Operations

Our consolidated financial statements combine the industrial manufacturing, services and media businesses of General Electric Company (GE) with the financial services businesses of General Electric Capital Services, Inc. (GECS 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 the Supplemental Information section.

We present Management's Discussion of Operations in five parts: Overview of Our Earnings from 2007 through 2009, Global Risk Management, Segment Operations, Geographic Operations and Environmental Matters. Unless otherwise indicated, we refer to captions such as revenues 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 consolidated financial statements relates to continuing operations unless otherwise indicated.

Effective January 1, 2010, we reorganized our segments to better align our Consumer & Industrial and Energy businesses for growth. As a result of this reorganization, we created a new segment called Home & Business Solutions that includes the Appliances and Lighting businesses from our previous Consumer & Industrial segment and the retained portion of the GE Fanuc Intelligent Platforms business of our previous Enterprise Solutions business (formerly within our Technology Infrastructure segment). In addition, the Industrial business of our previous Consumer & Industrial segment and the Sensing & Inspection Technologies and Digital Energy businesses of our previous Enterprise Solutions business are now part of the Energy business within the Energy Infrastructure segment. The Security business of Enterprise Solutions will be reported in Corporate Items and Eliminations pending its expected sale. Also, effective January 1, 2010, the Capital Finance segment was renamed GE Capital and includes all of the continuing operations of General Electric Capital Corporation. In addition, the Transportation Financial Services business, previously reported in GE Capital Aviation Services (GECAS), will be included in Commercial Lending and Leasing (CLL) and our Consumer business in Italy, previously reported in Consumer, will be included in CLL.

Results for 2009 and prior periods are reported on the basis under which we managed our business in 2009 and do not reflect the January 2010 reorganization described above.

Overview of Our Earnings from 2007 through 2009

Net earnings attributable to the Company decreased 37% in 2009 and 22% in 2008, reflecting the challenging economic conditions of the last two years and the effect on both our industrial and financial services businesses. Our financial services businesses were most significantly affected as GECS net earnings attributable to the Company fell 80% in 2009 and 32% in 2008. Excluding the financial services businesses, our net earnings attributable to the Company decreased 7% in 2009 and 13% in 2008, reflecting the weakened global economy and challenging market conditions. We believe that we are beginning to see signs of stabilization in the global economy. We have a strong backlog entering 2010 and are positioned for global growth in 2011 and 2012.

Energy Infrastructure (21% and 24% of consolidated three-year revenues and total segment profit, respectively) has grown significantly over the last several years as the worldwide demand for energy, and for alternative sources of power, such as wind and thermal, rose to new levels. Revenues decreased 4% in 2009 after increasing 26% in 2008, and segment profit increased 13% and 26% in 2009 and 2008, respectively. We continue to invest in market-leading technology and services at Energy and Oil & Gas.

Technology Infrastructure (26% and 31% of consolidated three-year revenues and total segment profit, respectively) revenues and earnings both fell 8% in 2009 after rising 8% and 3%, respectively, in 2008. We continue to invest in market-leading technologies and services at Aviation, Healthcare and Transportation. Aviation generated strong revenues and earnings as one of the world's leading providers of aircraft engines and services. Healthcare revenues and earnings trended down in 2009, reflecting the generally weak global economic conditions and continued uncertainty in the healthcare markets. Transportation revenues and earnings fell 24% and 51%, respectively, in 2009 after rising 11% and 3%, respectively, in 2008 as the weakened economy has driven overall reductions in U.S. freight traffic and we updated our estimate of long-term product service costs.

NBC Universal (NBCU) (9% and 11% of consolidated three-year revenues and total segment profit, respectively) is a diversified media and entertainment company that has grown over the past several years through business and geographic diversity. NBCU revenues fell 9% and earnings decreased 28% in 2009 compared with a 10% increase in revenues and flat earnings in 2008. While the television and film businesses continue to be challenged by the effects of a difficult economy, our cable business continues to grow and become more profitable. In 2010, we expect to transfer the assets of the NBCU business to a newly formed entity, which will consist of our NBCU businesses and Comcast Corporation's cable networks, regional sports networks, certain digital properties and certain unconsolidated investments. Pursuant to the transaction, we will receive cash and will own a 49% interest in the newly formed entity. As a result, we have classified NBCU assets and liabilities as held for sale in our Statement of Financial Position.

