necessarily indicative of results that may be expected for the entire year. It is suggested that these condensed, consolidated financial statements be read in conjunction with the financial statements and notes thereto included in our 2013 consolidated financial statements. 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 for 2014 is available on our website, www.ge.com/secreports.

Summary of Significant Accounting Policies

See the Notes in our 2013 consolidated financial statements for a summary of our significant accounting policies.

Accounting Changes

On January 1, 2014, we adopted Accounting Standards Update (ASU) 2013-05, Foreign Currency Matters (Topic 830): Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity. Under the revised guidance, the entire amount of the cumulative translation adjustment associated with the foreign entity will be released into earnings in the following circumstances: (a) the sale of a subsidiary or group of net assets within a foreign entity that represents a complete or substantially complete liquidation of that entity, (b) the loss of a controlling financial interest in an investment in a foreign entity, or (c) when the accounting for an investment in a foreign entity changes from the equity method to full consolidation. The revised guidance applies prospectively to transactions or events occurring on or after

January 1, 2014.

On January 1, 2014, we adopted ASU 2013-11, Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists. Under the new guidance, an unrecognized tax benefit is required to be presented as a reduction to a deferred tax asset if the disallowance of the tax position would reduce the available tax loss or tax credit carryforward instead of resulting in a cash tax liability. The ASU applies prospectively to all unrecognized tax benefits that exist as of the adoption date and reduced both deferred tax assets and income tax liabilities by $1,224 million as of January 1, 2014.

(8)

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

Assets and Liabilities of Businesses Held for Sale

In the first quarter of 2013, we committed to sell certain of our machining & fabrication businesses at Aviation and our Consumer auto and personal loan business in Portugal. We completed the sale of our machining & fabrication business on December 2, 2013 for proceeds of $108 million. We completed the sale of our Consumer auto and personal loan business in Portugal on July 15, 2013 for proceeds of $83 million.

NBCU

On March 19, 2013, we closed a transaction to sell our remaining 49% common equity interest in NBCUniversal LLC (NBCU LLC) to Comcast Corporation (Comcast) for total consideration of $16,722 million, consisting of $11,997 million in cash, $4,000 million in Comcast guaranteed debt and $725 million in preferred stock. The $4,000 million of debt and the $725 million of preferred shares were both issued by a wholly-owned subsidiary of Comcast. During the three months ended March 31, 2013, both of these instruments were sold at approximately par value. In addition, Comcast is obligated to share with us potential tax savings associated with Comcast's purchase of our NBCU LLC interest, if realized. We did not recognize these potential future payments as consideration for the sale, but are recording such payments in income as they are received. GECC also sold real estate comprising certain floors located at 30 Rockefeller Center, New York and the CNBC property located in Englewood Cliffs, New Jersey to affiliates of NBCU LLC for $1,430 million in cash.

As a result of the transactions, we recognized pre-tax gains of $1,096 million ($825 million after tax) on the sale of our 49% common equity interest in NBCU LLC and $921 million ($564 million after tax) on the sale of GECC's real estate properties.

Discontinued Operations

Discontinued operations primarily comprised GE Money Japan (our Japanese personal loan business, Lake, and our Japanese mortgage and card businesses, excluding our investment in GE Nissen Credit Co., Ltd.), our U.S. mortgage business (WMC), our Commercial Lending and Leasing (CLL) trailer services business in Europe (CLL Trailer Services) and our Consumer banking business in Russia (Consumer Russia). Results of operations, financial position and cash flows for these businesses are separately reported as discontinued operations for all periods presented.

Financial Information for Discontinued Operations

	Three months ended March 31	
(In millions)	2014	2013
Operations		
Total revenues and other income (loss)	$ 29	$ 54
Earnings (loss) from discontinued operations before income taxes	$ (14)	$ (142)
Benefit (provision) for income taxes	7	124
Earnings (loss) from discontinued operations,		

net of taxes	$ (7)	$ (18)
Disposal		
Gain (loss) on disposal before income taxes	$ 18	$ (187)
Benefit (provision) for income taxes	1	85
Gain (loss) on disposal, net of taxes	$ 19	$ (102)
Earnings (loss) from discontinued operations, net of taxes(a)	$ 12	$ (120)

(a) The sum of GE industrial earnings (loss) from discontinued operations, net of taxes, and GECC earnings (loss) from discontinued operations, net of taxes, is reported as GE earnings (loss) from discontinued operations, net of taxes, on the Condensed Statement of Earnings.

(In millions)	March 31, 2014	December 31, 2013
Assets		
Cash and equivalents	$ 133	$ 232
Financing receivables – net	1	711
Other	1,324	1,396
Assets of discontinued operations	$ 1,458	$ 2,339
Liabilities		
Deferred income taxes	$ 258	$ 248
Other	1,008	3,685
Liabilities of discontinued operations	$ 1,266	$ 3,933

Other assets at March 31, 2014 and December 31, 2013 primarily comprised a deferred tax asset for a loss carryforward, which expires principally in 2017 and in part in 2019, related to the sale of our GE Money Japan business.

GE Money Japan

During the third quarter of 2008, we completed the sale of GE Money Japan, which included our Japanese personal loan business. Under the terms of the sale, we reduced the proceeds from the sale for estimated refund claims in excess of the statutory interest rate. Proceeds from the sale were to be increased or decreased based on the actual claims experienced in accordance with loss-sharing terms specified in the sale agreement, with all claims in excess of 258 billion Japanese yen (approximately $3,000 million) remaining our responsibility. On February 26, 2014, we reached an agreement with the buyer to pay 175 billion Japanese yen (approximately $1,700 million) to extinguish this obligation. Our reserve for refund claims decreased from $1,836 million at December 31, 2013 to $56 million at March 31, 2014, reflecting payment in March 2014 of the amount required by the February 26, 2014 agreement. The $56 million liability reflects the final remaining amount payable under the February 26, 2014 agreement.

GE Money Japan earnings (loss) from discontinued operations, net of taxes, were $(1) million and $(51) million in the three months ended March 31, 2014 and 2013, respectively.

WMC

During the fourth quarter of 2007, we completed the sale of WMC, our U.S. mortgage business. WMC substantially discontinued all new loan originations by the second quarter of 2007, and is not a loan servicer. In connection with the sale, WMC retained certain representation and warranty obligations related to loans sold to third parties prior to the disposal of the business and contractual obligations to repurchase previously sold loans that had an early payment default. All claims received by WMC for early payment default have either been resolved or are no longer being pursued.

The remaining active claims have been brought by securitization trustees or administrators seeking recovery from WMC for alleged breaches of representations and warranties on mortgage loans that serve as collateral for residential mortgage-backed securities (RMBS). At March 31, 2014, such claims consisted of $4,466 million of individual claims generally submitted before the filing of a lawsuit (compared to $5,643 million at December 31, 2013) and $6,989

million of additional claims asserted against WMC in litigation without making a prior claim (Litigation Claims) (compared to $6,780 at December 31, 2013). The total amount of these claims, $11,455 million, reflects the purchase price or unpaid principal balances of the loans at the time of purchase and does not give effect to pay downs or potential recoveries based upon the underlying collateral, which in many cases are substantial, nor to accrued interest or fees. As of March 31, 2014, these amounts do not include approximately $700 million of repurchase claims relating to alleged breaches of representations that are not in litigation and that are beyond the applicable statute of limitations. WMC believes that repurchase claims brought based upon representations and warranties made more than six years before WMC was notified of the claim would be disallowed in legal proceedings under applicable statutes of limitations.

(10)

Reserves related to repurchase claims made against WMC were $550 million at March 31, 2014, reflecting a net decrease to reserves in the quarter ended March 31, 2014 of $250 million due to settlement activity. The reserve estimate takes into account recent settlement activity that reduced WMC's exposure on certain claims and is based upon WMC's evaluation of the remaining exposures as a percentage of estimated mortgage loan losses within the pool of loans supporting each securitization. Recent settlements reduced WMC's exposure on claims asserted in certain securitizations and the claim amounts reported above give effect to these settlements.

Rollforward of the Reserve

	Three months ended March 31	
(In millions)	2014	2013
Balance, beginning of period	$ 800	$ 633
Provision	-	107
Claim resolutions	(250)	-
Balance, end of period	$ 550	$ 740

Given the significant recent claim and related litigation activity and WMC's continuing efforts to resolve the lawsuits involving claims made against WMC, it is difficult to assess whether future losses will be consistent with WMC's past experience. Adverse changes to WMC's assumptions supporting the reserve may result in an increase to these reserves. Taking into account both recent settlement activity and the potential variability of settlements, WMC estimates a range of reasonably possible loss from $0 to approximately $500 million over its recorded reserve at March 31, 2014. This estimate excludes any possible loss associated with an adverse court decision on the applicable statute of limitations, as WMC is unable at this time to develop such a meaningful estimate.

At March 31, 2014, there were 14 lawsuits involving claims made against WMC arising from alleged breaches of representations and warranties on mortgage loans included in 13 securitizations. The adverse parties in these cases are securitization trustees or parties claiming to act on their behalf. Although the alleged claims for relief vary from case to case, the complaints and counterclaims in these actions generally assert claims for breach of contract, indemnification, and/or declaratory judgment, and seek specific performance (repurchase of defective mortgage loan) and/or money damages. Adverse court decisions, including in cases not involving WMC, could result in new claims and lawsuits on additional loans. However, WMC continues to believe that it has defenses to the claims asserted in litigation, including, for example, based on causation and materiality requirements and applicable statutes of limitations. It is not possible to predict the outcome or impact of these defenses and other factors, any of which could materially affect the amount of any loss ultimately incurred by WMC on these claims.

WMC has also received indemnification demands, nearly all of which are unspecified, from depositors/underwriters/sponsors of RMBS in connection with lawsuits brought by RMBS investors concerning alleged misrepresentations in the securitization offering documents to which WMC is not a party. WMC believes that it has defenses to these demands.

To the extent WMC is required to repurchase loans, WMC's loss also would be affected by several factors, including pay downs, accrued interest and fees, and the value of the underlying collateral. The reserve and estimate of possible loss reflect judgment, based on currently available information, and a number of assumptions, including economic conditions, claim and settlement activity, pending and threatened litigation, court decisions regarding WMC's legal defenses, indemnification demands, government activity, and other variables in the mortgage industry. Actual losses arising from claims against WMC could exceed these amounts and additional claims and lawsuits could result if actual

claim rates, governmental actions, litigation and indemnification activity, adverse court decisions, actual settlement rates or losses WMC incurs on repurchased loans differ from its assumptions.

WMC revenues and other income (loss) from discontinued operations were $4 million and $(107) million in the three months ended March 31, 2014 and 2013, respectively. WMC earnings (loss) from discontinued operations, net of taxes, were $(2) million and $(71) million in the three months ended March 31, 2014 and 2013, respectively.

(11)

Other Financial Services

In the fourth quarter of 2013, we announced the planned disposition of Consumer Russia and classified the business as discontinued operations. At that time, we recorded a $170 million loss on the planned disposal. We completed the sale in the first quarter of 2014 for proceeds of $232 million. Consumer Russia revenues and other income (loss) from discontinued operations were $24 million and $67 million in the three months ended March 31, 2014 and 2013, respectively. Consumer Russia earnings (loss) from discontinued operations, net of taxes, were $1 million (including a $4 million gain on disposal) and $(11) million in the three months ended March 31, 2014 and 2013, respectively.

In the first quarter of 2013, we announced the planned disposition of CLL Trailer Services and classified the business as discontinued operations. We completed the sale in the fourth quarter of 2013 for proceeds of $528 million. CLL Trailer Services revenues and other income (loss) from discontinued operations were $1 million and $93 million in the three months ended March 31, 2014 and 2013, respectively. CLL Trailer Services earnings (loss) from discontinued operations, net of taxes, were $13 million and $14 million in the three months ended March 31, 2014 and 2013, respectively.

3. INVESTMENT SECURITIES

Substantially all of our investment securities are classified as available-for-sale. These comprise mainly investment-grade debt securities supporting obligations to annuitants, policyholders in our run-off insurance operations and supporting obligations to holders of guaranteed investment contracts (GICs) in Trinity and investments held in our CLL business collateralized by senior secured loans of high-quality, middle-market companies in a variety of industries. We do not have any securities classified as held-to-maturity.

	March 31, 2014				December 31, 2013			
(In millions)	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
GE								
Debt								
U.S. corporate	$ 22	$ 11	$ -	$ 33	$ 21	$ 14	$ -	$ 35
Corporate – non-U.S.	13	-	-	13	13	-	(1)	12
Equity								
Available-for-sale	301	9	(70)	240	302	9	(41)	270
Trading	-	-	-	-	6	-	-	6
	336	20	(70)	286	342	23	(42)	323
GECC								
Debt								
U.S. corporate	19,711	3,088	(138)	22,661	19,600	2,323	(217)	21,706
State and municipal	5,115	409	(130)	5,394	4,245	235	(191)	4,289
Residential mortgage-backed(a)	1,770	143	(39)	1,874	1,819	139	(48)	1,910
Commercial mortgage-backed	2,986	198	(61)	3,123	2,929	188	(82)	3,035
Asset-backed	7,347	32	(41)	7,338	7,373	60	(46)	7,387

Corporate – non-U.S.	1,716	137	(64)	1,789	1,741	103	(86)	1,758
Government – non-U.S.	2,058	103	(3)	2,158	2,336	81	(7)	2,410
U.S. government and federal agency	707	48	(18)	737	752	45	(27)	770
Retained interests	64	11	-	75	64	8	-	72
Equity								
Available-for-sale	195	46	(8)	233	203	51	(3)	251
Trading	68	-	-	68	74	-	-	74
	41,737	4,215	(502)	45,450	41,136	3,233	(707)	43,662
Eliminations	(3)	-	-	(3)	(4)	-	-	(4)
Total	$ 42,070	$ 4,235	$ (572)	$ 45,733	$ 41,474	$ 3,256	$ (749)	$ 43,981

(a) Substantially collateralized by U.S. mortgages. At March 31, 2014, $1,225 million relates to securities issued by government-sponsored entities and $649 million relates to securities of private-label issuers. Securities issued by private-label issuers are collateralized primarily by pools of individual direct mortgage loans of financial institutions.

Estimated Fair Value and Gross Unrealized Losses of Available-for-Sale Investment Securities

	In loss position for			
	Less than 12 months		12 months or more	
(In millions)	Estimated fair value(a)	Gross unrealized losses(a)(b)	Estimated fair value	Gross unrealized losses(b)
March 31, 2014				
Debt				
U.S. corporate	$ 1,578	$ (63)	$ 563	$ (75)
State and municipal	942	(37)	347	(93)
Residential mortgage-backed	187	(6)	430	(33)
Commercial mortgage-backed	254	(11)	803	(50)
Asset-backed	101	(1)	294	(40)
Corporate – non-U.S.	56	(1)	430	(63)
Government – non-U.S.	1,098	(3)	52	-
U.S. government and federal agency	238	(18)	-	-
Retained interests	1	-	1	-
Equity	250	(78)	-	-
Total	$ 4,705	$ (218)	$ 2,920	$ (354)(c)
December 31, 2013				
Debt				
U.S. corporate	$ 2,170	$ (122)	$ 598	$ (95)
State and municipal	1,076	(82)	367	(109)
Residential mortgage-backed	232	(11)	430	(37)
Commercial mortgage-backed	396	(24)	780	(58)
Asset-backed	112	(2)	359	(44)
Corporate – non-U.S.	108	(4)	454	(83)
Government – non-U.S.	1,479	(6)	42	(1)
U.S. government and federal agency	229	(27)	254	-
Retained interests	2	-	-	-
Equity	253	(44)	-	-
Total	$ 6,057	$ (322)	$ 3,284	$ (427)

(a) Includes the estimated fair value of and gross unrealized losses on Corporate-non-U.S. and Equity securities held by GE. At March 31, 2014, the estimated fair value of and gross unrealized losses on Corporate-non-U.S. securities were $13 million and an insignificant amount, respectively. The estimated fair value of and gross unrealized losses on Equity securities were $210 million and $(70) million, respectively. At December 31, 2013, the estimated fair value of and gross unrealized losses on Corporate-non-U.S. securities were $12 million and $(1) million, respectively. The estimated fair value of and gross unrealized losses on Equity securities were $222 million and $(41) million, respectively.

(b) Includes gross unrealized losses related to securities that had other-than-temporary impairments previously recognized of $(85) million at March 31, 2014.

(c) The majority relate to debt securities held to support obligations to holders of GICs and more than 70% are debt securities that were considered to be investment-grade by the major rating agencies at March 31, 2014.

We regularly review investment securities for other-than-temporary impairment (OTTI) using both qualitative and quantitative criteria. For debt securities, our qualitative review considers our ability and intent to hold the security and the financial condition of and near-term prospects for the issuer, including whether the issuer is in compliance with the terms and covenants of the security. Our quantitative review considers whether there has been an adverse change in expected future cash flows. Unrealized losses are not indicative of the amount of credit loss that would be recognized and at March 31, 2014 are primarily due to increases in market yields subsequent to our purchase of the securities. We presently do not intend to sell the vast majority of our debt securities that are in an unrealized loss position and believe that it is not more likely than not that we will be required to sell the vast majority of these securities before anticipated recovery of our amortized cost. The methodologies and significant inputs used to measure the amount of credit loss for our investment securities during the three months ended March 31, 2014 have not changed. For equity securities, we consider the duration and the severity of the unrealized loss. We believe that the unrealized loss associated with our equity securities will be recovered within the foreseeable future.

Our corporate debt portfolio comprises securities issued by public and private corporations in various industries, primarily in the U.S. Substantially all of our corporate debt securities are rated investment grade by the major rating agencies.

Our RMBS portfolio is collateralized primarily by pools of individual, direct mortgage loans, of which substantially all are in a senior position in the capital structure of the deals, not other structured products such as collateralized debt obligations. Of the total RMBS held at March 31, 2014, $1,225 million and $649 million related to agency and non-agency securities, respectively. Additionally, $355 million was related to residential subprime credit securities, primarily supporting our guaranteed investment contracts. Substantially all of the subprime exposure is related to securities backed by mortgage loans originated in 2006 and prior. A majority of subprime RMBS have been downgraded to below investment grade and are insured by Monoline insurers (Monolines). We continue to place partial reliance on Monolines with adequate capital and claims paying resources depending on the extent of the Monoline's anticipated ability to cover expected credit losses.

Our commercial mortgage-backed securities (CMBS) portfolio is collateralized by both diversified pools of mortgages that were originated for securitization (conduit CMBS) and pools of large loans backed by high-quality properties (large loan CMBS), a majority of which were originated in 2007 and prior. The vast majority of the securities in our CMBS portfolio have investment-grade credit ratings.

Our asset-backed securities (ABS) portfolio is collateralized by senior secured loans of high-quality, middle-market companies in a variety of industries, as well as a variety of diversified pools of assets such as student loans and credit cards. The vast majority of the securities in our ABS portfolio are in a senior position in the capital structure of the deals.

Pre-tax, Other-Than-Temporary Impairments on Investment Securities

	Three months ended March 31	
(In millions)	2014	2013
Total pre-tax, OTTI recognized	$ 38	$ 302
Less: pre-tax, OTTI recognized in AOCI	(4)	(11)
Pre-tax, OTTI recognized in earnings(a)	$ 34	$ 291

(a) Included pre-tax, other-than-temporary impairments recorded in earnings related to equity securities of $1 million during both the three months ended March 31, 2014 and 2013.

Changes in Cumulative Credit Loss Impairments Recognized on Debt Securities Still Held

	Three months ended March 31	
(In millions)	2014	2013
Cumulative credit loss impairments recognized, beginning of period	$ 1,192	$ 588
Credit loss impairments recognized on securities not previously impaired	-	263
Incremental credit loss impairments recognized		

on securities previously impaired	29	12
Less: credit loss impairments previously recognized on securities sold during the period	(51)	(1)
Cumulative credit loss impairments recognized, end of period	$ 1,170	$ 862

(14)

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

(In millions)	Amortized cost	Estimated fair value
Due		
Within one year	$ 1,870	$ 1,887
After one year through five years	3,633	3,896
After five years through ten years	5,349	5,641
After ten years	18,490	21,361

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

Gross Realized Gains and Losses on Available-for-Sale Investment Securities

	Three months ended March 31	
(In millions)	2014	2013
GE		
Gains	$ -	$ 1
Losses, including impairments	-	(13)
Net	-	(12)
GECC		
Gains	19	62
Losses, including impairments	(36)	(278)
Net	(17)	(216)
Total	$ (17)	$ (228)

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

Proceeds from investment securities sales and early redemptions by issuers totaled $1,349 million for the three months ended March 31, 2014, principally from sales of short-term government securities in our bank subsidiaries and Treasury operations and redemptions of non–U.S. corporate and asset-backed securities in our CLL business.

Proceeds from investment securities sales and early redemptions by issuers totaled $7,654 million for the three months ended March 31, 2013, principally from the sale of Comcast guaranteed debt, sales of short-term securities in our bank

subsidiaries and Treasury operations and redemptions of non–U.S. corporate and asset-backed securities in our CLL business.

We recognized pre-tax gains (losses) on trading securities of $(5) million and $42 million in the three months ended March 31, 2014 and 2013, respectively.

