

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

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, D.C. 20549**

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

(Mark One)

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

For the quarterly period ended March 31, 2006

OR

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

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

Commission file number 1-35

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

**New York**  
(State or other jurisdiction of incorporation  
or organization)

**14-0689340**  
(I.R.S. Employer Identification No.)

**3135 Easton Turnpike, Fairfield, CT**  
(Address of principal executive offices)

**06828-0001**  
(Zip Code)

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

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

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

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

(1)

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## General Electric Company

	Page
<b>Explanatory Note</b>	3
 <b>Part I - Financial Information</b>	
 <u>Item 1. Financial Statements</u>	
<u>Condensed Statement of Earnings</u>	7
<u>Condensed Statement of Financial Position</u>	8
<u>Condensed Statement of Cash Flows</u>	9
<u>Summary of Operating Segments</u>	10
<u>Notes to Condensed, Consolidated Financial Statements</u> (Unaudited)	11
<u>Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	25
<u>Item 4. Controls and Procedures</u>	36
 <b>Part II - Other Information</b>	
<u>Item 1. Legal Proceedings</u>	37
<u>Item 2. Purchases of Equity Securities by the Issuer and Affiliated Purchasers</u>	37
<u>Item 6. Exhibits</u>	38
<u>Signatures</u>	39

### Forward-Looking Statements

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

(2)

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## Explanatory Note

### Overview

General Electric Company (GE) is filing this amendment to its Quarterly Reports on Form 10-Q for the period ended March 31, 2006, to amend and restate financial statements and other financial information for the three months ended March 31, 2006 and 2005. The restatement adjusts our accounting for interest rate swap transactions related to a portion of the commercial paper issued by General Electric Capital Corporation (GECC) and General Electric Capital Services, Inc. (GECS), each wholly-owned subsidiaries of GE, from January 1, 2001, the date we adopted Statement of Financial Accounting Standards (SFAS) No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended. The restatement has no effect on our cash flows or liquidity, and its effects on our financial position at the ends of the respective restated periods are immaterial. We have not found that any of our hedge positions were inconsistent with our risk management policies or economic objectives.

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

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

### Background

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

(3)

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

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

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

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

The following sections of this Form 10-Q have been revised to reflect the restatement: Part I - Item 1 - Financial Statements, - Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations, and - Item 4 - Controls and Procedures; and Part II - Item 6 - Exhibits are revised in this filing to reflect the restatement. Except to the extent relating to the restatement of our financial statements and other financial information described above, the financial statements and other disclosure in this Form 10-Q do not reflect any events that have occurred after this Form 10-Q was initially filed on April 26, 2006.

#### **Effects of Restatement**

The following tables set forth the effects of the restatement relating to the aforementioned hedge accounting on affected line items within our previously reported Statements of Earnings for the three months ended March 31, 2006 and 2005. The restatement has no effect on our cash flows or liquidity, and its effects on our financial position at the ends of the respective restated periods are immaterial.

(4)

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

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

(a) Included in total revenues.

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

(5)

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

(a) Included in total revenues.

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

Part I

Item 1 - Financial Statements

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

Item 4 - Controls and Procedures

Part II:

Item 6 - Exhibits

In light of the restatement, readers should not rely on our previously filed financial statements and other financial information for the three months ended March 31, 2006 and 2005.

(6)

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**Part I. Financial Information**

**Item 1. Financial Statements**

**Condensed Statement of Earnings**

**General Electric Company and consolidated affiliates**

**Three months ended March 31 (Unaudited)**

	<b>Consolidated</b>		<b>GE</b>		<b>Financial Services (GECS)</b>
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>	
<i>(In millions; per-share amounts in dollars)</i>	(Restated)	(Restated)	(Restated)	(Restated)	