Capital Finance (36% and 31% of consolidated three-year revenues and total segment profit, respectively) earnings declined to $2.3 billion and $8.6 billion in 2009 and 2008, respectively, in a challenging economic environment, including disruptions in capital markets, challenging credit markets and rising unemployment. Throughout 2008 and 2009, we tightened underwriting standards, shifted teams from origination to collection and maintained a proactive risk management focus. We also reduced our ending net investment (ENI), excluding the effects of currency exchange rates, from $525 billion at December 31, 2008 to $472 billion at December 31, 2009. The current credit cycle has begun to show signs of stabilization and we expect further signs of stabilization as we enter 2010. Our focus is to continue to manage through the current challenging credit environment and continue to reposition General Electric Capital Corporation (GE Capital) as a diversely funded and smaller, more focused finance company with strong positions in several mid-market, corporate and consumer financing segments.

Consumer & Industrial (7% and 2% of consolidated three-year revenues and total segment profit, respectively) is also sensitive to changes in economic conditions. Reflective of the downturn in the U.S. housing market, Consumer & Industrial revenues have declined 17% in 2009 and 7% in 2008. Over the past two years, Consumer & Industrial has worked to reposition its business by eliminating capacity in its incandescent lighting manufacturing sites and investing in energy efficient product manufacturing in locations such as Louisville, Kentucky and Bloomington, Indiana. Segment profit increased 10% in 2009 on higher prices and lower material costs and reflects these cost reduction efforts after declining 65% in 2008, primarily on higher material and other costs.

Overall, acquisitions contributed $3.4 billion, $7.4 billion and $7.7 billion to consolidated revenues in 2009, 2008 and 2007, respectively, excluding the effects of acquisition gains following our adoption of an amendment to Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 810, *Consolidation*. Our consolidated net earnings included approximately $0.5 billion, $0.8 billion and $0.5 billion in 2009, 2008 and 2007, respectively, from acquired businesses. We integrate acquisitions as quickly as possible. Only revenues and earnings from the date we complete the acquisition through the end of the fourth following quarter are attributed to such businesses. Dispositions also affected our ongoing results through lower revenues of $4.7 billion in 2009, higher revenues of $0.1 billion in 2008 and lower revenues of $3.6 billion in 2007. The effects of dispositions on net earnings were increases of $0.6 billion in 2009 and $0.4 billion in both 2008 and 2007.

Significant matters relating to our Statement of Earnings are explained below.

DISCONTINUED OPERATIONS. In September 2007, we committed to a plan to sell our Japanese personal loan business (Lake) upon determining that, despite restructuring, Japanese regulatory limits for interest charges on unsecured personal loans did not permit us to earn an acceptable return. During 2008, we completed the sale of GE Money Japan, which included Lake, along with our Japanese mortgage and card businesses, excluding our minority ownership in GE Nissen Credit Co., Ltd. In December 2007, we completed the exit of WMC as a result of continued pressures in the U.S. subprime mortgage industry. Both of these businesses were previously reported in the Capital Finance segment.

In August 2007, we completed the sale of our Plastics business. We sold this business because of its cyclicality, rising costs of natural gas and raw materials, and the decision to redeploy capital resources into higher-growth businesses.

We reported the businesses described above as discontinued operations for all periods presented. For further information about discontinued operations, see Note 2.