(15)

4. INVENTORIES

(In millions)	March 31, 2014	December 31, 2013
Raw materials and work in process	$ 10,447	$ 10,220
Finished goods	7,911	6,794
Unbilled shipments	766	584
	19,124	17,598
Less revaluation to LIFO	(243)	(273)
Total	$ 18,881	$ 17,325

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

(In millions)	March 31, 2014	December 31, 2013
Loans, net of deferred income(a)	$ 226,135	$ 231,268
Investment in financing leases, net of deferred income	26,251	26,939
	252,386	258,207
Allowance for losses	(5,144)	(5,178)
Financing receivables – net(b)	$ 247,242	$ 253,029

(a) Deferred income was $1,714 million and $2,013 million at March 31, 2014 and December 31, 2013, respectively.
(b) Financing receivables at March 31, 2014 and December 31, 2013 included $532 million and $544 million, respectively, relating to loans that had been acquired in a transfer but have been subject to credit deterioration since origination.

Financing Receivables by Portfolio and Allowance for Losses

During the first quarter of 2014, we combined our CLL Europe and CLL Asia portfolios into CLL International and we transferred our CLL Other portfolio to the CLL Americas portfolio. Prior-period amounts were reclassified to conform to the current-period presentation.

(In millions)	March 31, 2014	December 31, 2013
Commercial		
CLL		
Americas	$ 68,367	$ 69,036
International	46,208	47,431
Total CLL	114,575	116,467

Energy Financial Services		2,753		3,107
GE Capital Aviation Services (GECAS)		8,851		9,377
Other		139		318
Total Commercial		126,318		129,269
Real Estate		20,236		19,899
Consumer				
Non-U.S. residential mortgages		30,355		30,501
Non-U.S. installment and revolving credit		13,715		13,677
U.S. installment and revolving credit		52,887		55,854
Non-U.S. auto		1,957		2,054
Other		6,918		6,953
Total Consumer		105,832		109,039
Total financing receivables		252,386		258,207
Allowance for losses		(5,144)		(5,178)
Total financing receivables – net	$	247,242	$	253,029

Allowance for Losses on Financing Receivables

(In millions)	Balance at January 1	Provision charged to operations	Other(a)	Gross write-offs(b)	Recoveries(b)	Balance at March 31
2014						
Commercial						
CLL						
Americas	$ 473	$ 84	$ (1)	$ (156)	$ 19	$ 419
International	505	18	2	(100)	24	449
Total CLL	978	102	1	(256)	43	868
Energy Financial Services	8	9	-	(2)	1	16
GECAS	17	8	-	-	-	25
Other	2	-	(2)	-	-	-
Total Commercial	1,005	119	(1)	(258)	44	909
Real Estate	192	(15)	2	(6)	2	175
Consumer						
Non-U.S. residential mortgages	358	10	5	(46)	9	336
Non-U.S. installment and revolving credit	594	71	8	(189)	104	588
U.S. installment and revolving credit	2,823	752	18	(785)	139	2,947
Non-U.S. auto	56	12	2	(23)	14	61
Other	150	21	(17)	(40)	14	128
Total Consumer	3,981	866	16	(1,083)	280	4,060
Total	$ 5,178	$ 970	$ 17	$ (1,347)	$ 326	$ 5,144
2013						
Commercial						
CLL						
Americas	$ 496	$ 71	$ (1)	$ (103)	$ 30	$ 493
International	525	94	(10)	(150)	24	483
Total CLL	1,021	165	(11)	(253)	54	976
Energy Financial Services	9	(1)	-	-	-	8
GECAS	8	(1)	-	-	-	7
Other	3	-	-	(1)	-	2
Total Commercial	1,041	163	(11)	(254)	54	993
Real Estate	320	(20)	(6)	(29)	-	265
Consumer						

Non-U.S. residential mortgages	480	56	(17)	(55)	12	476
Non-U.S. installment and revolving credit	582	180	(14)	(231)	140	657
U.S. installment and revolving credit	2,282	1,014	(50)	(744)	163	2,665
Non-U.S. auto	67	17	(5)	(30)	17	66
Other	172	47	7	(52)	7	181
Total Consumer	3,583	1,314	(79)	(1,112)	339	4,045
Total	$ 4,944	$ 1,457	$ (96)	$ (1,395)	$ 393	$ 5,303

(a) Other primarily includes the effects of currency exchange.

(b) Net write-offs (gross write-offs less recoveries) in certain portfolios may exceed the beginning allowance for losses as a result of losses that are incurred subsequent to the beginning of the fiscal year due to information becoming available during the current year, which may identify further deterioration on existing financing receivables.

Credit Quality Indicators

We provide further detailed information about the credit quality of our Commercial, Real Estate and Consumer financing receivables portfolios. For each portfolio, we describe the characteristics of the financing receivables and provide information about collateral, payment performance, credit quality indicators, and impairment. We manage these portfolios using delinquency and nonaccrual data as key performance indicators. The categories used within this section such as impaired loans, troubled debt restructuring (TDR) and nonaccrual financing receivables are defined by the authoritative guidance and we base our categorization on the related scope and definitions contained in the related standards. The categories of nonaccrual and delinquent are used in our process for managing our financing receivables.

Past Due and Nonaccrual Financing Receivables

	March 31, 2014			December 31, 2013		
	Over 30 days past due	Over 90 days past due	Nonaccrual	Over 30 days past due	Over 90 days past due	Nonaccrual
Commercial						
CLL						
Americas	$ 713	$ 390	$ 1,239	$ 755	$ 359	$ 1,275
International	1,743	946	1,415	1,490	820	1,459
Total CLL	2,456	1,336	2,654	2,245	1,179	2,734
Energy Financial Services	-	-	43	-	-	4
GECAS	1	-	275	-	-	-
Other	-	-	-	-	-	6
Total Commercial	2,457	1,336	2,972 (a)	2,245	1,179	2,744 (a)
Real Estate	263	207	2,383 (b)	247	212	2,551 (b)
Consumer						
Non-U.S. residential mortgages	3,130	2,082	2,140	3,406	2,104	2,161
Non-U.S. installment and revolving credit	533	152	73	512	146	88
U.S. installment and revolving credit	2,169	1,028	2	2,442	1,105	2
Non-U.S. auto	93	12	16	89	13	18
Other	165	89	335	172	99	351
Total Consumer	6,090	3,363 (c)	2,566 (d)	6,621	3,467 (c)	2,620 (d)
Total	$ 8,810	$ 4,906	$ 7,921	$ 9,113	$ 4,858	$ 7,915
Total as a percent of financing receivables	3.5 %	1.9 %	3.1 %	3.5 %	1.9 %	3.1 %

(a) Includes $1,596 million and $1,397 million at March 31, 2014 and December 31, 2013, respectively, that are currently paying in accordance with their contractual terms.

(b) Includes $2,127 million and $2,308 million at March 31, 2014 and December 31, 2013, respectively, that are currently paying in accordance with their contractual terms.

(c) Includes $1,150 million and $1,197 million of Consumer loans at March 31, 2014 and December 31, 2013, respectively, that are over 90 days past due and continue to accrue interest until the accounts are written off in the period that the account becomes 180 days past due.

(d) Includes $311 million and $323 million at March 31, 2014 and December 31, 2013, respectively, that are currently paying in accordance with their contractual terms.

Impaired Loans and Related Reserves

(In millions)	With no specific allowance: Recorded investment in loans	Unpaid principal balance	Average investment in loans	With a specific allowance: Recorded investment in loans	Unpaid principal balance	Associated allowance	Average investment in loans
March 31, 2014							
Commercial							
CLL							
Americas	$ 1,792	$ 2,385	$ 1,731	$ 257	$ 354	$ 49	$ 337
International(a)	1,214	2,072	1,159	602	918	169	647
Total CLL	3,006	4,457	2,890	859	1,272	218	984
Energy Financial Services	18	18	9	26	26	3	15
GECAS	-	-	-	65	65	8	32
Other	-	-	1	-	-	-	2
Total Commercial(b)	3,024	4,475	2,900	950	1,363	229	1,033
Real Estate(c)	2,925	3,448	2,770	737	871	53	991
Consumer(d)	132	169	120	2,836	2,854	560	2,857
Total	$ 6,081	$ 8,092	$ 5,790	$ 4,523	$ 5,088	$ 842	$ 4,881
December 31, 2013							
Commercial							
CLL							
Americas	$ 1,670	$ 2,187	$ 2,154	$ 417	$ 505	$ 96	$ 509
International(a)	1,104	1,938	1,136	691	1,046	231	629
Total CLL	2,774	4,125	3,290	1,108	1,551	327	1,138
Energy Financial Services	-	-	-	4	4	1	2
GECAS	-	-	-	-	-	-	1
Other	2	3	9	4	4	-	5
Total Commercial(b)	2,776	4,128	3,299	1,116	1,559	328	1,146
Real Estate(c)	2,615	3,036	3,058	1,245	1,507	74	1,688
Consumer(d)	109	153	98	2,879	2,948	567	3,058
Total	$ 5,500	$ 7,317	$ 6,455	$ 5,240	$ 6,014	$ 969	$ 5,892

(a) Write-offs to net realizable value are recognized against the allowance for losses primarily in the reporting period in which management has deemed all or a portion of the financing receivable to be uncollectible, but not later than 360 days after initial recognition of a specific reserve for a collateral dependent loan. However, in accordance with regulatory standards that are applicable in Italy, commercial loans are considered uncollectible when there is demonstrable evidence of the debtor's insolvency, which may result in write-offs occurring beyond 360 days after initial recognition of a specific reserve.

(b) We recognized $57 million, $218 million and $53 million of interest income, including none, $60 million and $16 million on a cash basis, in the three months ended March 31, 2014, the year ended December 31, 2013 and the

three months ended March 31, 2013, respectively, principally in our CLL Americas business. The total average investment in impaired loans for the three months ended March 31, 2014 and the year ended December 31, 2013 was $3,933 million and $4,445 million, respectively.

(c) We recognized $19 million, $187 million and $57 million of interest income, including none, $135 million and $44 million on a cash basis, in the three months ended March 31, 2014, the year ended December 31, 2013 and the three months ended March 31, 2013, respectively. The total average investment in impaired loans for the three months ended March 31, 2014 and the year ended December 31, 2013 was $3,761 million and $4,746 million, respectively.

(d) We recognized $46 million, $221 million and $57 million of interest income, including an insignificant amount, $3 million and $1 million on a cash basis, in the three months ended March 31, 2014, the year ended December 31, 2013 and the three months ended March 31, 2013, respectively, principally in our Consumer-U.S. installment and revolving credit portfolios. The total average investment in impaired loans for the three months ended March 31, 2014 and the year ended December 31, 2013 was $2,977 million and $3,156 million, respectively.

(In millions)	Non-impaired financing receivables	General reserves	Impaired loans	Specific reserves
March 31, 2014				
Commercial	$ 122,344	$ 680	$ 3,974	$ 229
Real Estate	16,574	122	3,662	53
Consumer	102,864	3,500	2,968	560
Total	$ 241,782	$ 4,302	$ 10,604	$ 842
December 31, 2013				
Commercial	$ 125,377	$ 677	$ 3,892	$ 328
Real Estate	16,039	118	3,860	74
Consumer	106,051	3,414	2,988	567
Total	$ 247,467	$ 4,209	$ 10,740	$ 969

Impaired loans classified as TDRs in our CLL business were $2,916 million and $2,961 million at March 31, 2014 and December 31, 2013, respectively, and were primarily attributable to CLL Americas ($1,676 million and $1,770 million, respectively). For the three months ended March 31, 2014, we modified $295 million of loans classified as TDRs, primarily in CLL Americas ($176 million). Changes to these loans primarily included extensions, interest only payment periods, debt to equity exchange and forbearance or other actions, which are in addition to, or sometimes in lieu of, fees and rate increases. Of our $1,391 million and $2,555 million of modifications classified as TDRs in the twelve months ended March 31, 2014 and 2013, respectively, $19 million and $44 million have subsequently experienced a payment default in the three months ended March 31, 2014 and 2013, respectively.

Real Estate TDRs decreased from $3,625 million at December 31, 2013 to $3,470 million at March 31, 2014, primarily driven by resolution of TDRs through paydowns. We deem loan modifications to be TDRs when we have granted a concession to a borrower experiencing financial difficulty and we do not receive adequate compensation in the form of an effective interest rate that is at current market rates of interest given the risk characteristics of the loan or other consideration that compensates us for the value of the concession. The limited liquidity and higher return requirements in the real estate market for loans with higher loan-to-value (LTV) ratios has typically resulted in the conclusion that the modified terms are not at current market rates of interest, even if the modified loans are expected to be fully recoverable. For the three months ended March 31, 2014, we modified $369 million of loans classified as TDRs. Changes to these loans primarily included forbearance, maturity extensions and changes to collateral or covenant terms or other actions, which are in addition to, or sometimes in lieu of, fees and rate increases. Of our $1,636 million and $3,611 million of modifications classified as TDRs in the twelve months ended March 31, 2014 and 2013, respectively, $20 million and $174 million have subsequently experienced a payment default in the three months ended March 31, 2014 and 2013, respectively.

Impaired loans in our Consumer business represent restructured smaller balance homogeneous loans meeting the definition of a TDR, and are therefore subject to the disclosure requirement for impaired loans, and commercial loans in our Consumer–Other portfolio. The recorded investment of these impaired loans totaled $2,968 million (with an unpaid principal balance of $3,023 million) and comprised $132 million with no specific allowance, primarily all in our Consumer–Other portfolio, and $2,836 million with a specific allowance of $560 million at March 31, 2014. The impaired loans with a specific allowance included $239 million with a specific allowance of $33 million in our Consumer–Other portfolio and $2,597 million with a specific allowance of $527 million across the remaining

Consumer business and had an unpaid principal balance and average investment of $2,854 million and $2,857 million, respectively, at March 31, 2014.

(20)

Impaired loans classified as TDRs in our Consumer business were $2,839 million and $2,874 million at March 31, 2014 and December 31, 2013, respectively. We utilize certain loan modification programs for borrowers experiencing financial difficulties in our Consumer loan portfolio. These loan modification programs primarily include interest rate reductions and payment deferrals in excess of three months, which were not part of the terms of the original contract, and are primarily concentrated in our non-U.S. residential mortgage and U.S. credit card portfolios. For the three months ended March 31, 2014, we modified $296 million of consumer loans for borrowers experiencing financial difficulties, which are classified as TDRs, and included $179 million of non-U.S. consumer loans, primarily residential mortgages, credit cards and personal loans and $117 million of U.S. consumer loans, primarily credit cards. We expect borrowers whose loans have been modified under these programs to continue to be able to meet their contractual obligations upon the conclusion of the modification. Of our $1,339 million and $1,647 million of modifications classified as TDRs in the twelve months ended March 31, 2014 and 2013, respectively, $57 million and $100 million have subsequently experienced a payment default in the three months ended March 31, 2014 and 2013, respectively.

Supplemental Credit Quality Information

Commercial

Substantially all of our Commercial financing receivables portfolio is secured lending and we assess the overall quality of the portfolio based on the potential risk of loss measure. The metric incorporates both the borrower’s credit quality along with any related collateral protection.

Our internal risk ratings process is an important source of information in determining our allowance for losses and represents a comprehensive, statistically validated approach to evaluate risk in our financing receivables portfolios. In deriving our internal risk ratings, we stratify our Commercial portfolios into 21 categories of default risk and/or six categories of loss given default to group into three categories: A, B and C. Our process starts by developing an internal risk rating for our borrowers, which is based upon our proprietary models using data derived from borrower financial statements, agency ratings, payment history information, equity prices and other commercial borrower characteristics. We then evaluate the potential risk of loss for the specific lending transaction in the event of borrower default, which takes into account such factors as applicable collateral value, historical loss and recovery rates for similar transactions, and our collection capabilities. Our internal risk ratings process and the models we use are subject to regular monitoring and validation controls. The frequency of rating updates is set by our credit risk policy, which requires annual Risk Committee approval. The models are updated on a regular basis and statistically validated annually, or more frequently as circumstances warrant.

As described above, financing receivables are assigned one of 21 risk ratings based on our process and then these are grouped by similar characteristics into three categories in the table below. Category A is characterized by either high-credit-quality borrowers or transactions with significant collateral coverage that substantially reduces or eliminates the risk of loss in the event of borrower default. Category B is characterized by borrowers with weaker credit quality than those in Category A, or transactions with moderately strong collateral coverage that minimizes but may not fully mitigate the risk of loss in the event of default. Category C is characterized by borrowers with higher levels of default risk relative to our overall portfolio or transactions where collateral coverage may not fully mitigate a loss in the event of default.

Commercial Financing Receivables Risk by Category

(In millions)	Secured A	Secured B	Secured C	Total
March 31, 2014				
CLL				
Americas	$ 65,126	$ 1,348	$ 1,538	$ 68,012
International	43,537	565	1,439	45,541
Total CLL	108,663	1,913	2,977	113,553
Energy Financial Services	2,616	62	44	2,722
GECAS	8,582	55	214	8,851
Other	139	-	-	139
Total	$ 120,000	$ 2,030	$ 3,235	$ 125,265
December 31, 2013				
CLL				
Americas	$ 65,545	$ 1,587	$ 1,554	$ 68,686
International	44,930	619	1,237	46,786
Total CLL	110,475	2,206	2,791	115,472
Energy Financial Services	2,969	9	-	2,978
GECAS	9,175	50	152	9,377
Other	318	-	-	318
Total	$ 122,937	$ 2,265	$ 2,943	$ 128,145

For our secured financing receivables portfolio, our collateral position and ability to work out problem accounts mitigates our losses. Our asset managers have deep industry expertise that enables us to identify the optimum approach to default situations. We price risk premiums for weaker credits at origination, closely monitor changes in creditworthiness through our risk ratings and watch list process, and are engaged early with deteriorating credits to minimize economic loss. Secured financing receivables within risk Category C are predominantly in our CLL businesses and are primarily composed of senior term lending facilities and factoring programs secured by various asset types including inventory, accounts receivable, cash, equipment and related business facilities as well as franchise finance activities secured by underlying equipment.

Loans within Category C are reviewed and monitored regularly, and classified as impaired when it is probable that they will not pay in accordance with contractual terms. Our internal risk rating process identifies credits warranting closer monitoring; and as such, these loans are not necessarily classified as nonaccrual or impaired.

Our unsecured Commercial financing receivables portfolio is primarily attributable to our Interbanca S.p.A. and GE Sanyo Credit acquisitions in CLL International. At March 31, 2014 and December 31, 2013, these financing receivables included $371 million and $313 million rated A, $400 million and $580 million rated B, and $282 million and $231 million rated C, respectively.

Real Estate

Due to the primarily non-recourse nature of our Debt portfolio, loan-to-value ratios (the ratio of the outstanding debt on a property to the re-indexed value of that property) provide the best indicators of the credit quality of the portfolio.

	Loan-to-value ratio					
	March 31, 2014			December 31, 2013		
(In millions)	Less than 80%	80% to 95%	Greater than 95%	Less than 80%	80% to 95%	Greater than 95%
Debt	$ 15,974	$ 1,512	$ 1,754	$ 15,576	$ 1,300	$ 2,111

(22)

The credit quality of the owner occupied/credit tenant portfolio is primarily influenced by the strength of the borrower's general credit quality, which is reflected in our internal risk rating process, consistent with the process we use for our Commercial portfolio. As of March 31, 2014, the balances of our owner occupied/credit tenant portfolio with an internal risk rating of A, B and C approximated $638 million, $201 million and $157 million, respectively, as compared to the December 31, 2013, balances of $571 million, $179 million and $162 million, respectively.

The financing receivables within our Debt portfolio are primarily concentrated in our North American and European Lending platforms and are secured by various property types. A substantial majority of our Debt financing receivables with loan-to-value ratios greater than 95% are paying in accordance with contractual terms. Substantially all of these loans and the majority of our owner occupied/credit tenant financing receivables included in Category C are impaired loans that are subject to the specific reserve evaluation process. The ultimate recoverability of impaired loans is driven by collection strategies that do not necessarily depend on the sale of the underlying collateral and include full or partial repayments through third-party refinancing and restructurings.

Consumer

At March 31, 2014, our U.S. consumer financing receivables included private-label credit card and sales financing for approximately 57 million customers across the U.S. with no metropolitan area accounting for more than 6% of the portfolio. Of the total U.S. consumer financing receivables, approximately 66% relate to credit card loans that are often subject to profit and loss-sharing arrangements with the retailer (which are recorded in revenues), and the remaining 34% are sales finance receivables that provide financing to customers in areas such as electronics, recreation, medical and home improvement.

Our Consumer financing receivables portfolio comprises both secured and unsecured lending. Secured financing receivables comprise residential loans and lending to small and medium-sized enterprises predominantly secured by auto and equipment, inventory finance and cash flow loans. Unsecured financing receivables include private-label credit card financing. A substantial majority of these cards are not for general use and are limited to the products and services sold by the retailer. The private-label portfolio is diverse with no metropolitan area accounting for more than 5% of the related portfolio.

Non-U.S. residential mortgages

For our secured non-U.S. residential mortgage book, we assess the overall credit quality of the portfolio through loan-to-value ratios (the ratio of the outstanding debt on a property to the value of that property at origination). In the event of default and repossession of the underlying collateral, we have the ability to remarket and sell the properties to eliminate or mitigate the potential risk of loss.

	Loan-to-value ratio					
	March 31, 2014			December 31, 2013		
(In millions)	80% or less	Greater than 80% to 90%	Greater than 90%	80% or less	Greater than 80% to 90%	Greater than 90%
Non-U.S. residential mortgages	$ 17,148	$ 5,098	$ 8,109	$ 17,224	$ 5,130	$ 8,147

The majority of these financing receivables are in our U.K. and France portfolios and have re-indexed loan-to-value ratios of 74% and 56%, respectively. Re-indexed loan-to-value ratios may not reflect actual realizable values of future repossessions. We have third-party mortgage insurance for about 22% of the balance of Consumer non-U.S. residential mortgage loans with loan-to-value ratios greater than 90% at March 31, 2014. Such loans were primarily originated in France and the U.K.

Installment and Revolving Credit

For our unsecured lending products, including the non-U.S. and U.S. installment and revolving credit and non-U.S. auto portfolios, we assess overall credit quality using internal and external credit scores. Our internal credit scores imply a probability of default that we consistently translate into three approximate credit bureau equivalent credit score categories, including (a) 671 or higher, which are considered the strongest credits; (b) 626 to 670, which are considered moderate credit risk; and (c) 625 or less, which are considered weaker credits.

	Internal ratings translated to approximate credit bureau equivalent score					
	March 31, 2014			December 31, 2013		
(In millions)	671 or higher	626 to 670	625 or less	671 or higher	626 to 670	625 or less
Non-U.S. installment and revolving credit	$ 8,033	$ 3,117	$ 2,565	$ 8,310	$ 2,855	$ 2,512
U.S. installment and revolving credit	34,388	10,817	7,682	36,723	11,101	8,030
Non-U.S. auto	1,338	344	275	1,395	373	286

Installment and revolving credit accounts with credit bureau equivalent scores of 625 or less have an average outstanding balance less than one thousand U.S. dollars and are primarily concentrated in our retail card and sales finance receivables in the U.S. and closed-end loans outside the U.S., which minimizes the potential for loss in the event of default. For lower credit scores, we adequately price for the incremental risk at origination and monitor credit migration through our risk ratings process. We continuously adjust our credit line underwriting management and collection strategies based on customer behavior and risk profile changes.

Consumer – Other

We develop our internal risk ratings for this portfolio in a manner consistent with the process used to develop our Commercial credit quality indicators, described above. We use the borrower’s credit quality and underlying collateral strength to determine the potential risk of loss from these activities.

At March 31, 2014, Consumer – Other financing receivables of $6,013 million, $401 million and $504 million were rated A, B, and C, respectively. At December 31, 2013, Consumer – Other financing receivables of $6,137 million, $315 million and $501 million were rated A, B, and C, respectively.

6. PROPERTY, PLANT AND EQUIPMENT

(In millions)	March 31, 2014	December 31, 2013
Original cost	$ 115,869	$ 116,469
Less accumulated depreciation and amortization	(48,126)	(47,642)
Property, plant and equipment – net	$ 67,743	$ 68,827

Consolidated depreciation and amortization was $2,275 million and $2,309 million in the three months ended March 31, 2014 and 2013, respectively.

7. GOODWILL AND OTHER INTANGIBLE ASSETS

During the first quarter of 2014, we acquired several businesses in our Healthcare segment. On February 12, 2014, we acquired API Healthcare (API) for $340 million in cash. API is a healthcare workforce management software and analytics solutions provider. The preliminary purchase price allocation resulted in goodwill of approximately $275 million and amortizable intangible assets of approximately $125 million. On March 21, 2014, we acquired certain Thermo Fisher Scientific Inc. life-science businesses for $1,065 million in cash. The primary business acquired, Hyclone, is a leading manufacturer of products used to support biopharmaceutical research and production. The preliminary purchase price allocation resulted in goodwill of approximately $725 million and amortizable intangible assets of approximately $300 million. The allocation of purchase prices will be finalized upon completion of post-closing procedures.

(24)

Goodwill

(In millions)	Balance at January 1, 2014	Acquisitions	Dispositions, currency exchange and other	Balance at March 31, 2014
Power & Water	$ 8,822	$ -	$ 34	$ 8,856
Oil & Gas	10,516	21	30	10,567
Energy Management	4,748	-	75	4,823
Aviation	9,103	-	168	9,271
Healthcare	16,643	1,024	19	17,686
Transportation	1,012	1	(32)	981
Appliances & Lighting	606	-	-	606
GE Capital	26,195	-	141	26,336
Corporate	3	-	-	3
Total	$ 77,648	$ 1,046	$ 435	$ 79,129

Goodwill balances increased by $1,481 million, primarily as a result of acquisitions at Healthcare and the result of currency exchange effects of a weaker U.S. dollar.

Other Intangible Assets - Net

(In millions)	March 31, 2014	December 31, 2013
Intangible assets subject to amortization	$ 14,645	$ 14,150
Indefinite-lived intangible assets(a)	143	160
Total	$ 14,788	$ 14,310

(a) Indefinite-lived intangible assets principally comprise trademarks and in-process research and development.

Intangible Assets Subject to Amortization

	March 31, 2014			December 31, 2013		
(In millions)	Gross carrying amount	Accumulated amortization	Net	Gross carrying amount	Accumulated amortization	Net
Customer-related	$ 8,426	$ (2,402)	$ 6,024	$ 7,938	$ (2,312)	$ 5,626
Patents and technology	6,785	(2,718)	4,067	6,602	(2,621)	3,981
Capitalized software	8,478	(5,420)	3,058	8,256	(5,252)	3,004
Trademarks	1,370	(312)	1,058	1,356	(295)	1,061
Lease valuations	679	(480)	199	703	(498)	205
Present value of future profits(a)	583	(583)	-	574	(574)	-

All other	599	(360)	239	632	(359)	273
Total	$ 26,920	$ (12,275)	$ 14,645	$ 26,061	$ (11,911)	$ 14,150

(a) Balances at March 31, 2014 and December 31, 2013 reflect adjustments of $316 million and $322 million, respectively, to the present value of future profits in our run-off insurance operation to reflect the effects that would have been recognized had the related unrealized investment securities holding gains and losses actually been realized.

Intangible assets subject to amortization increased $859 million in the three months ended March 31, 2014, primarily as a result of acquisitions at Healthcare.

Consolidated amortization expense was $420 million and $399 million in the three months ended March 31, 2014 and 2013, respectively.

8. BORROWINGS AND BANK DEPOSITS

(In millions)	March 31, 2014	December 31, 2013
Short-term borrowings		
GE		
Commercial paper	$ 350	$ -
Payable to banks	520	346
Current portion of long-term borrowings	70	70
Other	607	1,425
Total GE short-term borrowings	1,547	1,841
GECC		
Commercial paper		
U.S.	21,229	24,877
Non-U.S.	3,817	4,168
Current portion of long-term borrowings(a)(b)	40,720	39,215
GE Interest Plus notes(c)	8,935	8,699
Other(b)	401	339
Total GECC short-term borrowings	75,102	77,298
Eliminations	(528)	(1,249)
Total short-term borrowings	$ 76,121	$ 77,890
Long-term borrowings		
GE		
Senior notes	$ 13,941	$ 10,968
Payable to banks	9	10
Other	519	537
Total GE long-term borrowings	14,469	11,515
GECC		
Senior unsecured notes(a)(d)	183,271	186,433
Subordinated notes(e)	4,860	4,821
Subordinated debentures(f)	7,530	7,462
Other(b)	10,993	11,563
Total GECC long-term borrowings	206,654	210,279
Eliminations	(131)	(129)
Total long-term borrowings	$ 220,992	$ 221,665

Non-recourse borrowings of consolidated securitization entities(g)	$	28,724	$	30,124
Bank deposits(h)	$	54,743	$	53,361
Total borrowings and bank deposits	$	380,580	$	383,040

(a) Included $481 million of obligations to holders of GICs at both March 31, 2014 and December 31, 2013, respectively. These obligations included conditions under which certain GIC holders could require immediate repayment of their investment should the long-term credit ratings of GECC fall below AA-/Aa3. The remaining outstanding GICs will continue to be subject to their scheduled maturities and individual terms, which may include provisions permitting redemption upon a downgrade of one or more of GECC's ratings, among other things.

(b) Included $9,338 million and $9,468 million of funding secured by real estate, aircraft and other collateral at March 31, 2014 and December 31, 2013, respectively, of which $2,733 million and $2,868 million is non-recourse to GECC at March 31, 2014 and December 31, 2013, respectively.

(c) Entirely variable denomination floating-rate demand notes.

(d) Included $700 million of debt at both March 31, 2014 and December 31, 2013 raised by a funding entity related to Penske Truck Leasing Co., L.P. (PTL). GECC, as co-issuer and co-guarantor of the debt, reports this amount as borrowings in its financial statements. GECC has been indemnified by the other limited partners of PTL for their proportionate share of the debt obligation.

(e) Included $300 million of subordinated notes guaranteed by GE at both March 31, 2014 and December 31, 2013.

(f) Subordinated debentures receive rating agency equity credit.

(g) Included at March 31, 2014 and December 31, 2013, were $9,878 million and $9,047 million of current portion of long-term borrowings, respectively. See Note 16.

(h) Included $13,458 million and $13,614 million of deposits in non-U.S. banks at March 31, 2014 and December 31, 2013, respectively, and $19,305 million and $18,275 million of certificates of deposits with maturities greater than one year at March 31, 2014 and December 31, 2013, respectively.

(26)

In the first quarter of 2014, GE issued $3,000 million senior unsecured debt, composed of $750 million aggregate principal amount of 3.375% Notes due 2024 and $2,250 million aggregate principal amount of 4.500% Notes due 2044.

9. POSTRETIREMENT BENEFIT PLANS

We sponsor a number of pension and retiree health and life insurance benefit plans. Principal pension plans are the GE Pension Plan and the GE Supplementary Pension Plan. Principal retiree benefit plans provide health and life insurance benefits to certain eligible participants and these participants share in the cost of the healthcare benefits. Other pension plans include the U.S. and non-U.S. pension plans with pension assets or obligations greater than $50 million. Smaller pension plans and other retiree benefit plans are not material individually or in the aggregate.

Effect on Operations of Pension Plans

	Principal Pension Plans Three months ended March 31	
(In millions)	2014	2013
Service cost for benefits earned	$ 318	$ 401
Prior service cost amortization	54	61
Expected return on plan assets	(801)	(875)
Interest cost on benefit obligation	686	614
Net actuarial loss amortization	641	912
Pension plans cost	$ 898	$ 1,113

	Other Pension Plans Three months ended March 31	
(In millions)	2014	2013
Service cost for benefits earned	$ 114	$ 102
Prior service cost amortization	1	2
Expected return on plan assets	(197)	(165)
Interest cost on benefit obligation	146	130
Net actuarial loss amortization	49	86
Pension plans cost	$ 113	$ 155

Effect on Operations of Principal Retiree Health and Life Insurance Plans

	Principal Retiree Health and Life Insurance Plans Three months ended March 31	
(In millions)	2014	2013
Service cost for benefits earned	$ 44	$ 73

Prior service cost amortization		98		98
Expected return on plan assets		(12)		(15)
Interest cost on benefit obligation		110		107
Net actuarial loss (gain) amortization		(43)		4
Retiree benefit plans cost	$	197	$	267

(27)

10. INCOME TAXES

Unrecognized Tax Benefits

(In millions)	March 31, 2014	December 31, 2013
Unrecognized tax benefits	$ 5,911	$ 5,816
Portion that, if recognized, would reduce tax expense and effective tax rate(a)	4,223	4,307
Accrued interest on unrecognized tax benefits	970	975
Accrued penalties on unrecognized tax benefits	169	164
Reasonably possible reduction to the balance of unrecognized tax benefits in succeeding 12 months	0-1,150	0-900
Portion that, if recognized, would reduce tax expense and effective tax rate(a)	0-400	0-350

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

The Internal Revenue Service (IRS) is currently auditing our consolidated U.S. income tax returns for 2010-2011. In addition, certain other U.S. tax deficiency issues and refund claims for previous years are still unresolved. The IRS has disallowed the tax loss on our 2003 disposition of ERC Life Reinsurance Corporation. We have contested the disallowance of this loss. It is reasonably possible that the unresolved items could be resolved during the next 12 months, which could result in a decrease in our balance of unrecognized tax benefits – that is, the aggregate tax effect of differences between tax return positions and the benefits recognized in our financial statements. We believe that there are no other jurisdictions in which the outcome of unresolved issues or claims is likely to be material to our results of operations, financial position or cash flows. We further believe that we have made adequate provision for all income tax uncertainties.

11. SHAREOWNERS' EQUITY

Accumulated Other Comprehensive Income (Loss)

(In millions)	Three months ended March 31 2014	2013
Investment securities		
Beginning balance	$ 307	$ 677
Other comprehensive income (loss) (OCI) before reclassifications – net of deferred taxes of $246 and $(38)	447	(63)
Reclassifications from OCI – net of deferred taxes of $7 and $97	10	131
Other comprehensive income (loss)(a)	457	68
Less: OCI attributable to noncontrolling interests	-	1
Ending balance	$ 764	$ 744
Currency translation adjustments (CTA)		
Beginning balance	$ 126	$ 412
OCI before reclassifications – net of deferred taxes of $71 and $(204)	47	(471)
Reclassifications from OCI – net of deferred taxes of $124 and $(34)	2	12
Other comprehensive income (loss)(a)	49	(459)
Less: OCI attributable to noncontrolling interests	(2)	(4)
Ending balance	$ 177	$ (43)
Cash flow hedges		
Beginning balance	$ (257)	$ (722)
OCI before reclassifications – net of deferred taxes of $71 and $72	99	(76)
Reclassifications from OCI – net of deferred taxes of $(6) and $(47)	(31)	178
Other comprehensive income (loss)(a)	68	102
Less: OCI attributable to noncontrolling interests	-	-
Ending balance	$ (189)	$ (620)
Benefit plans		
Beginning balance	$ (9,296)	$ (20,597)
Net actuarial gain (loss) – net of deferred taxes of $42 and $53	172	83
Prior service cost amortization – net of deferred taxes of $64 and $67	93	98
Net actuarial loss amortization – net of deferred taxes of $213 and $339	430	672

Other comprehensive income (loss)(a)	695	853
Less: OCI attributable to noncontrolling interests	-	1
Ending balance	$ (8,601)	$ (19,745)
Accumulated other comprehensive income (loss) at March 31	$ (7,849)	$ (19,664)

(a) Total other comprehensive income (loss) was $1,269 million and $564 million for the three months ended March 31, 2014 and 2013, respectively.

Reclassification out of AOCI

(In millions)	Three months ended March 31 2014	2013	Statement of Earnings Caption
Available-for-sale securities			
Realized gains (losses) on sale/impairment of securities	$ (17)	$ (228)	Other income
	7	97	Benefit (provision) for income taxes
	$ (10)	$ (131)	Net of tax
Currency translation adjustments			
Gains (losses) on dispositions	$ (126)	$ 22	Costs and expenses
	124	(34)	Benefit (provision) for income taxes
	$ (2)	$ (12)	Net of tax
Cash flow hedges			
Gains (losses) on interest rate derivatives	$ (69)	$ (102)	Interest and other financial charges
Foreign exchange contracts	128	(51)	(a)
Other	(22)	22	(b)
	37	(131)	Total before tax
	(6)	(47)	Benefit (provision) for income taxes
	$ 31	$ (178)	Net of tax
Benefit plan items			
Amortization of prior service costs	$ (157)	$ (165)	(c)
Amortization of actuarial gains (losses)	(643)	(1,011)	(c)
	(800)	(1,176)	Total before tax
	277	406	Benefit (provision) for income taxes
	$ (523)	$ (770)	Net of tax
Total reclassification adjustments	$ (504)	$ (1,091)	Net of tax

(a) Included $134 million and $(33) million in GECC revenues from services and $(6) million and $(18) million in interest and other financial charges for the three months ended March 31, 2014 and 2013, respectively.

(b) Primarily recorded in costs and expenses.

(c) Amortization of prior service costs and actuarial gains and losses out of AOCI are included in the computation of net periodic pension costs. See Note 9 for further information.

Noncontrolling Interests

(In millions)	Three months ended March 31 2014	2013
Beginning balance	$ 6,217	$ 5,444
Net earnings (loss)	(33)	(16)
Dividends	(10)	(18)
Dispositions	-	(104)
Other (including AOCI)	9	30
Ending balance	$ 6,183	$ 5,336

GECC preferred stock is presented as noncontrolling interests in the GE consolidated statement of financial position.

Other

GE's authorized common stock consists of 13,200,000,000 shares having a par value of $0.06 each.

GECC paid quarterly dividends of $500 million and no special dividends to GE in the three months ended March 31, 2014. There were no dividends paid to GE in the three months ended March 31, 2013.

12. GECC REVENUES FROM SERVICES

(In millions)	Three months ended March 31 2014	2013
Interest on loans	$ 4,256	$ 4,490
Equipment leased to others	2,661	2,529
Fees	1,114	1,130
Investment income(a)	556	414
Financing leases	389	436
Associated companies	373	173
Premiums earned by insurance activities	352	395
Real estate investments(b)	343	1,300
Other items	444	575
	10,488	11,442
Eliminations	(356)	(301)
Total	$ 10,132	$ 11,141

(a) Included net other-than-temporary impairments on investment securities of $34 million and $278 million in the three months ended March 31, 2014 and 2013, respectively.
(b) During the three months ended March 31, 2013, we sold real estate comprising certain floors located at 30 Rockefeller Center, New York for a pre-tax gain of $902 million.

13. EARNINGS PER SHARE INFORMATION

(In millions; per-share amounts in dollars)	Three months ended March 31 2014 Diluted	2014 Basic	2013 Diluted	2013 Basic
Amounts attributable to the Company:				
Consolidated				
Earnings from continuing operations attributable to common shareowners for per-share calculation(a)	$ 2,983	$ 2,983	$ 3,642	$ 3,642
Earnings (loss) from discontinued operations for per-share calculation(a)	12	12	(120)	(120)
Net earnings attributable to GE common shareowners for per-share calculation(a)	$ 2,995	$ 2,995	$ 3,522	$ 3,522
Average equivalent shares	10,045	10,045	10,374	10,374

Shares of GE common stock outstanding				
Employee compensation-related shares (including stock options) and warrants	78	-	59	-
Total average equivalent shares	10,123	10,045	10,433	10,374
Per-share amounts				
Earnings from continuing operations	$ 0.29	$ 0.30	$ 0.35	$ 0.35
Earnings (loss) from discontinued operations	–	–	(0.01)	(0.01)
Net earnings	0.30	0.30	0.34	0.34

(a) Included an insignificant amount of dividend equivalents in each of the periods presented.

For the three months ended March 31, 2014 and 2013, there were approximately 72 million and 190 million, respectively, of outstanding stock awards that were not included in the computation of diluted earnings per share because their effect was antidilutive.

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

14. FAIR VALUE MEASUREMENTS

Recurring Fair Value Measurements

Our assets and liabilities measured at fair value on a recurring basis include investment securities primarily supporting obligations to annuitants and policyholders in our run-off insurance operations and supporting obligations to holders of GICs in Trinity and investment securities held in our CLL business collateralized by senior secured loans of high-quality, middle-market companies in a variety of industries.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

(In millions)	Level 1(a)	Level 2(a)	Level 3	Netting adjustment(b)	Net balance
March 31, 2014					
Assets					
Investment securities					
Debt					
U.S. corporate	$ -	$ 19,590	$ 3,104	$ -	$ 22,694
State and municipal	-	4,834	560	-	5,394
Residential mortgage-backed	-	1,793	81	-	1,874
Commercial mortgage-backed	-	3,112	11	-	3,123
Asset-backed(c)	-	430	6,908	-	7,338
Corporate – non-U.S.	52	678	1,072	-	1,802
Government – non-U.S.	1,334	823	1	-	2,158
U.S. government and federal agency	-	505	232	-	737
Retained interests	-	-	75	-	75
Equity					
Available-for-sale	434	25	11	-	470
Trading	66	2	-	-	68
Derivatives(d)	-	7,683	163	(6,300)	1,546
Other(e)	-	-	288	-	288
Total	$ 1,886	$ 39,475	$ 12,506	$ (6,300)	$ 47,567
Liabilities					
Derivatives	$ -	$ 4,692	$ 15	$ (3,895)	$ 812
Other(f)	-	1,183	-	-	1,183
Total	$ -	$ 5,875	$ 15	$ (3,895)	$ 1,995
December 31, 2013					
Assets					
Investment securities					
Debt					
U.S. corporate	$ -	$ 18,788	$ 2,953	$ -	$ 21,741
State and municipal	-	4,193	96	-	4,289
Residential mortgage-backed	-	1,824	86	-	1,910
Commercial mortgage-backed	-	3,025	10	-	3,035
Asset-backed(c)	-	489	6,898	-	7,387
Corporate – non-U.S.	61	645	1,064	-	1,770
Government – non-U.S.	1,590	789	31	-	2,410
U.S. government and federal agency	-	545	225	-	770
Retained interests	-	-	72	-	72

Equity					
Available-for-sale	475	31	11	-	517
Trading	78	2	-	-	80
Derivatives(d)	-	8,304	175	(6,739)	1,740
Other(e)	-	-	494	-	494
Total	$ 2,204	$ 38,635	$ 12,115	$ (6,739)	$ 46,215
Liabilities					
Derivatives	$ -	$ 5,409	$ 20	$ (4,355)	$ 1,074
Other(f)	-	1,170	-	-	1,170
Total	$ -	$ 6,579	$ 20	$ (4,355)	$ 2,244

(a) There were no securities transferred between Level 1 and Level 2 in the three months ended March 31, 2014.
(b) The netting of derivative receivables and payables (including the effects of any collateral posted or received) is permitted when a legally enforceable master netting agreement exists.
(c) Includes investments in our CLL business in asset-backed securities collateralized by senior secured loans of high-quality, middle-market companies in a variety of industries.
(d) The fair value of derivatives includes an adjustment for non-performance risk. The cumulative adjustment was a gain (loss) of $30 million and $(7) million at March 31, 2014 and December 31, 2013, respectively. See Note 15 for additional information on the composition of our derivative portfolio.
(e) Includes private equity investments and loans designated under the fair value option.
(f) Primarily represented the liability associated with certain of our deferred incentive compensation plans.