WE DECLARED $6.8 BILLION IN DIVIDENDS IN 2009. Common per-share dividends of $0.61 were down 51% from 2008, following an 8% increase from the preceding year. In February 2009, we announced the reduction of the quarterly GE stock dividend by 68% from $0.31 per share to $0.10 per share, effective with the dividend approved by the Board in June 2009, which was paid in the third quarter. This reduction had the effect of reducing cash outflows of the company by approximately $4 billion in the second half of 2009 and will save approximately $9 billion annually thereafter. On February 12, 2010, our Board of Directors approved a regular quarterly dividend of $0.10 per share of common stock, which is payable April 26, 2010, to shareowners of record at close of business on March 1, 2010. In 2009, we declared $0.3 billion in preferred stock dividends compared with $0.1 billion in 2008.

Except as otherwise noted, the analysis in the remainder of this section presents the results of GE (with GECS included on a one-line basis) and GECS. See the Segment Operations section for a more detailed discussion of the businesses within GE and GECS.

GE SALES OF PRODUCT SERVICES were $35.4 billion in 2009, about flat compared with 2008. Increases in product services at Energy Infrastructure were offset by decreases at Technology Infrastructure and Consumer & Industrial. Operating profit from product services was $10.0 billion in 2009, up 7% from 2008.

POSTRETIREMENT BENEFIT PLANS costs were $2.6 billion, $2.2 billion and $2.6 billion in 2009, 2008 and 2007, respectively. Costs increased in 2009 primarily because of the effects of lower discount rates (principal pension plans discount rate decreased from 6.34% at December 31, 2007 to 6.11% at December 31, 2008) and increases in early retirements resulting from restructuring activities and contractual requirements, partially offset by amortization of prior-years' investment gains and benefits from new healthcare supplier contracts. Costs decreased in 2008 primarily because of the effects of prior-years' investment gains, higher discount rates and benefits from new healthcare supplier contracts, partially offset by additional costs of plan benefits resulting from union negotiations and a pensioner increase in 2007.

Considering the current and expected asset allocations, as well as historical and expected returns on various categories of assets in which our plans are invested, we have assumed that long-term returns on our principal pension plan assets will be 8.5% for cost recognition in 2010, the same level as we assumed in 2009, 2008 and 2007. GAAP provides recognition of differences between assumed and actual returns over a period no longer than the average future service of employees.

We expect the costs of our postretirement benefits, excluding the effects of 2009 restructuring activities, to increase in 2010 by approximately $1.0 billion as compared to 2009, primarily because of the effects of prior-year investment losses and lower discount rates.

Our principal pension plans were underfunded by $6.0 billion at the end of 2009 as compared to $4.4 billion at December 31, 2008. At December 31, 2009, the GE Pension Plan was underfunded by $2.2 billion and the GE Supplementary Pension Plan, which is an unfunded plan, had a projected benefit obligation of $3.8 billion. The increase in underfunding from year-end 2008 was primarily attributable to lower discount rates (principal pension plans discount rate decreased from 6.11% at December 31, 2008 to 5.78% at December 31, 2009, which increased the pension benefit obligation at year-end 2009 by approximately $1.7 billion). Our principal pension plans' assets increased from $40.7 billion at the end of 2008 to $42.1 billion at December 31, 2009, a 10.0% increase in investment values during the year, partially offset by benefit payments. Assets of the GE Pension Plan are held in trust, solely for the benefit of Plan participants, and are not available for general company operations.

On an Employee Retirement Income Security Act (ERISA) basis, the GE Pension Plan remains fully funded at January 1, 2010. We will not make any contributions to the GE Pension Plan in 2010. Assuming our 2010 actual experience is consistent with our current benefit assumptions (e.g., expected return on assets and interest rates), we will not be required to make contributions to the GE Pension Plan in 2011.

At December 31, 2009, the fair value of assets for our other pension plans was $2.7 billion less than the respective projected benefit obligations. The comparable amount at December 31, 2008, was $2.4 billion. We expect to contribute $0.6 billion to our other pension plans in 2010, compared with actual contributions of $0.7 billion and $0.6 billion in 2009 and 2008, respectively. We fund our retiree health benefits on a pay-as-you-go basis. The unfunded liability for our principal retiree health and life plans was $11.6 billion and $10.8 billion at December 31, 2009 and 2008, respectively. This increase was primarily attributable to lower discount rates (retiree health and life plans discount rate decreased from 6.15% at December 31, 2008, to 5.67% at December 31, 2009), which increased the unfunded liability by approximately $0.6 billion. We expect to contribute $0.7 billion to these plans in 2010 compared with actual contributions of $0.6 billion in 2009 and 2008.

The funded status of our postretirement benefits plans and future effects on operating results depend on economic conditions and investment performance. See Note 12 for additional information about funded status, components of earnings effects and actuarial assumptions.

GE OTHER COSTS AND EXPENSES are selling, general and administrative expenses. These costs were 14.3%, 12.9% and 14.2% of total GE sales in 2009, 2008 and 2007, respectively.

INTEREST ON BORROWINGS AND OTHER FINANCIAL CHARGES amounted to $18.8 billion, $26.2 billion and $23.8 billion in 2009, 2008 and 2007, respectively. Substantially all of our borrowings are in financial services, where interest expense was $17.9 billion, $25.1 billion and $22.7 billion in 2009, 2008 and 2007, respectively. GECS average borrowings declined from 2008 to 2009 after increasing from 2007 to 2008, in line with changes in average GECS assets. Interest rates have decreased over the three-year period attributable to declining global benchmark interest rates, partially offset by higher average credit spreads. GECS average borrowings were $499.2 billion, $521.2 billion and $456.4 billion in 2009, 2008 and 2007, respectively. The GECS average composite effective interest rate was 3.6% in 2009, 4.8% in 2008 and 5.0% in 2007. In 2009, GECS average assets of $649.6 billion were 3% lower than in 2008, which in turn were 13% higher than in 2007. We anticipate that GECS composite effective rates will begin to rise in 2010 as benchmark rates begin to rise globally. See the Liquidity and Borrowings section for a discussion of liquidity, borrowings and interest rate risk management.

INCOME TAXES have a significant effect on our net earnings. As a global commercial enterprise, our tax rates are affected by many factors, including our global mix of earnings, the extent to which those global earnings are indefinitely reinvested outside the United States, legislation, acquisitions, dispositions and tax characteristics of our income. Our tax returns are routinely audited and settlements of issues raised in these audits sometimes affect our tax provisions.

Income taxes (benefit) on consolidated earnings from continuing operations were (10.5)% in 2009 compared with 5.3% in 2008 and 15.1% in 2007. Our consolidated 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, and our 2009 and 2008 decisions to indefinitely reinvest prior-year earnings outside the U.S.

Our consolidated income tax rate decreased from 2008 to 2009 primarily because of a reduction during 2009 of income in higher-taxed jurisdictions. This increased the relative effect of our tax benefits from lower-taxed global operations, including the decision, discussed below, to indefinitely reinvest prior-year earnings outside the U.S. These effects were partially offset by a decrease from 2008 to 2009 in the benefit from lower-taxed earnings from global operations.

Cash taxes paid in 2009 were $2.5 billion, reflecting the effects of changes to temporary differences between the carrying amount of assets and liabilities and their tax bases, including the decision, discussed below, to indefinitely reinvest prior-year earnings outside the U.S.

Our consolidated income tax rate decreased from 2007 to 2008 primarily because of a reduction during 2008 of income in higher-taxed jurisdictions. This increased the relative effect of tax benefits from lower-taxed global operations on the tax rate. In addition, earnings from lower-taxed global operations increased from 2007 to 2008. The increase in the benefit from lower-taxed global operations includes a benefit from the 2008 decision to indefinitely reinvest prior-year earnings outside the U.S., because the use of foreign tax credits no longer required the repatriation of those prior-year earnings.

A more detailed analysis of differences between the U.S. federal statutory rate and the consolidated rate, as well as other information about our income tax provisions, is provided in Note 14. The nature of business activities and associated income taxes differ for GE and for GECS and a separate analysis of each is presented in the paragraphs that follow.