Level 3 Instruments

The majority of our Level 3 balances consist of investment securities classified as available-for-sale with changes in fair value recorded in shareowners' equity.

Changes in Level 3 Instruments for the Three Months Ended

(In millions)	Balance at January 1	Net realized/ unrealized gains (losses) included in earnings(a)	Net realized/ unrealized gains (losses) included in AOCI	Purchases	Sales	Settlements	Transfers into Level 3(b)	Transfers out of Level 3(b)	Balance at March 31	Net change in unrealized gains (losses) relating to instruments still held at March 31(c)
2014										
Investment securities										
Debt										
U.S. corporate	$ 2,953	$ 8	$ 60	$ 153	$ (2)	$ (112)	$ 97	$ (53)	$ 3,104	$ -
State and municipal	96	-	27	9	-	(7)	435	-	560	-
RMBS	86	-	(1)	-	-	(4)	-	-	81	-
CMBS	10	-	-	-	-	(1)	2	-	11	-
ABS	6,898	1	(27)	405	-	(369)	-	-	6,908	-
Corporate – non-U.S.	1,064	(21)	47	219	(2)	(235)	-	-	1,072	-
Government – non-U.S.	31	-	-	-	-	-	-	(30)	1	-
U.S. government and federal agency	225	-	9	-	-	-	-	(2)	232	-
Retained interests	72	2	3	1	-	(3)	-	-	75	-
Equity										
Available-for-sale	11	-	-	-	-	-	-	-	11	-
Derivatives(d)(e)	164	(7)	-	-	-	2	(1)	-	158	-
Other	494	3	-	83	(13)	-	-	(279)	288	(9)
Total	$ 12,104	$ (14)	$ 118	$ 870	$ (17)	$ (729)	$ 533	$ (364)	$ 12,501	$ (9)
2013										
Investment securities										
Debt										

U.S. corporate	$ 3,591	$ (271)	$ 219	$ 63	$ (6)	$ (45)	$ 93	$ (73)	$ 3,571	$ -
State and municipal	77	-	-	4	-	(1)	10	-	90	-
RMBS	100	-	(3)	-	-	(1)	-	-	96	-
CMBS	6	-	-	-	-	-	-	-	6	-
ABS	5,023	1	(2)	144	-	(262)	12	-	4,916	-
Corporate – non-U.S.	1,218	8	19	825	(3)	(733)	15	-	1,349	-
Government – non-U.S.	42	-	(1)	-	-	-	-	-	41	-
U.S. government and federal agency	277	-	(13)	-	-	-	-	-	264	-
Retained interests	83	3	10	-	-	(5)	-	-	91	-
Equity Available-for-sale	13	-	-	-	-	-	-	(2)	11	-
Derivatives(d)(e)	416	(19)	-	(1)	-	(53)	-	-	343	12
Other	799	(22)	-	57	(55)	-	-	-	779	(21)
Total	$ 11,645	$ (300)	$ 229	$ 1,092	$ (64)	$ (1,100)	$ 130	$ (75)	$ 11,557	$ (9)

(a) Earnings effects are primarily included in the GECC revenues from services and Interest and other financial charges captions in the Condensed Statement of Earnings.

(b) Transfers in and out of Level 3 are considered to occur at the beginning of the period. Transfers out of Level 3 were primarily a result of increased use of quotes from independent pricing vendors based on recent trading activity.

(c) Represents the amount of unrealized gains or losses for the period included in earnings.

(d) Represents derivative assets net of derivative liabilities and included cash accruals of $10 million and $4 million not reflected in the fair value hierarchy table for the three months ended March 31, 2014 and 2013, respectively.

(e) Gains (losses) included in “net realized/unrealized gains (losses) included in earnings” were offset by the earnings effects from the underlying items that were economically hedged. See Note 15.

Non-Recurring Fair Value Measurements

The following table represents non-recurring fair value amounts (as measured at the time of the adjustment) for those assets remeasured to fair value on a non-recurring basis during the fiscal year and still held at March 31, 2014 and December 31, 2013.

	Remeasured during the three months ended March 31, 2014		Remeasured during the year ended December 31, 2013	
(In millions)	Level 2	Level 3	Level 2	Level 3
Financing receivables and loans held for sale	$ 87	$ 1,596	$ 210	$ 2,986
Cost and equity method investments	-	354	-	690
Long-lived assets, including real estate	326	192	2,050	1,088
Total	$ 413	$ 2,142	$ 2,260	$ 4,764

The following table represents the fair value adjustments to assets measured at fair value on a non-recurring basis and still held at March 31, 2014 and 2013.

	Three months ended March 31	
(In millions)	2014	2013
Financing receivables and loans held for sale	$ (113)	$ (128)
Cost and equity method investments	(208)	(81)
Long-lived assets, including real estate	(75)	(390)
Total	$ (396)	$ (599)

Level 3 Measurements - Significant Unobservable Inputs

(Dollars in millions)	Fair value	Valuation technique	Unobservable inputs	Range (weighted average)
March 31, 2014				
Recurring fair value measurements				
Investment securities – Debt				
U.S. corporate	$ 947	Income approach	Discount rate(a)	1.5%-8.9% (5.0%)
State and Municipal	469	Income approach	Discount rate(a)	1.8%-6.0% (3.3%)
Asset-backed	6,868	Income approach	Discount rate(a)	1.3%-9.5% (3.8%)
Corporate – non-U.S.	776	Income approach	Discount rate(a)	1.4%-46.0% (15.3%)
Other financial assets	278	Income approach, Market comparables	Revenue multiple	1.7X-1.7X (1.7X)
			EBITDA multiple	5.4X-8.9X (6.9X)
			Discount rate(a)	3.9%-5.6% (4.8%)
			Capitalization rate(b)	7.3%-8.8% (7.6%)
Non-recurring fair value measurements				
Financing receivables and loans held for sale	$ 995	Income approach, Business enterprise value	Capitalization rate(b)	2.7%-11.3% (6.5%)
			EBITDA multiple	4.3X-6.5X (5.9X)
			WACC(c)	19.0%-19.0% (19.0%)
Cost and equity method investments	137	Income approach, Business enterprise value, Market comparables	Discount rate(a)	8.0%-10.0% (8.5%)
			EBITDA multiple	6.0X-9.0X (9.0X)

				Revenue multiple	2.9X-2.9X (2.9X)
Long-lived assets, including real estate		5	Income approach	Capitalization rate(b)	9.4%-15.3% (12.0%)
				Discount rate(a)	4.0%-19.0% (8.3%)
December 31, 2013					
Recurring fair value measurements					
Investment securities – Debt					
U.S. corporate	$	898	Income approach	Discount rate(a)	1.5%-13.3% (6.5%)
Asset-backed		6,854	Income approach	Discount rate(a)	1.2%-10.5% (3.7%)
Corporate – non-U.S.		819	Income approach	Discount rate(a)	1.4%-46.0% (15.1%)
Other financial assets		381	Income approach, Market comparables	WACC(c)	9.3%-9.3% (9.3%)
				EBITDA multiple	5.4X-12.5X (9.5X)
				Discount rate(a)	5.2%-8.8% (5.3%)
				Capitalization rate(b)	6.3%-7.5% (7.2%)
Non-recurring fair value measurements					
Financing receivables and loans held for sale	$	1,937	Income approach,	Capitalization rate(b)	5.5%-16.7% (8.0%)
			Business enterprise value	EBITDA multiple	4.3X-5.5X (4.8X)
				Discount rate(a)	6.6%-6.6% (6.6%)
Cost and equity method investments		102	Income approach, Market comparables	Discount rate(a)	5.7%-5.9% (5.8%)
				Capitalization rate(b)	8.5%-10.6% (10.0%)
				WACC(c)	9.3%-9.6% (9.4%)
				EBITDA multiple	7.1X-14.5X (11.3X)
				Revenue multiple	2.2X-12.6X (9.4X)

Long-lived assets, including real estate	694	Income approach	Capitalization rate(b)	5.4%-14.5% (7.8%)
			Discount rate(a)	4.0%-23.0% (9.0%)

(a) Discount rates are determined based on inputs that market participants would use when pricing investments, including credit and liquidity risk. An increase in the discount rate would result in a decrease in the fair value.

(b) Represents the rate of return on net operating income that is considered acceptable for an investor and is used to determine a property's capitalized value. An increase in the capitalization rate would result in a decrease in the fair value.

(c) Weighted average cost of capital (WACC).

(35)

At March 31, 2014 and December 31, 2013, other Level 3 recurring fair value measurements of $2,968 million and $2,816 million, respectively, and non-recurring measurements of $730 million and $1,460 million, respectively, are valued using non-binding broker quotes or other third-party sources. At March 31, 2014 and December 31, 2013, other recurring fair value measurements of $185 million and $327 million, respectively, and non-recurring fair value measurements of $275 million and $571 million, respectively, were individually insignificant and utilize a number of different unobservable inputs not subject to meaningful aggregation.

15. FINANCIAL INSTRUMENTS

The following table provides information about assets and liabilities not carried at fair value. The table excludes finance leases and non-financial assets and liabilities. Substantially all of the assets discussed below are considered to be Level 3. The vast majority of our liabilities' fair value can be determined based on significant observable inputs and thus considered Level 2. Few of the instruments are actively traded and their fair values must often be determined using financial models. Realization of the fair value of these instruments depends upon market forces beyond our control, including marketplace liquidity.

	March 31, 2014			December 31, 2013		
		Assets (liabilities)			Assets (liabilities)	
(In millions)	Notional amount	Carrying amount (net)	Estimated fair value	Notional amount	Carrying amount (net)	Estimated fair value
GE						
Assets						
Investments and notes receivable	$ (a)	$ 486	$ 533	$ (a)	$ 488	$ 512
Liabilities						
Borrowings(b)	(a)	(16,016)	(16,824)	(a)	(13,356)	(13,707)
GECC						
Assets						
Loans	(a)	221,187	225,454	(a)	226,293	230,792
Other commercial mortgages	(a)	2,261	2,269	(a)	2,270	2,281
Loans held for sale	(a)	1,078	1,078	(a)	512	512
Other financial instruments(c)	(a)	1,541	2,201	(a)	1,622	2,203
Liabilities						
Borrowings and bank deposits(b)(d)	(a)	(365,223)	(381,050)	(a)	(371,062)	(386,823)
Investment contract benefits	(a)	(3,107)	(3,666)	(a)	(3,144)	(3,644)
Guaranteed investment contracts	(a)	(1,441)	(1,429)	(a)	(1,471)	(1,459)
Insurance – credit life(e)	2,163	(110)	(96)	2,149	(108)	(94)

(a) These financial instruments do not have notional amounts.
(b) See Note 8.

(c) Principally comprises cost method investments.

(d) Fair values exclude interest rate and currency derivatives designated as hedges of borrowings. Had they been included, the fair value of borrowings at March 31, 2014 and December 31, 2013 would have been reduced by $3,506 million and $2,284 million, respectively.

(e) Net of reinsurance of $1,250 million at both March 31, 2014 and December 31, 2013.

Notional Amounts of Loan Commitments

(In millions)	March 31, 2014	December 31, 2013
Ordinary course of business lending commitments(a)	$ 5,102	$ 4,756
Unused revolving credit lines(b)		
Commercial(c)	15,497	16,570
Consumer – principally credit cards	296,296	290,662

(a) Excluded investment commitments of $1,383 million and $1,395 million at March 31, 2014 and December 31, 2013, respectively.
(b) Excluded inventory financing arrangements, which may be withdrawn at our option, of $12,650 million and $13,502 million at March 31, 2014 and December 31, 2013, respectively.
(c) Included commitments of $11,952 million and $11,629 million at March 31, 2014 and December 31, 2013, respectively, associated with secured financing arrangements that could have increased to a maximum of $15,472 million and $14,590 million at March 31, 2014 and December 31, 2013, respectively, based on asset volume under the arrangement.

Securities Repurchase and Reverse Repurchase Arrangements

Our issuances of securities repurchase agreements are insignificant and are limited to activities at certain of our foreign banks primarily for purposes of liquidity management. At March 31, 2014, we were party to repurchase agreements totaling $134 million, which were reported in short-term borrowings on the financial statements. We have had no repurchase agreements that were accounted for as off-book financing and we do not engage in securities lending transactions.

We also enter into reverse securities repurchase agreements, primarily for short-term investment with maturities of 90 days or less. At March 31, 2014, we were party to reverse repurchase agreements totaling $19.9 billion, which were reported in cash and equivalents on the financial statements. Under these reverse securities repurchase agreements, we typically lend available cash at a specified rate of interest and hold U.S. or highly-rated European government securities as collateral during the term of the agreement. Collateral value is in excess of amounts loaned under the agreements.

Derivatives and Hedging

As a matter of policy, we use derivatives for risk management purposes and we do not use derivatives for speculative purposes. A key risk management objective for our financial services businesses is to mitigate interest rate and currency risk by seeking to ensure that the characteristics of the debt match the assets they are funding. If the form (fixed versus floating) and currency denomination of the debt we issue do not match the related assets, we typically execute derivatives to adjust the nature and tenor of funding to meet this objective within pre-defined limits. The determination of whether we enter into a derivative transaction or issue debt directly to achieve this objective depends on a number of factors, including market related factors that affect the type of debt we can issue.

The notional amounts of derivative contracts represent the basis upon which interest and other payments are calculated and are reported gross, except for offsetting foreign currency forward contracts that are executed in order to

manage our currency risk of net investment in foreign subsidiaries. Of the outstanding notional amount of $336,000 million, approximately 87% or $293,000 million, is associated with reducing or eliminating the interest rate, currency or market risk between financial assets and liabilities in our financial services businesses. The remaining derivative activities primarily relate to hedging against adverse changes in currency exchange rates and commodity prices related to anticipated sales and purchases and contracts containing certain clauses that meet the accounting definition of a derivative. The instruments used in these activities are designated as hedges when practicable. When we are not able to apply hedge accounting, or when the derivative and the hedged item are both recorded in earnings concurrently, the derivatives are deemed economic hedges and hedge accounting is not applied. This most frequently occurs when we hedge a recognized foreign currency transaction (e.g., a receivable or payable) with a derivative. Since the effects of changes in exchange rates are reflected concurrently in earnings for both the derivative and the transaction, the economic hedge does not require hedge accounting.

Fair Value of Derivatives

(In millions)	March 31, 2014 Assets	March 31, 2014 Liabilities	December 31, 2013 Assets	December 31, 2013 Liabilities
Derivatives accounted for as hedges				
Interest rate contracts	$ 4,187	$ 1,350	$ 3,837	$ 1,989
Currency exchange contracts	1,330	1,183	1,830	984
Other contracts	1	2	1	-
	5,518	2,535	5,668	2,973
Derivatives not accounted for as hedges				
Interest rate contracts	289	145	270	169
Currency exchange contracts	1,814	1,979	2,257	2,245
Other contracts	225	48	284	42
	2,328	2,172	2,811	2,456
Gross derivatives recognized in statement of financial position				
Gross derivatives	7,846	4,707	8,479	5,429
Gross accrued interest	1,183	41	1,227	241
	9,029	4,748	9,706	5,670
Amounts offset in statement of financial position				
Netting adjustments(a)	(3,556)	(3,586)	(4,120)	(4,113)
Cash collateral(b)	(2,744)	(309)	(2,619)	(242)
	(6,300)	(3,895)	(6,739)	(4,355)
Net derivatives recognized in statement of financial position				
Net derivatives	2,729	853	2,967	1,315
Amounts not offset in statement of financial position				
Securities held as collateral(c)	(1,655)	-	(1,962)	-
Net amount	$ 1,074	$ 853	$ 1,005	$ 1,315

Derivatives are classified in all other assets and all other liabilities and the related accrued interest is classified in other GECC receivables and all other liabilities in our financial statements.

(a) The netting of derivative receivables and payables is permitted when a legally enforceable master netting agreement exists. Amounts include fair value adjustments related to our own and counterparty non-performance risk. At March 31, 2014 and December 31, 2013, the cumulative adjustment for non-performance risk was a gain (loss) of $30 million and $(7) million, respectively.

(b) Excludes excess cash collateral received and posted of $177 million and $56 million at March 31, 2014, respectively, and $160 million and $37 million at December 31, 2013, respectively.
(c) Excludes excess securities collateral received of $75 million and $363 million at March 31, 2014 and December 31, 2013, respectively.

Fair value hedges

We use interest rate and currency exchange derivatives to hedge the fair value effects of interest rate and currency exchange rate changes on local and non-functional currency denominated fixed-rate debt. For relationships designated as fair value hedges, changes in fair value of the derivatives are recorded in earnings within interest and other financial charges, along with offsetting adjustments to the carrying amount of the hedged debt.

Earnings Effect of Fair Value Hedging Relationships

	Three months ended March 31			
	2014		2013	
(In millions)	Gain (loss) on hedging derivatives	Gain (loss) on hedged items	Gain (loss) on hedging derivatives	Gain (loss) on hedged items
Interest rate contracts	$ 990	$ (1,005)	$ (914)	$ 881
Currency exchange contracts	2	(3)	(9)	8

Fair value hedges resulted in $(16) million and $(34) million of ineffectiveness in the three months ended March 31, 2014 and 2013, respectively. In both the three months ended March 31, 2014 and 2013, there were insignificant amounts excluded from the assessment of effectiveness.

Cash flow hedges

We use interest rate, currency exchange and commodity derivatives to reduce the variability of expected future cash flows associated with variable rate borrowings and commercial purchase and sale transactions, including commodities. For derivatives that are designated in a cash flow hedging relationship, the effective portion of the change in fair value of the derivative is reported as a component of AOCI and reclassified into earnings contemporaneously and in the same caption with the earnings effects of the hedged transaction.

Gains (Losses) Recognized through AOCI

	Gain (loss) recognized in AOCI for the three months ended March 31		Gain (loss) reclassified from AOCI into earnings for the three months ended March 31	
(In millions)	2014	2013	2014	2013
Interest rate contracts	$ 3	$ (11)	$ (69)	$ (102)
Currency exchange contracts	156	4	108	(28)
Commodity contracts	(2)	(1)	(2)	(1)
Total(a)	$ 157	$ (8)	$ 37	$ (131)

(a) Gain (loss) is recorded in GECC revenues from services, interest and other financial charges, and other costs and expenses when reclassified to earnings.

The total pre-tax amount in AOCI related to cash flow hedges of forecasted transactions was a $118 million loss at March 31, 2014. We expect to transfer $160 million to earnings as an expense in the next 12 months contemporaneously with the earnings effects of the related forecasted transactions. In both the three months ended March 31, 2014 and 2013, we recognized insignificant gains and losses related to hedged forecasted transactions and firm commitments that did not occur by the end of the originally specified period. At March 31, 2014 and 2013, the maximum term of derivative instruments that hedge forecasted transactions was 19 years and 20 years, respectively. See Note 11 for additional information about reclassifications out of AOCI.

For cash flow hedges, the amount of ineffectiveness in the hedging relationship and amount of the changes in fair value of the derivatives that are not included in the measurement of ineffectiveness were insignificant for each

reporting period.

Net investment hedges in foreign operations

We use currency exchange derivatives to protect our net investments in global operations conducted in non-U.S. dollar currencies. For derivatives that are designated as hedges of net investment in a foreign operation, we assess effectiveness based on changes in spot currency exchange rates. Changes in spot rates on the derivative are recorded as a component of AOCI until such time as the foreign entity is substantially liquidated or sold, or upon the loss of a controlling interest in a foreign entity. The change in fair value of the forward points, which reflects the interest rate differential between the two countries on the derivative, is excluded from the effectiveness assessment.

Gains (Losses) Recognized through CTA

	Gain (loss) recognized in CTA for the three months ended March 31		Gain (loss) reclassified from CTA for the three months ended March 31	
(In millions)	2014	2013	2014	2013
Currency exchange contracts(a)	$ (1,033)	$ 2,105	$ 10	$ (124)

(a) Gain (loss) is recorded in GECC revenues from services when reclassified out of AOCI.