Because GE tax expense does not include taxes on GECS earnings, the GE effective tax rate is best analyzed in relation to GE earnings excluding GECS. GE pre-tax earnings from continuing operations, excluding GECS earnings from continuing operations, were $12.6 billion, $14.2 billion and $13.5 billion for 2009, 2008 and 2007, respectively. On this basis, GE's effective tax rate was 21.8% in 2009, 24.2% in 2008 and 20.6% in 2007.

Resolution of audit matters reduced the GE effective tax rate throughout this period. The effects of such resolutions are included in the following captions in Note 14.

	Audit resolutions — effect on GE tax rate, excluding GECS earnings		
	2009	2008	2007
Tax on global activities including exports	**(0.4)%**	—%	(2.6)%
All other — net	**(0.2)**	(0.6)	(2.3)
	(0.6)%	(0.6)%	(4.9)%

The GE effective tax rate decreased from 2008 to 2009 primarily because of the 3.6 percentage point increase in the benefit from lower-taxed earnings from global operations, excluding audit resolutions.

The GE effective tax rate increased from 2007 to 2008 because of the 4.3 percentage point lower 2008 benefit from favorable audit resolutions, partially offset by a 1.2 percentage point increase in the benefit in lower-taxed earnings from global operations, excluding audit resolutions.

The 2007 GE rate reflects the favorable audit resolutions shown above and the benefit of lower-taxed earnings from global operations.

The GECS effective tax rate was 173.4% in 2009, compared with (42.2)% in 2008 and 9.7% in 2007. GE and GECS file a consolidated U.S. federal income tax return that enables GE to use GECS tax deductions and credits to reduce the tax that otherwise would have been payable by GE. The GECS effective tax rate for each period reflects the benefit of these tax reductions. GE makes cash payments to GECS for these tax reductions at the time GE's tax payments are due.

Comparing a tax benefit to pre-tax income resulted in a negative GECS tax rate in 2008 and comparing a tax benefit to pre-tax loss results in the positive GECS tax rate in 2009. The GECS tax rate increased from 2008 to 2009 primarily because of a reduction during 2009 of income in higher-taxed jurisdictions. This had the effect of increasing the relative impact on the rate of tax benefits from lower-taxed global operations, increasing the rate 253.2 percentage points. This more than offset the decline in those benefits decreasing the rate 68.1 percentage points. The decline in tax benefits from lower-taxed global operations includes an offset of 15.9 percentage points for increased benefits from management's decision (discussed below) in 2009 to indefinitely reinvest prior-year earnings outside the U.S. that was larger than the 2008 decision to indefinitely reinvest prior-year earnings outside the U.S.

During 2009, following the change in our external credit ratings, funding actions taken and our continued review of our operations, liquidity and funding, we determined that undistributed prior-year earnings of non-U.S. subsidiaries of GECS, on which we had previously provided deferred U.S. taxes, would now be indefinitely reinvested outside the U.S. This change increased the amount of prior-year earnings indefinitely reinvested outside the U.S. by approximately $2 billion, resulting in an income tax benefit of $0.7 billion in 2009.

The GECS rate decreased from 2007 to 2008 primarily because of a reduction during 2008 of income in higher-taxed jurisdictions. This increased the relative effect of tax benefits from lower-taxed global operations on the tax rate, reducing the rate 30.8 percentage points. In addition, earnings from lower-taxed global operations increased from 2007 to 2008, causing an additional 19.9 percentage point rate reduction. The increase in the benefit from lower taxed global operations includes 6.2 percentage points from the 2008 decision to indefinitely reinvest prior-year earnings outside the U.S. because the use of foreign tax credits no longer required the repatriation of those prior-year earnings.

Global Risk Management

A disciplined approach to risk is important in a diversified organization such as ours in order to ensure that we are executing according to our strategic objectives and that we only accept risk for which we are adequately compensated. We evaluate risk at the individual transaction level, and evaluate aggregate risk at the customer, industry, geographic and collateral-type levels, where appropriate.

The GE Board of Directors (Board) has overall responsibility for risk oversight with a focus on the most significant risks facing the company. At the end of each year, management and the Board jointly develop a list of major risks that GE plans to prioritize in the next year. Throughout the year, the Board and the committees to which it has delegated responsibility dedicate a portion of their meetings to review and discuss specific risk topics in greater detail. Strategic and operational risks are presented and discussed in the context of the CEO's report on operations to the Board at regularly scheduled Board meetings and at presentations to the Board and its committees by the vice chairmen, general counsel and other officers. The Board has delegated responsibility for the oversight of specific risks to Board committees as follows:

- The Audit Committee oversees GE's risk policies and processes relating to the financial statements and financial reporting processes, and key credit risks, liquidity risks, market risks, compliance and the guidelines, policies and processes for monitoring and mitigating those risks. As part of its risk oversight responsibilities for GE overall, the Audit Committee also oversees risks related to GECS. At least two times a year, the Audit Committee receives a risk update, which focuses on the principal risks affecting GE as well as reporting on the company's risk assessment and risk management guidelines, policies and processes; and the Audit Committee annually conducts an assessment of compliance issues and programs.

- The Public Responsibilities Committee oversees risks related to GE's public policy initiatives, the environment and similar matters.
- The Management Development and Compensation Committee monitors the risks associated with management resources, structure, succession planning, development and selection processes, including evaluating the effect compensation structure may have on risk decisions.
- The Nominating and Corporate Governance Committee oversees risks related to the company's governance structure and processes and risks arising from related person transactions.

The GE Board's risk oversight process builds upon management's risk assessment and mitigation processes, which include standardized reviews of long-term strategic and operational planning; executive development and evaluation; regulatory and litigation compliance; health, safety and environmental compliance; financial reporting and controllership; and information technology and security. In August 2009, GE appointed a Chief Risk Officer (CRO) with responsibility for overseeing and coordinating risk assessment and mitigation on an enterprise-wide basis. The CRO leads the Corporate Risk Function and is responsible for the identification of key business risks, ensuring appropriate management of these risks within stated limits, and enforcement through policies and procedures. Management has two committees to further assist it in assessing and mitigating risk. The Policy Compliance Review Board (PCRB) meets between 12 and 14 times a year, is chaired by the company's general counsel and includes the chief financial officer and other senior level functional leaders. It has principal responsibility for monitoring compliance matters across the company. The Corporate Risk Committee (CRC) meets at least four times a year, is chaired by the CRO and comprises the Chairman and CEO and other senior level business and functional leaders. It has principal responsibility for evaluating and addressing risks escalated to the CRO and Corporate Risk Function, and also reports to the Board on risk.

GE's Corporate Risk Function leverages the risk infrastructures in each of our businesses, which have adopted an approach that corresponds to the company's overall risk policies, guidelines and review mechanisms. Our risk infrastructure is designed to identify, evaluate and mitigate risks within each of the following categories:

- **STRATEGIC.** Strategic risk relates to the company's future business plans and strategies, including the risks associated with the markets and industries in which we operate, demand for our products and services, competitive threats, technology and product innovation, mergers and acquisitions and public policy.
- **OPERATIONAL.** Operational risk relates to the effectiveness of our people, integrity of our internal systems and processes, as well as external events that affect the operation of our businesses. It includes product life cycle and execution, product performance, information management and data security, business disruption, human resources and reputation.
- **FINANCIAL.** Financial risk relates to our ability to meet financial obligations and mitigate credit risk, liquidity risk and exposure to broad market risks, including volatility in foreign currency exchange and interest rates and commodity prices. Liquidity risk is the risk of being unable to accommodate liability maturities, fund asset growth and meet contractual obligations through access to funding at reasonable market rates and credit risk is the risk of financial loss arising from a customer or counterparty failure to meet its contractual obligations. We face credit risk in our industrial businesses, as well as in our GECS investing, lending and leasing activities and derivative financial instruments activities.
- **LEGAL AND COMPLIANCE.** Legal and compliance risk relates to changes in the government and regulatory environment, compliance requirements with policies and procedures, including those relating to financial reporting, environmental health and safety, and intellectual property risks. Government and regulatory risk is the risk that the government or regulatory actions will cause us to have to change our business models or practices.