The amounts related to the change in the fair value of the forward points that are excluded from the measure of effectiveness were $(142) million and $(166) million in the three months ended March 31, 2014 and 2013, respectively, and were recorded in interest and other financial charges.

Free-standing derivatives

Changes in the fair value of derivatives that are not designated as hedges are recorded in earnings each period. As discussed above, these derivatives are typically entered into as economic hedges of changes in interest rates, currency exchange rates, commodity prices and other risks. Gains or losses related to the derivative are typically recorded in GECC revenues from services or other income, based on our accounting policy. In general, the earnings effects of the item that represent the economic risk exposure are recorded in the same caption as the derivative. Gains (losses) for the three months ended March 31, 2014 on derivatives not designated as hedges were $1,108 million composed of amounts related to interest rate contracts of $11 million, currency exchange contracts of $1,126 million, and other derivatives of $(29) million. These gains were more than offset by the earnings effects from the underlying items that were economically hedged. Gains (losses) for the three months ended March 31, 2013 on derivatives not designated as hedges were $(686) million composed of amounts related to interest rate contracts of $(62) million, currency exchange contracts of $(720) million, and other derivatives of $96 million. These losses were more than offset by the earnings effects from the underlying items that were economically hedged.

Counterparty credit risk

Fair values of our derivatives can change significantly from period to period based on, among other factors, market movements and changes in our positions. We manage counterparty credit risk (the risk that counterparties will default and not make payments to us according to the terms of our agreements) on an individual counterparty basis. Where we have agreed to netting of derivative exposures with a counterparty, we net our exposures with that counterparty and apply the value of collateral posted to us to determine the exposure. We actively monitor these net exposures against defined limits and take appropriate actions in response, including requiring additional collateral.

As discussed above, we have provisions in certain of our master agreements that require counterparties to post collateral (typically, cash or U.S. Treasury securities) when our receivable due from the counterparty, measured at current market value, exceeds a specified limit. The fair value of such collateral was $4,399 million at March 31, 2014, of which $2,744 million was cash and $1,655 million was in the form of securities held by a custodian for our benefit. Under certain of these same agreements, we post collateral to our counterparties for our derivative obligations, the fair value of which was $309 million at March 31, 2014. At March 31, 2014, our exposure to counterparties (including accrued interest), net of collateral we hold, was $962 million. This excludes exposure related to embedded derivatives.

Additionally, our master agreements typically contain mutual downgrade provisions that provide the ability of each party to require termination if the long-term credit rating of the counterparty were to fall below A-/A3. In certain of these master agreements, each party also has the ability to require termination if the short-term rating of the counterparty were to fall below A-1/P-1. Our master agreements also typically contain provisions that provide termination rights upon the occurrence of certain other events, such as a bankruptcy or events of default by one of the parties. If an agreement was terminated under any of these circumstances, the termination amount payable would be determined on a net basis and could also take into account any collateral posted. The net amount of our derivative liability, after consideration of collateral posted by us and outstanding interest payments was $783 million at March 31, 2014. This excludes embedded derivatives.

16. VARIABLE INTEREST ENTITIES

We use variable interest entities primarily to securitize financial assets and arrange other forms of asset-backed financing in the ordinary course of business. Except as noted below, investors in these entities only have recourse to the assets owned by the entity and not to our general credit. We do not have implicit support arrangements with any VIE. We did not provide non-contractual support for previously transferred financing receivables to any VIE in 2014 or 2013.

Consolidated Variable Interest Entities

We consolidate VIEs because we have the power to direct the activities that significantly affect the VIE's economic performance, typically because of our role as either servicer or manager for the VIE. Our consolidated VIEs fall into three main groups, which are further described below:

- Trinity comprises two consolidated entities that hold investment securities, the majority of which are investment-grade, and were funded by the issuance of GICs. The GICs include conditions under which certain holders could require immediate repayment of their investment should the long-term credit ratings of GECC fall below AA-/Aa3 or the short-term credit ratings fall below A-1+/P-1. The outstanding GICs are subject to their scheduled maturities and individual terms, which may include provisions permitting redemption upon a downgrade of one or more of GECC's ratings, among other things, and are reported in investment contracts, insurance liabilities and insurance annuity benefits.

- Consolidated Securitization Entities (CSEs) were created to facilitate securitization of financial assets and other forms of asset-backed financing that serve as an alternative funding source by providing access to variable funding notes and term markets. The securitization transactions executed with these entities are similar to those used by many financial institutions and substantially all are non-recourse. We provide servicing for substantially all of the assets in these entities.

The financing receivables in these entities have similar risks and characteristics to our other financing receivables and were underwritten to the same standard. Accordingly, the performance of these assets has been similar to our other financing receivables; however, the blended performance of the pools of receivables in these entities reflects the eligibility criteria that we apply to determine which receivables are selected for transfer. Contractually the cash flows from these financing receivables must first be used to pay third-party debt holders as well as other expenses of the entity. Excess cash flows are available to GE. The creditors of these entities have no claim on other assets of GE.

- Other remaining assets and liabilities of consolidated VIEs relate primarily to three categories of entities: (1) joint ventures that lease equipment with $1,562 million of assets and $713 million of liabilities; (2) other entities that are involved in power generating and leasing activities with $733 million of assets and no liabilities; and (3) insurance entities that, among other lines of business, provide property and casualty and workers' compensation coverage for GE with $1,195 million of assets and $525 million of liabilities.

Assets and Liabilities of Consolidated VIEs

	Consolidated Securitization Entities					
(In millions)	Trinity(a)	Credit cards(b)	Equipment(b)	Trade receivables	Other	Total
March 31, 2014						
Assets(c)						
Financing receivables, net	$ -	$ 23,888	$ 13,029	$ 2,628	$ 2,067	$ 41,612
Investment securities	2,764	-	-	-	1,034	3,798
Other assets	22	122	515	1	2,706	3,366
Total	$ 2,786	$ 24,010	$ 13,544	$ 2,629	$ 5,807	$ 48,776
Liabilities(c)						
Borrowings	$ -	$ -	$ -	$ -	$ 583	$ 583
Non-recourse borrowings	-	14,642	10,316	2,168	49	27,175
Other liabilities	1,454	265	285	28	1,458	3,490
Total	$ 1,454	$ 14,907	$ 10,601	$ 2,196	$ 2,090	$ 31,248
December 31, 2013						
Assets(c)						
Financing receivables, net	$ -	$ 24,766	$ 12,928	$ 2,509	$ 2,044	$ 42,247
Investment securities	2,786	-	-	-	1,044	3,830
Other assets	213	20	557	-	2,430	3,220
Total	$ 2,999	$ 24,786	$ 13,485	$ 2,509	$ 5,518	$ 49,297
Liabilities(c)						
Borrowings	$ -	$ -	$ -	$ -	$ 598	$ 598
Non-recourse borrowings	-	15,363	10,982	2,180	49	28,574
Other liabilities	1,482	228	248	25	1,351	3,334
Total	$ 1,482	$ 15,591	$ 11,230	$ 2,205	$ 1,998	$ 32,506

(a) Excludes intercompany advances from GECC to Trinity, which are eliminated in consolidation of $1,611 million and $1,837 million at March 31, 2014 and December 31, 2013, respectively.

(b) We provide servicing to the CSEs and are contractually permitted to commingle cash collected from customers on financing receivables sold to CSE investors with our own cash prior to payment to a CSE, provided our short-term credit rating does not fall below A-1/P-1. These CSEs also owe us amounts for purchased financial assets and scheduled interest and principal payments. At March 31, 2014 and December 31, 2013, the amounts of commingled cash owed to the CSEs were $3,106 million and $6,314 million, respectively, and the amounts owed to us by CSEs were $3,115 million and $5,540 million, respectively.

(c) Asset amounts exclude intercompany receivables for cash collected on behalf of the entities by GE as servicer, which are eliminated in consolidation. Such receivables provide the cash to repay the entities' liabilities. If these intercompany receivables were included in the table above, assets would be higher. In addition, other assets, borrowings and other liabilities exclude intercompany balances that are eliminated in consolidation.

Total revenues from our consolidated VIEs were $1,835 million and $1,804 million in the three months ended March 31, 2014 and 2013, respectively. Related expenses consisted primarily of provisions for losses of $301 million and $414 million in the three months ended March 31, 2014 and 2013, respectively, and interest and other financial charges of $81 million and $89 million in the three months ended March 31, 2014 and 2013, respectively. These amounts do not include intercompany revenues and costs, principally fees and interest between GE and the VIEs, which are eliminated in consolidation.

Investments in Unconsolidated Variable Interest Entities

Our involvement with unconsolidated VIEs consists of the following activities: assisting in the formation and financing of the entity; providing recourse and/or liquidity support; servicing the assets; and receiving variable fees for services provided. We are not required to consolidate these entities because the nature of our involvement with the activities of the VIEs does not give us power over decisions that significantly affect their economic performance.

Our largest exposure to any single unconsolidated VIE at March 31, 2014 is a $7,018 million investment in asset-backed securities issued by the Senior Secured Loan Program ("SSLP"), a fund that invests in high-quality senior secured debt of various middle-market companies. Other significant unconsolidated VIEs include investments in real estate entities ($2,261 million), which generally consist of passive limited partnership investments in tax-advantaged, multi-family real estate and investments in various European real estate entities; and exposures to joint ventures that purchase factored receivables ($2,491 million).

The classification of our variable interests in these entities in our financial statements is based on the nature of the entity and the type of investment we hold. Variable interests in partnerships and corporate entities are classified as either equity method or cost method investments. In the ordinary course of business, we also make investments in entities in which we are not the primary beneficiary but may hold a variable interest such as limited partner interests or mezzanine debt investments. These investments are classified in two captions in our financial statements: "All other assets" for investments accounted for under the equity method, and "Financing receivables – net" for debt financing provided to these entities.

Investments in Unconsolidated VIEs

(In millions)	March 31, 2014	December 31, 2013
Other assets and investment securities	$ 9,161	$ 9,129
Financing receivables – net	3,084	3,346
Total investments	12,245	12,475
Contractual obligations to fund investments or guarantees	2,541	2,741
Revolving lines of credit	36	31
Total	$ 14,822	$ 15,247

In addition to the entities included in the table above, we also hold passive investments in RMBS, CMBS and ABS issued by VIEs. Such investments were, by design, investment-grade at issuance and held by a diverse group of investors. Further information about such investments is provided in Note 3.

17. INTERCOMPANY TRANSACTIONS

Transactions between related companies are made on an arms-length basis, are eliminated and consist primarily of GECC dividends to GE; GE customer receivables sold to GECC; GECC services for trade receivables management and material procurement; buildings and equipment (including automobiles) leased between GE and GECC; information technology (IT) and other services sold to GECC by GE; aircraft engines manufactured by GE that are installed on aircraft purchased by GECC from third-party producers for lease to others; and various investments, loans

and allocations of GE corporate overhead costs.

(43)

These intercompany transactions are reported in the GE and GECC columns of our financial statements, but are eliminated in deriving our consolidated financial statements. Effects of these eliminations on our consolidated cash flows from operating, investing and financing activities are $56 million, $(1,730) million and $1,674 million for the three months ended March 31, 2014, respectively, and $1,357 million, $(1,413) million and $136 million for the three months ended March 31, 2013, respectively. Details of these eliminations are shown below.

	Three months ended March 31	
(In millions)	2014	2013
Cash from (used for) operating activities-continuing operations		
Combined	$ 4,908	$ 3,354
GE customer receivables sold to GECC	731	976
GECC dividends to GE	(500)	-
Other reclassifications and eliminations	(175)	381
	$ 4,964	$ 4,711
Cash from (used for) investing activities-continuing operations		
Combined	$ 3,612	$ 32,815
GE customer receivables sold to GECC	(1,185)	(966)
Other reclassifications and eliminations	(545)	(447)
	$ 1,882	$ 31,402
Cash from (used for) financing activities-continuing operations		
Combined	$ (10,169)	$ (23,077)
GE customer receivables sold to GECC	454	(10)
GECC dividends to GE	500	-
Other reclassifications and eliminations	720	146
	$ (8,495)	$ (22,941)

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

We are one of the largest and most diversified infrastructure and financial services corporations in the world. With products and services ranging from aircraft engines, power generation, oil and gas production equipment, and household appliances to medical imaging, business and consumer financing and industrial products. Operating businesses that are reported as segments include Power & Water, Oil & Gas, Energy Management, Aviation, Healthcare, Transportation, Appliances & Lighting and GE Capital.

General Electric Company's consolidated financial statements represent the combination of the industrial manufacturing and product services businesses of General Electric Company (GE) and the financial services businesses of General Electric Capital Corporation (GECC or Financial Services).

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

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

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.

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

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

OVERVIEW

	Three months ended March 31		
(Dollars in millions, except per share amounts)	2014	2013	V%
GAAP			
Consolidated revenues and other income	$ 34,178	$ 34,943	(2)%
Earnings from continuing operations attributable to the Company	2,987	3,647	(18)%
Earnings (loss) from discontinued operations, net of taxes, attributable to the Company	12	(120)	F
Consolidated net earnings attributable to the Company	2,999	3,527	(15)%
EPS from continuing operations-diluted	0.29	0.35	(17)%
EPS from net earnings-diluted	0.30	0.34	(12)%
Effective tax rate	14.9 %	12.3 %	
Non-GAAP			
Operating earnings	$ 3,329	$ 4,070	(18)%
Operating EPS	0.33	0.39	(15)%

Revenues

Revenues decreased 2% in the three months ended March 31, 2014 compared with the same period of 2013. Industrial sales increased 8%, reflecting the effects of acquisitions and organic growth. Financial Services revenues decreased 8% over the comparable period of 2013 as a result of the effects of dispositions, lower gains and organic revenue declines, primarily due to lower ENI, partially offset by lower impairments. Other income decreased to $0.2 billion in the three months ended March 31, 2014 from $1.6 billion in the same period of 2013 due to the absence of NBCUniversal (NBCU LLC) related income, primarily from the sale of our remaining 49% common equity interest in NBCU LLC in the first quarter 2013.

Overall, the effects of acquisitions increased consolidated revenues $0.6 billion and $0.2 billion in the three months ended March 31, 2014 and 2013, respectively. Dispositions also affected our operations through lower revenues of $2.0 billion and higher revenues of $1.1 billion in the three months ended March 31, 2014 and 2013, respectively.

Earnings from continuing operations attributable to the Company

Earnings from continuing operations attributable to the Company decreased 18% in the three months ended March 31, 2014 compared with the same period of 2013, primarily due to the absence of gains related to the first quarter 2013 sale of our remaining 49% common equity interest in NBCU LLC ($1.4 billion), partially offset by a 12% increase in the operating profit of the industrial segments.

Our consolidated earnings in the three months ended March 31, 2014 and 2013 increased $0.1 billion and an insignificant amount, respectively, from acquired businesses. The effects of dispositions on earnings were a decrease of $1.1 billion and an increase of $0.9 billion in the three months ended March 31, 2014 and 2013, respectively.

Other First Quarter Financial Highlights and Significant Developments

- Industrial segment revenues increased 8% on organic growth. Industrial segment operating profit increased 12% with growth driven by Oil & Gas, Power & Water and Aviation.

- Industrial segment margin increased 50 bps driven by higher pricing and productivity, partially offset by the effects of inflation.

- Orders of $23.7 billion were flat and backlog increased to $245.3 billion.

- GE Capital segment earnings were flat on GE Capital ending net investment (excluding cash and equivalents) (ENI) of $374 billion.

- GE acquired API Healthcare (API), a healthcare workforce management software and analytics solutions provider, in February 2014 for $0.3 billion and certain Thermo Fisher Scientific Inc. life-science businesses (Thermo Fisher) in March 2014 for $1.1 billion.

- GE completed issuances of $3.0 billion of senior unsecured debt with maturities up to 30 years.

- Our North American Retail Finance business, under the name Synchrony Financial, filed a registration statement with the U.S. Securities and Exchange Commission for an initial public offering, as a first step in a planned, staged exit from that business.

- On April 30, 2014, GE and Alstom announced that GE had submitted a binding offer to acquire the Thermal, Renewables and Grid businesses of Alstom for $13.5 billion, net of $3.4 billion of assumed net cash in the businesses to be acquired. The proposed transaction is subject to further reviews and approvals, including by an independent committee of the Alstom board and Alstom's works councils, as well as regulatory approvals. The transaction is expected to close in 2015.

SEGMENT OPERATIONS

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; acquisition costs and other related charges; technology and product development costs; certain gains and losses from acquisitions or dispositions; and litigation settlements or other charges, responsibility for which preceded the current management team.

Segment revenues include both revenues and other income related to the segment. Segment profit excludes results reported as discontinued operations, earnings attributable to noncontrolling interests of consolidated subsidiaries, GECC preferred stock dividends declared and accounting changes. Segment profit excludes or includes interest and other financial charges and income taxes according to how a particular segment's management is measured – excluded in determining segment profit, which we sometimes refer to as "operating profit," for Power & Water, Oil & Gas, Energy Management, Aviation, Healthcare, Transportation and Appliances & Lighting; included in determining segment profit, which we sometimes refer to as "net earnings," for GE Capital. Certain corporate costs, such as shared services, employee benefits and information technology are allocated to our segments based on usage. A portion of the remaining corporate costs are allocated based on each segment's relative net cost of operations.

Results of our former equity method investment in NBCU LLC, through the date of sale in the first quarter of 2013, are reported in the Corporate items and eliminations line in the Summary of Operating Segments.

In addition to providing information on segments in their entirety, we have also provided supplemental information for certain operations within the segments.

Summary of Operating Segments (Unaudited)

(Dollars in millions)	Three months ended March 31 2014	2013	V%
Revenues			
Power & Water	$ 5,509	$ 4,825	14%
Oil & Gas	4,308	3,399	27%
Energy Management	1,672	1,748	(4%)
Aviation	5,778	5,074	14%
Healthcare	4,198	4,289	(2%)
Transportation	1,227	1,422	(14%)
Appliances & Lighting	1,857	1,917	(3%)
Total industrial segment revenues	24,549	22,674	8%
GE Capital	10,515	11,468	(8%)
Total segment revenues	35,064	34,142	3%
Corporate items and eliminations	(886)	801	U
Consolidated revenues and other income	$ 34,178	$ 34,943	(2%)
Segment profit			
Power & Water	$ 888	$ 719	24%
Oil & Gas	446	325	37%
Energy Management	5	15	(67%)
Aviation	1,115	936	19%
Healthcare	570	595	(4%)
Transportation	202	267	(24%)
Appliances & Lighting	53	79	(33%)
Total industrial segment profit	3,279	2,936	12%
GE Capital	1,933	1,938	-%
Total segment profit	5,212	4,874	7%
Corporate items and eliminations	(1,542)	(479)	U
GE interest and other financial charges	(365)	(324)	(13%)
GE provision for income taxes	(318)	(424)	25%
Earnings from continuing operations attributable to the Company	2,987	3,647	(18%)
Earnings (loss) from discontinued operations, net of taxes, attributable to the Company	12	(120)	F
Consolidated net earnings attributable to the Company	$ 2,999	$ 3,527	(15%)

Power & Water

Revenues of $5.5 billion in the three months ended March 31, 2014 increased $0.7 billion, or 14%, on higher volume ($0.8 billion), primarily equipment at Wind and Thermal, partially offset by lower prices ($0.1 billion) and the effects of the stronger U.S. dollar ($0.1 billion). Increases in equipment revenues were partially offset by lower service revenues primarily due to weakness in Europe. Segment profit of $0.9 billion in the three months ended March 31, 2014 increased $0.2 billion, or 24%, on cost productivity ($0.2 billion) and higher volume ($0.1 billion), partially offset by lower prices ($0.1 billion). The increase in earnings from higher volume was primarily driven by Wind and Thermal, while higher productivity was driven by segment-wide cost reductions.

Oil & Gas

Revenues of $4.3 billion in the three months ended March 31, 2014 increased $0.9 billion, or 27%, on higher volume ($0.8 billion) and higher other income ($0.1 billion) due to non-repeat of charges incurred in the first quarter of 2013. Higher volume was primarily due to equipment at Turbomachinery, Subsea and the result of the third-quarter 2013 acquisition of Lufkin Industries, Inc. Segment profit of $0.4 billion in the three months ended March 31, 2014 increased $0.1 billion, or 37%, on higher volume ($0.1 billion) and higher other income ($0.1 billion). The operating profit improvements were primarily at the Subsea business.

Energy Management

Revenues of $1.7 billion in the three months ended March 31, 2014 decreased $0.1 billion, or 4%, on lower volume and other income driven by the absence of a gain on a disposition in the first quarter of 2013. Lower volume was primarily driven by weakness in the North American utility and electrical distribution markets. Segment profit decreased 67% in the three months ended March 31, 2014 primarily as lower other income and lower prices were partially offset by higher productivity reflecting selling, general and administrative (SG&A) cost reductions.

Aviation

Revenues of $5.8 billion in the three months ended March 31, 2014 increased $0.7 billion, or 14%, on higher volume ($0.5 billion) and higher prices ($0.3 billion). Higher volume was driven by higher equipment sales on increased engine shipments and increased service revenues primarily from sales of commercial engine spares as well as the third-quarter 2013 acquisition of Avio S.p.A. (Avio). Segment profit of $1.1 billion in the three months ended March 31, 2014 increased $0.2 billion, or 19%, on higher prices ($0.3 billion) and higher volume ($0.1 billion), partially offset by lower productivity ($0.1 billion) and the effects of inflation ($0.1 billion). Operating profit improvements were primarily driven by services and the impact of Avio.

Healthcare

Revenues of $4.2 billion in the three months ended March 31, 2014 decreased $0.1 billion, or 2%, on lower prices ($0.1 billion) and the effects of the stronger U.S. dollar ($0.1 billion). Revenues were down in both equipment and services reflecting weakness in the U.S. markets. Segment profit of $0.6 billion in the three months ended March 31, 2014 decreased 4% on lower prices ($0.1 billion) offset by higher productivity ($0.1 billion) reflecting SG&A cost reductions.

Transportation

Revenues of $1.2 billion in the three months ended March 31, 2014 decreased $0.2 billion, or 14%, on lower volume ($0.2 billion). Weakness in the Mining business contributed to a decrease in revenues for both equipment and services. Segment profit of $0.2 billion in the three months ended March 31, 2014 decreased 24%, primarily due to lower volume and lower productivity at Mining.

Appliances & Lighting

Revenues of $1.9 billion in the three months ended March 31, 2014 decreased $0.1 billion, or 3%, on lower volume ($0.1 billion), primarily at Appliances as a result of weather-related pressures. Segment profit of $0.1 billion in the three months ended March 31, 2014 decreased 33% driven by lower productivity.

GE Capital

GE Capital revenues decreased 8% and net earnings were flat in the three months ended March 31, 2014. Revenues decreased as a result of lower gains, the effects of dispositions and organic revenue declines, primarily due to lower ENI, partially offset by lower impairments. Net earnings reflected lower gains, core decreases and dispositions offset by lower provisions for losses on financing receivables and lower impairments.

We have communicated our goal of reducing GE Capital’s ending net investment (ENI), most recently targeting ENI of $300 billion to $350 billion. ENI is a metric used by us to measure the total capital we have invested in our financial services business. GE Capital’s ENI (excluding cash and equivalents) was $374 billion at March 31, 2014. To

achieve this goal, we are more aggressively focusing our businesses on selective financial services products where we have deep domain experience, broad distribution, the ability to earn a consistent return on capital and are competitively advantaged, while managing our overall balance sheet size and risk. We have a strategy of exiting those businesses that are deemed to be non-strategic or that are underperforming. We have completed a number of dispositions in our businesses in the past and will continue to evaluate options going forward.

Accordingly, in the short-term, as we reduce our ENI through exiting non-core businesses, the overall level of our future net earnings may be reduced. However, over the long-term, we believe that this strategy will improve our long-term performance through higher returns as we will have a larger concentration of assets in our core businesses, as opposed to the underperforming or non-strategic assets we will be exiting; reduce liquidity risk as we pay down outstanding debt and diversify our sources of funding (with less reliance on the global commercial paper markets and an increase in alternative sources of funding such as deposits); and reduce capital requirements while strengthening capital ratios.

Additional Information –GE Capital Businesses

(Dollars in millions)	Three months ended March 31 2014	2013	V%
Revenues			
CLL	$ 3,582	$ 3,507	2%
Consumer	3,602	3,825	(6)%
Real Estate	631	1,657	(62)%
Energy Financial Services	469	343	37%
GECAS	1,345	1,379	(2)%
Total segment revenues	9,629	10,711	(10)%
Corporate items and eliminations	886	757	17%
Total revenues	$ 10,515	$ 11,468	(8)%
Segment profit			
CLL	$ 564	$ 398	42%
Consumer	786	534	47%
Real Estate	239	690	(65)%
Energy Financial Services	153	83	84%
GECAS	352	348	1%
Total segment profit	2,094	2,053	2%
Corporate items and eliminations	(161)	(115)	(40)%
Earnings from continuing operations attributable to GECC	1,933	1,938	-%
Earnings from discontinued operations, net of taxes, attributable to GECC	12	(120)	F
Net earnings attributable to GECC	1,945	1,818	7%

(In millions)	March 31, 2014	December 31, 2013	March 31, 2013
Assets			
CLL	$ 175,059	$ 174,357	$ 175,757
Consumer	131,720	132,236	136,404
Real Estate	38,237	38,744	42,760
Energy Financial Services	15,943	16,203	18,627
GECAS	45,118	45,876	48,884
Corporate items and eliminations	104,370	109,413	107,099
Total Assets	$ 510,447	$ 516,829	$ 529,531

CLL

CLL revenues increased 2% and net earnings increased 42% in the three months ended March 31, 2014. Revenues increased as a result of lower impairments ($0.2 billion), partially offset by the effects of dispositions ($0.1 billion). Net earnings increased reflecting lower impairments ($0.2 billion), partially offset by the effects of dispositions.

Consumer

Consumer revenues decreased 6% and net earnings increased 47% in the three months ended March 31, 2014. Revenues decreased as a result of the effects of dispositions ($0.1 billion), organic revenue declines and lower gains. The increase in net earnings resulted primarily from lower provisions for losses on financing receivables ($0.3 billion) and core increases, partially offset by the effects of dispositions.

Real Estate

Real Estate revenues decreased 62% and net earnings decreased 65% in the three months ended March 31, 2014. Revenues decreased as a result of decreases in net gains on property sales ($0.9 billion) mainly due to the 2013 sale of real estate comprising certain floors located at 30 Rockefeller Center, New York and organic revenue declines ($0.1 billion). Real Estate net earnings decreased as a result of core decreases ($0.4 billion), including decreases in net gains on property sales ($0.6 billion), partially offset by lower impairments ($0.1 billion) associated with the strategic decision to exit certain equity platforms in 2013. Depreciation expense on real estate equity investments totaled $0.1 billion and $0.2 billion in the three months ended March 31, 2014 and 2013, respectively.

Energy Financial Services

Energy Financial Services revenues increased 37% and net earnings increased 84% in the three months ended March 31, 2014. Revenues increased as a result of organic revenue growth ($0.2 billion) and higher gains ($0.2 billion), partially offset by higher impairments ($0.2 billion) and the effects of dispositions ($0.1 billion). The increase in net earnings resulted primarily from core increases ($0.1 billion) and higher gains ($0.1 billion), partially offset by higher impairments ($0.1 billion) and the effects of dispositions.

GECAS

GECAS revenues decreased 2% and net earnings increased 1% in the three months ended March 31, 2014. Revenues decreased as a result of higher finance lease impairments and organic revenue declines, partially offset by higher gains. The increase in net earnings resulted primarily from higher gains and core increases, partially offset by higher ELTO impairments.

Corporate Items and Eliminations

	Three months ended March 31	
(In millions)	2014	2013
Revenues		
NBCU LLC	$ -	$ 1,338
Eliminations and other	(886)	(537)
Total	$ (886)	$ 801
Operating Profit (Cost)		
NBCU LLC	$ -	$ 1,338
Principal retirement plans(a)	(581)	(792)
Restructuring and other charges	(376)	(546)
Unallocated corporate, other costs and eliminations	(585)	(479)
Total	$ (1,542)	$ (479)

(a) Included non-operating (non-GAAP) pension income (cost) of $(0.5) billion and $(0.7) billion in the three months ended March 31, 2014 and 2013, respectively, which includes expected return on plan assets, interest costs and non-cash amortization of actuarial gains and losses.

Revenues in the three months ended March 31, 2014 decreased $1.7 billion as a result of $1.3 billion lower income related to the operations and disposition of NBCU LLC in the first quarter of 2013 and $0.2 billion of higher inter-segment eliminations. Operating cost increased $1.1 billion as a result of $1.3 billion of lower NBCU LLC related income and $0.1 billion of higher inter-segment eliminations, partially offset by $0.2 billion of lower costs of our principal retirement plans and $0.2 billion of lower restructuring and other charges.

Certain amounts included in corporate items and eliminations cost are not allocated to GE operating segments because they are excluded from the measurement of their operating performance for internal purposes. These costs include certain restructuring and other charges, technology and product development costs and acquisition-related costs.

For the three months ended March 31, 2014, these amounts totaled $0.4 billion, including Power & Water ($0.1 billion), Oil & Gas ($0.1 billion), Energy Management ($0.1 billion), Aviation ($0.1 billion) and Healthcare ($0.1 billion). For the three months ended March 31, 2013, these amounts totaled $0.6 billion, including Power & Water ($0.1 billion), Oil & Gas ($0.1 billion), Energy Management ($0.1 billion), Aviation ($0.1 billion) and Healthcare ($0.1 billion).

INCOME TAXES

The consolidated provision for income taxes was an expense of $0.5 billion in the three months ended March 31, 2014 (an effective tax rate of 14.9%), compared with $0.5 billion for the same period of 2013 (an effective tax rate of 12.3%). The increase in consolidated tax rate is primarily attributable to the absence of the 2013 benefits from enactment, discussed below, of the extension of the U.S. tax provision deferring tax on active financial services income and of the extension of U.S. business credits. This increase was partially offset by a decrease in income taxed at rates above the average tax rate.

On January 2, 2013, the American Taxpayer Relief Act of 2012 was enacted and the law extended several provisions, including a two year extension of the U.S. tax provision deferring tax on active financial services income and certain U.S. business credits, retroactive to January 1, 2012. Under accounting rules, a tax law change is taken into account in calculating the income tax provision in the period enacted. Because the extension was enacted into law in 2013, tax expense in the first quarter of 2013 reflected retroactive extension of the previously expired provisions.

GE and GECC file a consolidated U.S. federal income tax return. This enables GE to use GECC tax deductions and credits to reduce the tax that otherwise would have been payable by GE. The GECC effective tax rate for each period reflects the benefit of these tax reductions in the consolidated return. GE makes cash payments to GECC for these tax reductions at the time GE’s tax payments are due.

Our effective income tax rate is lower than the U.S. statutory rate primarily because of benefits from lower-taxed global operations, including the use of global funding structures. There is a tax benefit from global operations as non-U.S. income is subject to local country tax rates that are significantly below the 35% U.S. statutory rate. These non-U.S. earnings have been indefinitely reinvested outside the U.S. and are not subject to current U.S. income tax. The rate of tax on our indefinitely reinvested non-U.S. earnings is below the 35% U.S. statutory rate largely because GECC funds the majority of its non-U.S. operations through foreign companies that are subject to low foreign taxes and because we have significant business operations subject to tax in countries where the tax on that income is lower than the U.S. statutory rate. The most significant portion of these benefits at GECC depends on the provision of U.S. law deferring the tax on active financial services income, which, as discussed below, is subject to expiration. A substantial portion of the remaining benefit at GECC related to business operations subject to tax in countries where the tax on that income is lower than the U.S. statutory rate is derived from our GECAS aircraft leasing operations located in Ireland.

We expect our ability to benefit from non-U.S. income taxed at less than the U.S. rate to continue subject to changes of U.S. or foreign law, including the expiration of the U.S. tax law provision deferring tax on active financial services income. If this provision is not extended, our tax rate will increase significantly after 2014. In addition, since this benefit depends on management’s intention to indefinitely reinvest amounts outside the U.S., our tax provision will increase to the extent we no longer intend to indefinitely reinvest foreign earnings.

DISCONTINUED OPERATIONS

	Three months ended March 31	
(In millions)	2014	2013
Earnings (loss) from discontinued operations, net of taxes	$ 12	$ (120)

Discontinued operations primarily comprises GE Money Japan (our Japanese personal loan business, Lake, and our Japanese mortgage and card businesses, excluding our investment in GE Nissen Credit Co., Ltd.), our U.S. mortgage business (WMC), our CLL trailer services business in Europe (CLL Trailer Services) and our Consumer banking business in Russia (Consumer Russia). Results of these businesses are reported as discontinued operations for all periods presented.

Earnings from discontinued operations, net of taxes, in the three months ended March 31, 2014 were insignificant.

Loss from discontinued operations, net of taxes, in the three months ended March 31, 2013 primarily reflected a $0.1 billion after-tax effect of incremental reserves related to retained representation and warranty obligations to repurchase previously sold loans on the 2007 sale of WMC.

For additional information related to discontinued operations, see Note 2 to the condensed, consolidated financial statements.

STATEMENT OF FINANCIAL POSITION

Major changes in our financial position for the three months ended March 31, 2014 resulted from the following:

- The U.S. dollar was weaker against most major currencies at March 31, 2014 than at December 31, 2013, increasing the translated levels of our non-U.S. dollar assets and liabilities.
- GE inventory balances increased $1.5 billion in order to fulfill commitments and backlog during the year.
- GE completed acquisitions of Thermo Fisher and API in our Healthcare segment resulting in increased goodwill and intangible assets balances of $1.4 billion.
- GE completed issuances of $3.0 billion of senior unsecured debt with maturities up to 30 years.
- Consistent with our effort to reduce the GECC balance sheet, collections (which includes sales) on financing receivables exceeded originations by $4.0 billion and net repayments exceeded new issuances of total borrowings by $9.6 billion.

STATEMENT OF CASH FLOWS

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

GE Cash Flow

GE CFOA totaled $1.7 billion and $0.2 billion for the three months ended March 31, 2014, and 2013, respectively. With respect to GE CFOA, we believe that it is useful to supplement our GE Condensed Statement of Cash Flows and to examine in a broader context the business activities that provide and require cash.

	Three months ended March 31	
(In billions)	2014	2013
Operating cash collections(a)	$ 25.6	$ 22.5
Operating cash payments	(24.4)	(22.3)
Cash dividends from GECC	0.5	-
GE cash from operating activities (GE CFOA)(a)	$ 1.7	$ 0.2

(a) GE sells customer receivables to GECC in part to fund the growth of our industrial businesses. These transactions can result in cash generation or cash use. During any given period, GE receives cash from the sale of receivables to GECC. It also foregoes collection of cash on receivables sold. The incremental amount of cash received from sale of receivables in excess of the cash GE would have otherwise collected had those receivables not been sold, represents the cash generated or used in the period relating to this activity. The incremental cash generated in GE CFOA from selling these receivables to GECC decreased GE CFOA by $0.4 billion and by $1.2 billion in the three months ended March 31, 2014 and 2013, respectively. See Note 17 to the condensed, consolidated financial statements for additional information about the elimination of intercompany transactions between GE and GECC.

The most significant source of cash in GE CFOA is customer-related activities, the largest of which is collecting cash resulting from product or services sales. GE operating cash collections increased $3.1 billion in the three months ended March 31, 2014. This increase is consistent with comparable GE segment revenue increases from sales of goods and services, higher collections on current receivables and the impact from acquisitions at our Aviation and Oil & Gas businesses. These increases were partially offset by a decrease in progress collections.

The most significant operating use of cash is to pay our suppliers, employees, tax authorities and others for a wide range of material and services. GE operating cash payments increased $2.1 billion in the three months ended March 31, 2014. This increase is consistent with cost and expense increases, increased inventory spend to fulfill commitments and backlog during 2014 and the impact from acquisitions at our Aviation and Oil & Gas businesses. These increases were partially offset by the non-recurrence of 2013 payouts under our long-term incentive plan.

Dividends from GECC, including special dividends, represent the distribution of a portion of GECC retained earnings, and are distinct from cash from continuing operations within the financial services businesses. The amounts included in GE CFOA are the total dividends, including special dividends from excess capital. GECC paid quarterly dividends of $0.5 billion and no special dividends to GE in the three months ended March 31, 2014. There were no dividends paid to GE in the three months ended March 31, 2013.

GE cash used for investing activities was $2.4 billion compared with cash from investing activities of $15.6 billion during the three months ended March 31, 2014 and 2013, respectively. Investing activities decreased $18.0 billion compared with the same period in 2013, primarily due to proceeds of $16.7 billion from the 2013 sale of our remaining 49% common equity interest in NBCU LLC to Comcast Corporation. Additionally, there was increased business acquisition activity of $1.4 billion driven by the 2014 acquisitions of Hyclone and API.

GE cash used for financing activities was $1.3 billion and $9.2 billion for the three months ended March 31, 2014 and 2013, respectively. Cash used for financing activities decreased $7.9 billion compared with the same period in 2013, primarily as a result of our 2013 repayment of $5.0 billion of unsecured notes compared with an issuance of $3.0 billion of unsecured notes in 2014.

GECC Cash Flow

GECC cash from operating activities was $3.2 billion for the three months ended March 31, 2014 and 2013. GECC CFOA was comparable with the same period in 2013, primarily due to a decrease in net cash collateral paid to counterparties on derivative contracts of $1.2 billion, offset with a decrease in cash generated from net earnings in 2014.

GECC cash from investing activities was $6.1 billion and $17.2 billion for the three months ended March 31, 2014 and 2013, respectively. Cash from investing activities decreased $11.2 billion compared with the same period in 2013 primarily due to the 2013 acquisition of MetLife Bank, N.A., resulting in net cash provided of $6.4 billion, lower collections (which includes sales) exceeding originations of financing receivables of $2.3 billion and the payment of our obligation to the buyer of GE Money Japan for $1.7 billion.

GECC cash used for financing activities was $8.9 billion and $13.9 billion for the three months ended March 31, 2014 and 2013, respectively. Cash used for financing activities decreased $5.0 billion compared with the same period in 2013 primarily due to a net increase in deposits at our banks of $4.4 billion and lower net repayments of borrowings of $0.9 billion, consisting primarily of net reductions in long-term borrowings and commercial paper.

GECC paid quarterly dividends of $0.5 billion and no special dividends to GE in the three months ended March 31, 2014. There were no dividends paid to GE in the three months ended March 31, 2013. There were no preferred stock

dividends paid in the three months ended March 31, 2014 and 2013.

(53)

LIQUIDITY AND BORROWINGS

We maintain a strong focus on liquidity. At both GE and GECC we manage our liquidity to help provide access to sufficient funding to meet our business needs and financial obligations throughout business cycles.

Our liquidity and borrowing plans for GE and GECC are established within the context of our annual financial and strategic planning processes. At GE, our liquidity and funding plans take into account the liquidity necessary to fund our operating commitments, which include primarily purchase obligations for inventory and equipment, payroll and general expenses (including pension funding). We also take into account our capital allocation and growth objectives, including paying dividends, repurchasing shares, investing in research and development and acquiring industrial businesses. At GE, we rely primarily on cash generated through our operating activities, any dividend payments from GECC, and also have historically maintained a commercial paper program that we regularly use to fund operations in the U.S., principally within fiscal quarters. During the three months ended March 31, 2014, GECC paid quarterly dividends of $0.5 billion to GE.

GECC's liquidity position is targeted to meet its obligations under both normal and stressed conditions. GECC establishes a funding plan annually that is based on the projected asset size and cash needs of the Company, which, over the past few years, has included our strategy to reduce our ending net investment in GE Capital. GECC relies on a diversified source of funding, including the unsecured term debt markets, the global commercial paper markets, deposits, secured funding, retail funding products, bank borrowings and securitizations to fund its balance sheet, in addition to cash generated through collection of principal, interest and other payments on our existing portfolio of loans and leases to fund its operating and interest expense costs.

Our 2014 GECC funding plan anticipates repayment of principal on outstanding short-term borrowings, including the current portion of long-term debt ($39.2 billion at December 31, 2013), through issuance of long-term debt and reissuance of commercial paper, cash on hand, collections of financing receivables exceeding originations, dispositions, asset sales, and deposits and other alternative sources of funding. Long-term maturities and early redemptions were $9.7 billion in the first quarter of 2014. Interest on borrowings is primarily repaid through interest earned on existing financing receivables. During the first quarter of 2014, GECC earned interest income on financing receivables of $4.6 billion, which more than offset interest and other financial charges of $2.2 billion.

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

Liquidity Sources

We maintain liquidity sources that consist of cash and equivalents, committed unused credit lines and high-quality, liquid investments.

We had consolidated cash and equivalents of $87.0 billion at March 31, 2014 that were available to meet our needs. Of this, $11.7 billion was held at GE and $75.3 billion was held at GECC.

We had committed, unused credit lines totaling $47.4 billion that were extended to us by 50 financial institutions at March 31, 2014. GECC can borrow up to $47.4 billion under all of these credit lines. GE can borrow up to $15.0 billion under certain of these credit lines. These lines include $26.5 billion of revolving credit agreements under which

we can borrow funds for periods exceeding one year. Additionally, $20.9 billion are 364-day lines that contain a term-out feature that allows us to extend borrowings for two years from the date on which such borrowings would otherwise be due.

Cash and equivalents of $57.4 billion at March 31, 2014 were held by non-U.S. subsidiaries. Of this amount, $5.8 billion was indefinitely reinvested. Indefinitely reinvested cash held outside of the U.S. is available to fund operations and other growth of non-U.S. subsidiaries; it is also available to fund our needs in the U.S. on a short-term basis through short-term loans, without being subject to U.S. tax. Under the Internal Revenue Code, these loans are permitted to be outstanding for 30 days or less and the total of all such loans is required to be outstanding for less than 60 days during the year.