Risks identified through our risk management processes are prioritized and, depending on the probability and severity of the risk, escalated to the CRO. The CRO, in coordination with the CRC, assigns responsibility of the risks to the business or functional leader most suited to manage the risk. Assigned owners are required to continually monitor, evaluate and report on risks for which they bear responsibility. We have general response strategies for managing risks, which categorize risks according to whether the company will avoid, transfer, reduce or accept the risk. These response strategies are tailored to ensure that risks are within acceptable GE Board tolerance levels.

Depending on the nature of the risk involved and the particular business or function affected, we use a wide variety of risk mitigation strategies, including hedging, standardized processes, approvals and operating reviews, insurance and strategic planning reviews. As a matter of policy, we generally hedge the risk of fluctuations in foreign currency exchange rates, interest rates and commodity prices. Our service businesses employ a comprehensive tollgate process leading up to and through the execution of a contractual service agreement to mitigate legal, financial and operational risks. Furthermore, we centrally manage certain risks through insurance determined by the balance between the level of risk retained or assumed and the cost of transferring risk to others. We counteract the risk of fluctuations in economic activity and customer demand by monitoring industry dynamics and responding accordingly, including by adjusting capacity, implementing cost reductions and engaging in mergers and acquisitions.

GECS RISK MANAGEMENT AND OVERSIGHT

GECS has developed a robust risk infrastructure and processes to manage risks related to its businesses and the GE Corporate Risk Function relies upon them in fulfillment of its mission. As discussed above, the GE Audit Committee oversees GECS' risk assessment and management processes.

At the GECS level, the GECS Board of Directors oversees the GECS risk management process, and approves all significant acquisitions and dispositions as well as significant borrowings and investments. All participants in the GECS risk management process must comply with approval limits established by the GECS Board.

GE Capital has established an Enterprise Risk Management Committee (ERMC), comprising the most senior leaders in GE Capital, which has oversight responsibility for identifying, assessing, mitigating and monitoring risk across the entire GE Capital enterprise, including credit, market, operational, legal & compliance, liquidity and funding risk. GE Capital, in coordination with and under the oversight of the GE CRO, provides comprehensive risk reports to the GE Audit Committee. At these meetings, which will occur at least four times a year, GE Capital senior management will focus on the risk strategy and financial services portfolio, including the risk oversight processes used to manage all the elements of risk managed by the ERMC.

GE Capital's risk management approach rests upon three major tenets: a broad spread of risk based on managed exposure limits; senior, secured commercial financings; and a hold to maturity model with transactions underwritten to "on-book" standards.

Dedicated risk professionals across the businesses include underwriters, portfolio managers, collectors, environmental and engineering specialists, and specialized asset managers who evaluate leased asset residuals and remarket off-lease equipment. The senior risk officers have, on average, over 25 years of experience.

Additional information about our liquidity and how we manage this risk can be found in the Financial Resources and Liquidity section and in Notes 10 and 22. Additional information about our credit risk and GECS portfolio can be found in the Financial Resources and Liquidity and Critical Accounting Estimates sections and Notes 1, 3, 6, 22 and 24.

Segment Operations

Our five segments are focused on the broad markets they serve: Energy Infrastructure, Technology Infrastructure, NBC Universal, Capital Finance and Consumer & Industrial. In addition to providing information on segments in their entirety, we have also provided supplemental information for certain businesses within the segments for greater clarity.

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

Segment profit always excludes the effects of principal pension plans, results reported as discontinued operations, earnings attributable to noncontrolling interests of consolidated subsidiaries 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 Energy Infrastructure, Technology Infrastructure, NBC Universal and Consumer & Industrial; included in determining segment profit, which we sometimes refer to as "net earnings," for Capital Finance.

We have reclassified certain prior-period amounts to conform to the current-period's presentation. For additional information about our segments, see Note 27.