At March 31, 2014, GE cash and equivalents of $2.6 billion were held in countries with currency controls that may restrict the transfer of funds to the U.S. or limit our ability to transfer funds to the U.S. without incurring substantial costs. These funds are available to fund operations and growth in these countries and we do not currently anticipate a need to transfer these funds to the U.S.

At March 31, 2014, GECC cash and equivalents of $14 billion were in regulated banks and insurance entities and were subject to regulatory restrictions.

If we were to repatriate indefinitely reinvested cash held outside the U.S., we would be subject to additional U.S. income taxes and foreign withholding taxes.

Funding Plan

We reduced our GE Capital ending net investment, excluding cash and equivalents, to $374 billion at March 31, 2014.

During the first three months of 2014, GE completed issuances of $3.0 billion of senior unsecured debt with maturities up to 30 years. GECC completed issuances of $5.4 billion of senior unsecured debt (excluding securitizations described below) with maturities up to 20 years. Average commercial paper borrowings for GECC and GE during the first quarter were $27.8 billion and $6.3 billion, respectively, and the maximum amounts of commercial paper borrowings outstanding for GECC and GE during the first quarter were $29.1 billion and $9.5 billion, respectively. GECC commercial paper maturities are funded principally through new commercial paper issuances and at GE are substantially repaid before quarter-end using indefinitely reinvested overseas cash, which as discussed above, is available for use in the U.S. on a short-term basis without being subject to U.S. tax.

We securitize financial assets as an alternative source of funding. During the first three months of 2014, $1.4 billion of non-recourse borrowings matured. At March 31, 2014, consolidated non-recourse securitization borrowings were $28.7 billion.

We have 10 deposit-taking banks outside of the U.S. and two deposit-taking banks in the U.S. – GE Capital Retail Bank, a Federal Savings Bank (FSB), and GE Capital Bank, an industrial bank (IB). The FSB and IB currently issue certificates of deposit (CDs) in maturity terms up to 10 years.

Total alternative funding at March 31, 2014 was $108 billion, composed mainly of $55 billion of bank deposits, $29 billion of non-recourse securitization borrowings, $9 billion of funding secured by real estate, aircraft and other collateral and $9 billion of GE Interest Plus notes. The comparable amount of total alternative funding at December 31, 2013 was $108 billion.

As a matter of general practice, we routinely evaluate the economic impact of calling debt instruments where GECC has the right to exercise a call. In determining whether to call debt, we consider the economic benefit to GECC of calling debt, the effect of calling debt on GECC’s liquidity profile and other factors. We did not call any debt during the first three months of 2014.

Income Maintenance Agreement

GE provides implicit and explicit support to GECC through commitments, capital contributions and operating support. For example, and as discussed below, GE has committed to keep GECC’s ratio of earnings to fixed charges above a minimum level. GECC’s credit rating is higher than it would be on a stand-alone basis as a result of this financial support. GECC currently does not pay GE for this support.

As set forth in Exhibit 99(b) hereto, GECC's ratio of earnings to fixed charges was 1.91:1 during the three months ended March 31, 2014. For additional information, see the Income Maintenance Agreement section in the Management's Discussion and Analysis of Financial Condition and Results of Operations in our 2013 consolidated financial statements.

FINANCIAL SERVICES PORTFOLIO QUALITY

Investment Securities

Investment securities comprise mainly investment-grade debt securities supporting obligations to annuitants, policyholders and holders of guaranteed investment contracts (GICs) in Trinity, and investments held in our CLL business collateralized by senior secured loans of high-quality, middle-market companies in a variety of industries.

The fair value of investment securities increased to $45.7 billion at March 31, 2014 from $44.0 billion at December 31, 2013, reflecting higher net unrealized gains in U.S. Corporate and State and Municipal securities driven by lower interest rates in the U.S.

Total pre-tax, other-than-temporary impairment losses during the three months ended March 31, 2014 were an insignificant amount, which was recognized in earnings and primarily related to credit losses on Non U.S. corporate debt securities.

Total pre-tax, other-than-temporary impairment losses during the three months ended March 31, 2013 were $0.3 billion, which was recognized in earnings and primarily related to credit losses on U.S. corporate debt securities.

For additional information, see Note 3 to the condensed, consolidated financial statements.

Financing Receivables

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

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

During the first quarter of 2014, we combined our CLL Europe and CLL Asia portfolios into CLL International and we transferred our CLL Other portfolio to the CLL Americas portfolio. Prior-period amounts were reclassified to conform to the current-period presentation.

Our consumer portfolio is composed primarily of non-U.S. mortgage, sales finance, auto and personal loans in various European and Asian countries and U.S. consumer credit card and sales finance receivables. In 2007, we exited the U.S. mortgage business and we have no U.S. auto or student loans.

Losses on financing receivables are recognized when they are incurred, which requires us to make our best estimate of probable losses inherent in the portfolio. The method for calculating the best estimate of losses depends on the size, type and risk characteristics of the related financing receivable. Such an estimate requires consideration of historical loss experience, adjusted for current conditions, and judgments about the probable effects of relevant observable data, including present economic conditions such as delinquency rates, financial health of specific customers and market sectors, collateral values (including housing price indices as applicable), and the present and expected future levels of

interest rates. The underlying assumptions, estimates and assessments we use to provide for losses are updated periodically to reflect our view of current conditions and are subject to the regulatory examinations process, which can result in changes to our assumptions. Changes in such estimates can significantly affect the allowance and provision for losses. It is possible to experience credit losses that are different from our current estimates.

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

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

For purposes of the discussion that follows, "delinquent" receivables are those that are 30 days or more past due based on their contractual terms. Loans purchased at a discount are initially recorded at fair value and accrete interest income over the estimated life of the loan based on reasonably estimable cash flows even if the underlying loans are contractually delinquent at acquisition. "Nonaccrual" financing receivables are those on which we have stopped accruing interest. We stop accruing interest at the earlier of the time at which collection of an account becomes doubtful or the account becomes 90 days past due, with the exception of consumer credit card accounts, for which we continue to accrue interest until the accounts are written off in the period that the account becomes 180 days past due. Recently restructured financing receivables are not considered delinquent when payments are brought current according to the restructured terms, but may remain classified as nonaccrual until there has been a period of satisfactory payment performance by the borrower and future payments are reasonably assured of collection.

Further information on the determination of the allowance for losses on financing receivables and the credit quality and categorization of our financing receivables is provided in Note 5 to the condensed, consolidated financial statements.

	Financing receivables at		Nonaccrual receivables at		Allowance for losses at	
(In millions)	March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013
Commercial						
CLL						
Americas	$ 68,367	$ 69,036	$ 1,239	$ 1,275	$ 419	$ 473
International(a)	46,208	47,431	1,415	1,459	449	505
Total CLL	114,575	116,467	2,654	2,734	868	978
Energy Financial Services	2,753	3,107	43	4	16	8
GECAS	8,851	9,377	275	-	25	17
Other	139	318	-	6	-	2
Total Commercial	126,318	129,269	2,972	2,744	909	1,005
Real Estate	20,236	19,899	2,383	2,551	175	192
Consumer						
Non-U.S. residential mortgages(b)	30,355	30,501	2,140	2,161	336	358
Non-U.S. installment and revolving credit	13,715	13,677	73	88	588	594
U.S. installment and revolving credit	52,887	55,854	2	2	2,947	2,823
Non-U.S. auto	1,957	2,054	16	18	61	56
Other	6,918	6,953	335	351	128	150
Total Consumer	105,832	109,039	2,566	2,620	4,060	3,981
Total	$ 252,386	$ 258,207	$ 7,921 (c)	$ 7,915	$ 5,144	$ 5,178

(a) Write-offs to net realizable value are recognized against the allowance for losses primarily in the reporting period in which management has deemed all or a portion of the financing receivable to be uncollectible, but not later than 360 days after initial recognition of a specific reserve for a collateral dependent loan. In accordance with regulatory standards that are applicable in Italy, commercial loans are considered uncollectible when there is demonstrable evidence of the debtor's insolvency, which may result in write-offs occurring beyond 360 days after initial recognition of a specific resere.

(b) Included financing receivables of $12,096 million and $12,025 million, nonaccrual receivables of $872 million and $901 million and allowance for losses of $100 million and $100 million at March 31, 2014 and December 31, 2013, respectively, primarily related to loans, net of credit insurance, whose terms permitted interest-only payments and high loan-to-value ratios at inception (greater than 90%). At origination, we underwrite loans with an adjustable rate to the reset value. Of these loans, about 84% are in our U.K. and France portfolios, which comprise mainly loans with interest-only payments, high loan-to-value ratios at inception and introductory below market rates, have a delinquency rate of 14%, have a loan-to-value ratio at origination of 82% and have re-indexed loan-to-value ratios of 82% and 65%, respectively. Re-indexed loan-to-value ratios may not reflect actual realizable values of future repossessions. At March 31, 2014, 11% (based on dollar values) of these loans in our U.K. and France portfolios have been restructured.

(c) Of our $7.9 billion nonaccrual loans of March 31, 2014, $4.0 billion are currently paying in accordance with the contractual terms.

The portfolio of financing receivables, before allowance for losses, was $252.4 billion at March 31, 2014, and $258.2 billion at December 31, 2013. Financing receivables, before allowance for losses, decreased $5.8 billion from December 31, 2013, primarily as a result of collections (which includes sales) exceeding originations ($4.0 billion) and write-offs ($1.3 billion), partially offset by the weaker U.S. dollar ($0.9 billion).

Related nonaccrual receivables totaled $7.9 billion (3.1% of outstanding receivables) at both March 31, 2014 and December 31, 2013. Nonaccrual receivables remained constant reflecting new exposures in our GECAS portfolio offset by decreases in Real Estate and CLL, primarily due to payoffs and collections.

The allowance for losses at March 31, 2014 totaled $5.1 billion compared with $5.2 billion at December 31, 2013, representing our best estimate of probable losses inherent in the portfolio. Allowance for losses decreased less than $0.1 billion from December 31, 2013, primarily because write-offs, net of recoveries were higher than provisions by $0.1 billion, which is attributable to a decrease in our Commercial and Real Estate allowance for losses as a result of write-offs and resolutions, partially offset by an increase in provisions in our Consumer U.S. installment and revolving portfolio. The allowance for losses as a percent of total financing receivables remained constant at 2.0% at March 31, 2014 reflecting a decrease in both the allowance for losses and the overall financing receivables as discussed above. Further information surrounding the allowance for losses related to each of our portfolios is detailed below.

Selected Ratios Related to Nonaccrual Financing Receivables and the Allowance for Losses

	Nonaccrual financing receivables as a percent of total financing receivables at		Allowance for losses as a percent of nonaccrual financing receivables at		Allowance for losses as a percent of total financing receivables at	
	March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013
Commercial						
CLL						
Americas	1.8 %	1.8 %	33.8 %	37.1 %	0.6 %	0.7 %
International	3.1	3.1	31.7	34.6	1.0	1.1
Total CLL	2.3	2.3	32.7	35.8	0.8	0.8
Energy Financial Services	1.6	0.1	37.2	200.0	0.6	0.3
GECAS	3.1	–	9.1	–	0.3	0.2
Other	–	1.9	–	33.3	–	0.6
Total Commercial	2.4	2.1	30.6	36.6	0.7	0.8
Real Estate	11.8	12.8	7.3	7.5	0.9	1.0
Consumer						
Non-U.S. residential mortgages(a)	7.0	7.1	15.7	16.6	1.1	1.2
Non-U.S. installment						

and revolving credit	0.5	0.6	805.5	675.0	4.3	4.3
U.S. installment and revolving credit	–	–	(b)	(b)	5.6	5.1
Non-U.S. auto	0.8	0.9	381.3	311.1	3.1	2.7
Other	4.8	5.0	38.2	42.7	1.9	2.2
Total Consumer	2.4	2.4	158.2	151.9	3.8	3.7
Total	3.1	3.1	64.9	65.4	2.0	2.0

(a) Included nonaccrual financing receivables as a percent of financing receivables of 7.2% and 7.5%, allowance for losses as a percent of nonaccrual receivables of 11.5% and 11.1% and allowance for losses as a percent of total financing receivables of 0.8% and 0.8% at March 31, 2014 and December 31, 2013, respectively, primarily related to loans, net of credit insurance, whose terms permitted interest-only payments and high loan-to-value ratios at inception (greater than 90%). Compared to the overall Non-U.S. residential mortgage loan portfolio, the ratio of allowance for losses as a percent of nonaccrual financing receivables for these loans is lower, driven primarily by the higher mix of such products in the U.K. and France portfolios and as a result of the better performance and collateral realization experience in these markets.

(b) Not meaningful.

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

CLL – Americas. Nonaccrual receivables of $1.2 billion represented 15.6% of total nonaccrual receivables at March 31, 2014. The ratio of allowance for losses as a percent of nonaccrual receivables decreased from 37.1% at December 31, 2013, to 33.8% at March 31, 2014, reflecting write-offs on previously impaired accounts. The ratio of nonaccrual receivables as a percent of financing receivables remained constant at 1.8% at March 31, 2014 reflecting decreased nonaccrual exposures in our industrial materials and media portfolios, partially offset by our transportation and healthcare equipment portfolios. Collateral supporting these nonaccrual financing receivables primarily includes assets in the restaurant and hospitality, trucking and industrial equipment industries and corporate aircraft, and for our leveraged finance business, equity of the underlying businesses.

CLL – International. Nonaccrual receivables of $1.4 billion represented 17.9% of total nonaccrual receivables at March 31, 2014. The ratio of allowance for losses as a percent of nonaccrual receivables decreased from 34.6% at December 31, 2013 to 31.7% at March 31, 2014, reflecting a decrease in nonaccrual receivables and allowance for losses in our Interbanca S.p.A. portfolio primarily as a result of write-offs. About 45% of our CLL – International nonaccrual receivables are attributable to the Interbanca S.p.A. portfolio, which was acquired in 2009. The loans acquired with Interbanca S.p.A. were recorded at fair value, which incorporates an estimate at the acquisition date of credit losses over their remaining life. Accordingly, these loans generally have a lower ratio of allowance for losses as a percent of nonaccrual receivables compared to the remaining portfolio. Excluding the nonaccrual loans attributable to the 2009 acquisition of Interbanca S.p.A., the ratio of allowance for losses as a percent of nonaccrual receivables decreased from 42.2% at December 31, 2013, to 37.8% at March 31, 2014, primarily due to an increase in nonaccrual receivables in Australia. The ratio of nonaccrual receivables as a percent of financing receivables remained constant at 3.1% at March 31, 2014. Collateral supporting these secured nonaccrual financing receivables are primarily equity of the underlying businesses, purchased receivables, commercial real estate, manufacturing and other equipment, and corporate aircraft.

Real Estate. Nonaccrual receivables of $2.4 billion represented 30.1% of total nonaccrual receivables at March 31, 2014. The decrease in nonaccrual receivables from December 31, 2013, was primarily due to the resolution of North American office, multi-family and hotel nonaccrual loans, as well as Asian office and European retail nonaccrual loans through payoffs and collections, foreclosures and write-offs. The ratio of allowance for losses as a percent of nonaccrual receivables decreased from 7.5% to 7.3% reflecting a decrease in the allowance for losses and a decrease in nonaccrual loans as mentioned above. The ratio of allowance for losses as a percent of total financing receivables decreased from 1.0% at December 31, 2013 to 0.9% at March 31, 2014, driven primarily by the reduction in overall reserves due to improving market conditions and new loan originations in 2014.

The Real Estate financing receivables portfolio is collateralized by income-producing or owner-occupied commercial properties across a variety of asset classes and markets. At March 31, 2014, total Real Estate financing receivables of $20.2 billion were primarily collateralized by office buildings ($5.9 billion), apartment buildings ($3.4 billion), retail facilities ($2.9 billion), warehouse properties ($2.7 billion) and hotel properties ($2.2 billion). In 2014, commercial real estate markets continue to show signs of improved stability and liquidity in certain markets; however, the pace of improvement varies significantly by asset class and market and the long-term outlook remains uncertain. We have and continue to maintain an intense focus on operations and risk management. Loan loss reserves related to our Real Estate–Debt financing receivables are particularly sensitive to declines in underlying property values. Estimating the impact of global property values on loss performance across our portfolio depends on a number of factors, including macroeconomic conditions, property level operating performance, local market dynamics and individual borrower behavior. As a result, any attempts to forecast potential losses carry a high degree of imprecision and are subject to change. At March 31, 2014, we had 117 foreclosed commercial real estate properties totaling $1.0 billion.

(59)

Consumer – Non-U.S. residential mortgages. Nonaccrual receivables of $2.1 billion represented 27.0% of total nonaccrual receivables at March 31, 2014. The ratio of allowance for losses as a percent of nonaccrual receivables decreased from 16.6% at December 31, 2013, to 15.7% at March 31, 2014, as a result of lower allowance for losses due to improved collections and higher property values primarily in our U.K. portfolio. Our non-U.S. mortgage portfolio has a loan-to-value ratio of approximately 75% at origination and the vast majority are first lien positions. Our U.K. and France portfolios, which comprise a majority of our total mortgage portfolio, have reindexed loan-to-value ratios of 74% and 56%, respectively, and about 8% of these loans are without mortgage insurance and have a reindexed loan-to-value ratio equal to or greater than 100%. Re-indexed loan-to-value ratios may not reflect actual realizable values of future repossessions. Loan-to-value information is updated on a quarterly basis for a majority of our loans and considers economic factors such as the housing price index. At March 31, 2014, we had in repossession stock 379 houses in the U.K., which had a value of less than $0.1 billion. The ratio of nonaccrual receivables as a percent of financing receivables decreased from 7.1% at December 31, 2013 to 7.0% at March 31, 2014 for the reasons described above.

Consumer – Non-U.S. installment and revolving credit. Nonaccrual receivables of $0.1 billion represented 0.9% of total nonaccrual receivables at March 31, 2014. The ratio of allowance for losses as a percent of financing receivables remained constant at 4.3% at March 31, 2014, reflecting relatively stable portfolio quality across all countries.

Consumer – U.S. installment and revolving credit. The ratio of allowance for losses as a percent of financing receivables increased from 5.1% at December 31, 2013 to 5.6% at March 31, 2014, reflecting an increase in the projected net write-offs over the next 12 months.

Impaired Loans

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

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

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

Loans Classified as Impaired and Specific Reserves

(In millions)	March 31, 2014	December 31, 2013
Loans requiring allowance for losses		
Commercial(a)	$ 950	$ 1,116
Real Estate	737	1,245
Consumer	2,836	2,879
Total loans requiring allowance for losses	4,523	5,240
Loans expected to be fully recoverable		
Commercial(a)	3,024	2,776
Real Estate	2,925	2,615
Consumer	132	109
Total loans expected to be fully recoverable	6,081	5,500
Total impaired loans	$ 10,604	$ 10,740
Allowance for losses (specific reserves)		
Commercial(a)	$ 229	$ 328
Real Estate	53	74
Consumer	560	567
Total allowance for losses (specific reserves)	$ 842	$ 969
Average investment during the period	$ 10,671	$ 12,347
Interest income earned while impaired(b)	122	626

(a) Includes CLL, Energy Financial Services, GECAS and Other.
(b) Recognized principally on an accrual basis.

We regularly review our Real Estate loans for impairment using both quantitative and qualitative factors, such as debt service coverage and loan-to-value ratios. We evaluate a Real Estate loan for impairment when the most recent valuation reflects a projected loan-to-value ratio at maturity in excess of 100%, even if the loan is currently paying in accordance with its contractual terms.

Of our $3.7 billion of impaired loans at Real Estate at March 31, 2014, $3.5 billion are currently paying in accordance with the contractual terms of the loan and are typically loans where the borrower has adequate debt service coverage to meet contractual interest obligations. Impaired loans at CLL primarily represent senior secured lending positions.

Impaired Loan Balance Classified by the Method Used To Measure Impairment

(In millions)	March 31, 2014	December 31, 2013
Discounted cash flow	$ 5,047	$ 5,558
Collateral value	5,557	5,182
Total	$ 10,604	$ 10,740

Our loss mitigation strategy is intended to minimize economic loss and, at times, can result in rate reductions, principal forgiveness, extensions, forbearance or other actions, which may cause the related loan to be classified as a troubled debt restructuring (TDR), and also as impaired. Changes to Real Estate's loans primarily include forbearance, maturity extensions and changes to collateral or covenant terms or other actions, which are in addition to, or sometimes in lieu of, fees and rate increases. The determination of whether these changes to the terms and conditions of our commercial loans meet the TDR criteria includes our consideration of all relevant facts and circumstances. At March 31, 2014, TDRs included in impaired loans were $9.2 billion, primarily relating to Real Estate ($3.5 billion), CLL ($2.9 billion) and Consumer ($2.8 billion).

Real Estate TDRs decreased from $3.6 billion at December 31, 2013 to $3.5 billion at March 31, 2014, primarily driven by resolution of TDRs through paydowns. For borrowers with demonstrated operating capabilities, we work to restructure loans when the cash flow and projected value of the underlying collateral support repayment over the modified term. We deem loan modifications to be TDRs when we have granted a concession to a borrower experiencing financial difficulty and we do not receive adequate compensation in the form of an effective interest rate that is at current market rates of interest given the risk characteristics of the loan or other consideration that compensates us for the value of the concession. For the three months ended March 31, 2014, we modified $0.4 billion of loans classified as TDRs, substantially all in our Debt portfolio. Changes to these loans primarily included forbearance, maturity extensions and changes to collateral or covenant terms or other actions, which are in addition to, or sometimes in lieu of, fees and rate increases. The limited liquidity and higher return requirements in the real estate market for loans with higher loan-to-value (LTV) ratios have typically resulted in the conclusion that the modified terms are not at current market rates of interest, even if the modified loans are expected to be fully recoverable. We received the same or additional compensation in the form of rate increases and fees for the majority of these TDRs. Of our $1.6 billion and $3.6 billion of modifications classified as TDRs in the last 12 months ended March 31, 2014 and 2013, respectively, less than $0.1 billion and $0.2 billion have subsequently experienced a payment default in the three months ended March, 31, 2014 and 2013, respectively.

The substantial majority of the Real Estate TDRs have reserves determined based upon collateral value. Our specific reserves on Real Estate TDRs were $0.1 billion at March 31, 2014 and $0.1 billion at December 31, 2013, and were 1.5% and 1.9%, respectively, of Real Estate TDRs. In many situations these loans did not require a specific reserve as collateral value adequately covered our recorded investment in the loan. While these modified loans had adequate collateral coverage, we were still required to complete our TDR classification evaluation on each of the modifications without regard to collateral adequacy.

We utilize certain short-term (three months or less) loan modification programs for borrowers experiencing temporary financial difficulties in our Consumer loan portfolio. These loan modification programs are primarily concentrated in our non-U.S. residential mortgage and non-U.S. installment and revolving portfolios. We sold our U.S. residential mortgage business in 2007 and, as such, do not participate in the U.S. government-sponsored mortgage modification programs. For the three months ended March 31, 2014, we provided short-term modifications of less than $0.1 billion of consumer loans for borrowers experiencing financial difficulties, substantially all in our non-U.S. residential mortgage, credit card and personal loan portfolios, which are not classified as TDRs. For these modified loans, we provided insignificant interest rate reductions and payment deferrals, which were not part of the terms of the original contract. We expect borrowers whose loans have been modified under these short-term programs to continue to be able to meet their contractual obligations upon the conclusion of the short-term modification. In addition, we have modified $0.3 billion of Consumer loans for the three months ended March 31, 2014, which are classified as TDRs. Further information on Consumer impaired loans is provided in Note 5 to the condensed, consolidated financial statements.

Delinquencies

For additional information on delinquency rates at each of our major portfolios, see Note 5 to the condensed, consolidated financial statements.

All Other Assets

All other assets comprises mainly real estate equity properties and investments, equity and cost method investments, derivative instruments and assets held for sale, and totaled $47.2 billion at March 31, 2014, a decrease of $0.2 billion, primarily related to the sale of certain held-for-sale real estate and aircraft ($1.9 billion), net loan repayments from our

equity method investments ($0.5 billion) and the sale of certain real estate investments ($0.3 billion), partially offset by a net increase in assets held-for-sale ($2.7 billion). During the three months ended March 31, 2014, we recognized $0.2 billion of other-than-temporary impairments of cost and equity method investments, excluding those related to real estate.

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Included in other assets are Real Estate equity investments of $13.6 billion and $13.7 billion and Real Estate equity assets classified as held for sale of an insignificant amount and $0.7 billion at March 31, 2014 and December 31, 2013, respectively. Our portfolio is diversified, both geographically and by asset type. We review the estimated values of our commercial real estate investments at least annually, or more frequently as conditions warrant. Commercial real estate valuations have shown signs of improved stability and liquidity in certain markets, primarily in the U.S.; however, the pace of improvement varies significantly by asset class and market. Accordingly, there continues to be risk and uncertainty surrounding commercial real estate values. Declines in estimated value of real estate below carrying amount result in impairment losses when the aggregate undiscounted cash flow estimates used in the estimated value measurement are below the carrying amount. As such, estimated losses in the portfolio will not necessarily result in recognized impairment losses. During the three months ended March 31, 2014, Real Estate recognized pre-tax impairments of an insignificant amount in its real estate held for investment. Real Estate investments with undiscounted cash flows in excess of carrying value of 0% to 5% at March 31, 2014 had a carrying value of $0.3 billion and an associated estimated unrealized loss of an insignificant amount. Continued deterioration in economic conditions or prolonged market illiquidity may result in further impairments being recognized.

FOREIGN EXPOSURE

GECC Selected European Exposures

At March 31, 2014, we had $79.6 billion in financing receivables to consumer and commercial customers in Europe. The GECC financing receivables portfolio in Europe is well diversified across European geographies and customers. Approximately 89% of the portfolio is secured by collateral and represents approximately 500,000 commercial customers. Several European countries, including Spain, Portugal, Ireland, Italy, Greece and Hungary (focus countries), have been subject to credit deterioration due to weaknesses in their economic and fiscal situations. The carrying value of GECC funded exposures in these focus countries and in the rest of Europe comprised the following at March 31, 2014.

March 31, 2014 (In millions)	Spain	Portugal	Ireland	Italy	Greece	Hungary	Rest of Europe	Total Europe
Financing receivables, before allowance for losses on financing receivables	$ 1,513	$ 253	$ 291	$ 6,665	$ 5	$ 2,882	$ 69,131	$ 80,740
Allowance for losses on financing receivables	(100)	(19)	(3)	(206)	-	(72)	(784)	(1,184)
Financing receivables, net of allowance for losses on financing receivables(a)(b)	1,413	234	288	6,459	5	2,810	68,347	79,556
Investments(c)(d)	3	-	-	465	-	104	2,130	2,702
Cost and equity method investments(e)	310	-	451	57	35	-	1,739	2,592
Derivatives, net of collateral(c)(f)	2	-	-	63	-	-	101	166
ELTO(g)	431	113	466	739	239	324	9,058	11,370
Real estate held for investment(g)	790	-	-	424	-	-	4,228	5,442
Total funded exposures(h)(i)	$ 2,949	$ 347	$ 1,205	$ 8,207	$ 279	$ 3,238	$ 85,603	$ 101,828
Unfunded commitments(j)	$ 16	$ 7	$ 130	$ 194	$ 3	$ 812	$ 6,165	$ 7,327

(a) Financing receivable amounts are classified based on the location or nature of the related obligor.

(b) Substantially all relates to non-sovereign obligors. Includes residential mortgage loans of approximately $30.1 billion before consideration of purchased credit protection. We have third-party mortgage insurance for less than 10% of these residential mortgage loans, which were primarily originated in France and the U.K.

(c) Investments and derivatives are classified based on the location of the parent of the obligor or issuer.

(d) Includes $0.8 billion related to financial institutions, $0.3 billion related to non-financial institutions and $1.6 billion related to sovereign issuers. Sovereign issuances totaled $0.1 billion and $0.1 billion related to Italy and Hungary, respectively. We held no investments issued by sovereign entities in the other focus countries.

(e) Substantially all is non-sovereign.

(f) Net of cash collateral; entire amount is non-sovereign.

(g) These assets are held under long-term investment and operating strategies, and our ELTO strategies contemplate an ability to redeploy assets under lease should default by the lessee occur. The values of these assets could be subject to decline or impairment in the current environment.

(h) Excludes $39.7 billion of cash and equivalents, which is composed of $22.6 billion of cash on short-term placement with highly rated global financial institutions based in Europe, sovereign central banks and agencies or supranational entities, of which $1.4 billion is in focus countries, and $17.1 billion of cash and equivalents placed with highly rated European financial institutions on a short-term basis, secured by U.S. Treasury securities ($9.0 billion) and sovereign bonds of non-focus countries ($8.1 billion), where the value of our collateral exceeds the amount of our cash exposure.

(i) Rest of Europe included $2.0 billion and $0.2 billion of exposure for Russia and Ukraine, respectively, substantially all ELTO and financing receivables related to commercial aircraft in our GECAS portfolio.
(j) Includes ordinary course of business lending commitments, commercial and consumer unused revolving credit lines, inventory financing arrangements and investment commitments.

We manage counterparty exposure, including credit risk, on an individual counterparty basis. We place defined risk limits around each obligor and review our risk exposure on the basis of both the primary and parent obligor, as well as the issuer of securities held as collateral. These limits are adjusted on an ongoing basis based on our continuing assessment of the credit risk of the obligor or issuer. In setting our counterparty risk limits, we focus on high-quality credits and diversification through spread of risk in an effort to actively manage our overall exposure. We actively monitor each exposure against these limits and take appropriate action when we believe that risk limits have been exceeded or there are excess risk concentrations. Our collateral position and ability to work out problem accounts have historically mitigated our actual loss experience. Delinquency experience has been relatively stable in our European commercial and consumer platforms in the aggregate, and we actively monitor and take action to reduce exposures where appropriate. Uncertainties surrounding European markets could have an impact on the judgments and estimates used in determining the carrying value of these assets.

Other

Recent developments in Venezuela have created uncertainty related to the determination of the appropriate exchange rate for remeasurement of bolivar-denominated monetary assets and liabilities into US dollars. Two alternative exchange rate mechanisms have been introduced (SICAD1 and SICAD2) in addition to the official exchange rate mechanism maintained by the government of Venezuela, which we currently use to remeasure our bolivar-denominated net monetary assets. The government also administers these new exchange rate mechanisms but has permitted only limited transaction volumes to date. We continue to monitor the evolving situation in Venezuela and, in future reporting periods, will reevaluate the determination of the appropriate exchange rate for remeasurement in light of current developments related to these alternative exchange rate mechanisms. Net monetary assets subject to remeasurement were approximately $120 million at March 31, 2014.

In light of recent events involving Russia and Ukraine, we continue to monitor the economic and operating environment in these regions closely. We conduct operations in both Russia and Ukraine; however, we currently derive less than 1% of our consolidated revenues from the two countries. While we consider Russia to be a key growth market for us, our operations in Russia and Ukraine are not significant in relation to our consolidated results of operations or financial position.

REGULATIONS AND SUPERVISION

GECC is a regulated savings and loan holding company under U.S. law and became subject to Federal Reserve Board (FRB) supervision on July 21, 2011, the one-year anniversary of the Dodd-Frank Wall Street Reform and Consumer Protection Act (DFA). In addition, on July 8, 2013, the U.S. Financial Stability Oversight Council (FSOC) designated GECC as a nonbank systemically important financial institution (nonbank SIFI) under the DFA. Many of the rulemakings for supervision of nonbank SIFIs are not final and therefore the exact impact and implementation date remain uncertain. GECC continues to plan for the enhanced prudential standards that will apply to nonbank SIFIs. These DFA rulemakings will require, among other items, enhanced capital and liquidity levels, compliance with the comprehensive capital analysis and review regulations (CCAR), compliance with counterparty credit exposure limits, and the development of a resolution plan for submission to regulators.

GE is also subject to the Volcker Rule, which U.S. regulators finalized on December 10, 2013. The rule prohibits companies that are affiliated with U.S. insured depository institutions from engaging in “proprietary trading” or acquiring or retaining ownership interest in, or sponsoring or engaging in certain transactions with, a “hedge fund” or a “private equity fund.” Proprietary trading and fund investing, as prohibited by the rule, are not core activities for GE, but GE is assessing the full impact of the rule, in anticipation of full conformance with the rule, as required by July 21, 2015.

In July 2013, the FRB finalized regulations to revise and replace its current rules on capital adequacy and to extend capital regulations to savings and loan holding companies like GECC. Under the final rules, the standardized approach for calculating capital could apply to GECC, in its capacity as a savings and loan holding company, as early as January 1, 2015. However, that timing could change once nonbank SIFI rules are finalized. GECC will ultimately also become subject to the Basel III advanced capital rules that will be applicable to institutions with $250 billion or more in assets. Initial actions required for compliance with the advanced capital rules, including building out the necessary systems and models, will begin once GECC is subject to regulatory capital rules. However, full implementation will take several years to complete.

The FRB has also indicated that they will require nonbank SIFIs to submit annual capital plans for review, including institutions’ plans to make capital distributions, such as dividend payments. The applicability and timing of this

requirement to GECC is not yet determined. While GECC is not yet subject to this regulation, GECC's capital allocation planning remains subject to FRB review as a savings and loan holding company.

(65)

GECC undertakes an annual review of its capital adequacy prior to establishing a plan for dividends to its parent, GE. This review is based on a forward-looking assessment of GECC's material enterprise risks and involves the consideration of a number of factors. This analysis also includes an assessment of GECC's capital and liquidity levels, as well as incorporating risk management and governance considerations. The most recent capital adequacy review was approved by the GECC board of directors and the GE Board of Directors Risk Committee in 2014. While a savings and loan holding company and nonbank SIFI like GECC is currently not required to obtain FRB approval to pay a dividend, it may not, under FRB regulations, conduct its operations in an unsafe or unsound manner. The FRB has articulated factors that it expects boards of directors of bank holding companies and savings and loan holding companies to consider in determining whether to pay a dividend.

The company is making the following disclosure pursuant to Section 13(r) of the Securities Exchange Act of 1934.

GE Money Bank, Czech Republic (GEMB CZ) is a full-service retail bank in the Czech Republic and a subsidiary of General Electric Capital Corporation. GEMB CZ maintains a $7.5 million line of credit and three cash accounts for DF DeutscheForfait s.r.o., a Czech company (DF Sub), which purchases receivables from imports and exports in Central and Eastern Europe. DF Sub is a subsidiary of DF Deutsche Forfait AG, a German company (DF Parent). On February 6, 2014, DF Parent was added to the specially designated nationals and blocked persons (SDN List) of the Office of Foreign Assets Control (OFAC) pursuant to E.O. 13382. The accounts at GEMB CZ for DF Sub pre-date this designation. Following the designation, GEMB CZ terminated its relationship with DF Sub. We believe that the transactions with DF Sub were permissible and do not violate U.S. law.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

There have been no significant changes to our market risk since December 31, 2013. For a discussion of our exposure to market risk, refer to Part II, Item 7A. "Quantitative and Qualitative Disclosures about Market Risk," contained in our Annual Report on Form 10-K for the year ended December 31, 2013.

ITEM 4. CONTROLS AND PROCEDURES.

Under the direction of our Chief Executive Officer and Chief Financial Officer, we evaluated our disclosure controls and procedures and internal control over financial reporting and concluded that (i) our disclosure controls and procedures were effective as of March 31, 2014, and (ii) no change in internal control over financial reporting occurred during the quarter ended March 31, 2014, that has materially affected, or is reasonably likely to materially affect, such internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

The following information supplements and amends our discussion set forth under Part I, Item 3 "Legal Proceedings" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2013.

There are 14 lawsuits relating to pending mortgage loan repurchase claims in which WMC, our U.S. mortgage business that we sold in 2007, is a party. The adverse parties in these cases are securitization trustees or parties claiming to act on their behalf. While the alleged claims for relief vary from case to case, the complaints and

counterclaims in these actions generally assert claims for breach of contract, indemnification, and/or declaratory judgment, and seek specific performance (repurchase) and/or monetary damages. Beginning in the fourth quarter 2013, WMC entered into settlements that reduced its exposure on claims asserted in certain securitizations, and the claim amounts reported herein reflect the effect of these settlements.

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Five WMC cases are pending in the United States District Court for the District of Connecticut. Four of these cases were initiated in 2012, and one was initiated in the third quarter 2013. Deutsche Bank National Trust Company (Deutsche Bank) is the adverse party in four cases, and Law Debenture Trust Company of New York (Law Debenture) is the adverse party in one case. The Deutsche Bank complaints assert claims on approximately $2,800 million of mortgage loans and seek to recover damages in excess of approximately $1,800 million. The Law Debenture complaint asserts claims on approximately $800 million of mortgage loans, and alleges losses on these loans in excess of approximately $425 million. On March 31, 2014, the District Court denied WMC's motions to dismiss these cases.

Four WMC cases are pending in the United States District Court for the District of Minnesota against US Bank National Association (US Bank), one of which was initiated by WMC seeking declaratory judgment. Three of these cases were filed in 2012, and one was filed in 2011. The Minnesota cases involve claims on approximately $800 million of mortgage loans and do not specify the amount of damages sought. In September 2013, the District Court granted in part and denied in part WMC's motions to dismiss or for summary judgment in these cases.

Three cases are pending against WMC in New York State Supreme Court, all of which were initiated by securitization trustees or securities administrators. These cases involve, in the aggregate, claims involving approximately $3,600 million of mortgage loans. One of these lawsuits was initiated by Deutsche Bank in the second quarter 2013 and names as defendants WMC and Barclays Bank PLC. It involves claims against WMC on approximately $1,000 million of mortgage loans and does not specify the amount of damages sought. The second case, in which the plaintiff is The Bank of New York Mellon (BNY), was initiated in the fourth quarter 2012 and names as defendants WMC, J.P. Morgan Mortgage Acquisition Corporation and JPMorgan Chase Bank, N.A. BNY asserts claims on approximately $1,300 million of mortgage loans, and seeks to recover damages in excess of $650 million. The third case was initiated by BNY in November 2013 and names as defendants WMC, J.P. Morgan Mortgage Acquisition Corporation and JPMorgan Chase Bank, N.A. In this case, BNY asserts claims on approximately $1,300 million of mortgage loans, and seeks to recover damages in excess of $600 million.

Two cases are pending against WMC in the United States District Court for the Southern District of New York. One case, in which the plaintiff is BNY, was filed in the third quarter 2012. In the second quarter 2013, BNY filed an amended complaint in which it asserts claims on approximately $900 million of mortgage loans, and seeks to recover damages in excess of $378 million. In September 2013, the District Court denied WMC's motion to dismiss. The second case was initiated by the Federal Housing Finance Agency (FHFA), which filed a summons with notice in the fourth quarter 2012. In the second quarter 2013, Deutsche Bank, in its role as securitization trustee of the trust at issue in the case, intervened as a plaintiff and filed a complaint relating to approximately $1,300 million of loans and alleging losses in excess of approximately $100 million. In December 2013, the District Court issued an order denying WMC's motion to dismiss.

The amounts of the claims at issue in these cases (discussed above) reflect the purchase price or unpaid principal balances of the mortgage loans at issue at the time of purchase and do not give effect to pay downs, accrued interest or fees, or potential recoveries based upon the underlying collateral. All of the mortgage loans involved in these lawsuits are included in WMC's reported claims at March 31, 2014.

ITEM 2. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS.

Period(a) (Shares in thousands)	Total number of shares purchased(a)(b)	Average price paid per share	Total number of shares purchased as part of our share repurchase program(a)(c)	Approximate dollar value of shares that may yet be purchased under our share repurchase program
2014				
January	35,619	$ 25.96	35,548	
February	8,729	$ 24.97	8,667	
March	2,604	$ 25.61	2,543	
Total	46,952	$ 25.76	46,758	$ 11.1 billion

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

(b) This category includes 194 thousand shares repurchased from our various benefit plans.

(c) Shares are repurchased through the 2007 GE Share Repurchase Program (the Program). As of December 31, 2013, we were authorized to repurchase up to $35 billion of our common stock through 2015 and we had repurchased a total of approximately $22.7 billion under the Program. The Program is flexible and shares are acquired with a combination of borrowings and free cash flow from the public markets and other sources, including GE Stock Direct, a stock purchase plan that is available to the public.

ITEM 6. Exhibits.

Exhibit 10(a)	Form of Agreement for Annual Restricted Stock Unit Grants to Executive Officers under the General Electric Company 2007 Long-term Incentive Plan, as amended February 7, 2014.
Exhibit 10(b)	Form of Agreement for Periodic Restricted Stock Unit Grants to Executive Officers under the General Electric Company 2007 Long-term Incentive Plan, as amended February 7, 2014.
Exhibit 11	Computation of Per Share Earnings.*
Exhibit 12	Computation of Ratio of Earnings to Fixed Charges.
Exhibit 31(a)	Certification Pursuant to Rules 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as Amended.
Exhibit 31(b)	Certification Pursuant to Rules 13a-14(a) or 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(a)	Financial Measures That Supplement Generally Accepted Accounting Principles.
Exhibit 99(b)	Computation of Ratio of Earnings to Fixed Charges (Incorporated by reference to Exhibit 12 to General Electric Capital Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2014 (Commission file number 001-06461)).
Exhibit 101	The following materials from General Electric Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014, formatted in XBRL (eXtensible Business Reporting Language); (i) Condensed Statement of Earnings for the three months ended March 31, 2014 and 2013, (ii) Condensed, Consolidated Statement of Comprehensive Income for the three months ended March 31, 2014 and 2013, (iii) Condensed, Consolidated Statement of Changes in Shareowners' Equity for the three months ended March 31, 2014 and 2013, (iv) Condensed Statement of Financial Position at March 31, 2014 and December 31, 2013, (v) Condensed Statement of Cash Flows for the three months ended March 31, 2014 and 2013, and (vi) Notes to Condensed, Consolidated Financial Statements.

* Data required by Financial Accounting Standards Board Accounting Standards Codification 260, Earnings Per Share, is provided in Note 13 to the Condensed, Consolidated Financial Statements in this Report.

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 Company
(Registrant)

May 9, 2014	/s/ Jan R. Hauser
Date	Jan R. Hauser
	Vice President and Controller
	Duly Authorized Officer and Principal
	Accounting Officer

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