Summary of Operating Segments

	General Electric Company and consolidated affiliates				
(In millions)	2009	2008	2007	2006	2005
REVENUES					
Energy Infrastructure	**$ 37,134**	$ 38,571	$ 30,698	$ 25,221	$ 21,921
Technology Infrastructure	**42,474**	46,316	42,801	37,687	33,873
NBC Universal	**15,436**	16,969	15,416	16,188	14,689
Capital Finance	**50,622**	67,008	66,301	56,378	49,071
Consumer & Industrial	**9,703**	11,737	12,663	13,202	13,040
Total segment revenues	**155,369**	180,601	167,879	148,676	132,594
Corporate items and eliminations	**1,414**	1,914	4,609	2,892	3,668
CONSOLIDATED REVENUES	**$156,783**	$182,515	$172,488	$151,568	$136,262
SEGMENT PROFIT					
Energy Infrastructure	**$ 6,842**	$ 6,080	$ 4,817	$ 3,518	$ 3,222
Technology Infrastructure	**7,489**	8,152	7,883	7,308	6,188
NBC Universal	**2,264**	3,131	3,107	2,919	3,092
Capital Finance	**2,344**	8,632	12,243	10,397	8,414
Consumer & Industrial	**400**	365	1,034	970	732
Total segment profit	**19,339**	26,360	29,084	25,112	21,648
Corporate items and eliminations	**(3,904)**	(2,691)	(1,840)	(1,548)	(372)
GE interest and other financial charges	**(1,478)**	(2,153)	(1,993)	(1,668)	(1,319)
GE provision for income taxes	**(2,739)**	(3,427)	(2,794)	(2,552)	(2,678)
Earnings from continuing operations	**11,218**	18,089	22,457	19,344	17,279
Earnings (loss) from discontinued operations, net of taxes	**(193)**	(679)	(249)	1,398	(559)
CONSOLIDATED NET EARNINGS ATTRIBUTABLE TO THE COMPANY	**$ 11,025**	$ 17,410	$ 22,208	$ 20,742	$ 16,720

See accompanying notes to consolidated financial statements.

ENERGY INFRASTRUCTURE

(In millions)	2009	2008	2007
REVENUES	**$37,134**	$38,571	$30,698
SEGMENT PROFIT	**$ 6,842**	$ 6,080	$ 4,817
REVENUES			
Energy (a)	**$30,185**	$31,833	$24,788
Oil & Gas	**7,743**	7,417	6,849
SEGMENT PROFIT			
Energy (a)	**$ 5,782**	$ 5,067	$ 4,057
Oil & Gas	**1,222**	1,127	860

(a) Effective January 1, 2009, our Water business was combined with Energy. Prior-period amounts were reclassified to conform to the current-period's presentation.

Energy Infrastructure segment revenues decreased 4%, or $1.4 billion, in 2009 as higher prices ($1.3 billion) were more than offset by lower volume ($1.6 billion), the stronger U.S. dollar ($0.7 billion) and lower other income ($0.5 billion), primarily related to lower earnings from associated companies and marks on foreign currency contracts. The increase in price was primarily at Energy. The decrease in volume reflected decreased equipment sales at Energy, partially offset by increased equipment sales at Oil & Gas. The effects of the stronger U.S. dollar were at both Energy and Oil & Gas.

Segment profit increased 13% to $6.8 billion, compared with $6.1 billion in 2008, as higher prices ($1.3 billion) and lower material and other costs ($0.5 billion) were partially offset by lower other income ($0.7 billion), primarily related to lower earnings from associated companies and marks on foreign currency contracts, and lower volume ($0.2 billion). Lower material and other costs were primarily at Energy. Lower volume at Energy was partially offset by higher volume at Oil & Gas.

Energy Infrastructure segment revenues rose 26%, or $7.9 billion, in 2008 on higher volume ($6.0 billion), higher prices ($1.4 billion) and the effects of the weaker U.S. dollar ($0.5 billion). The increase in volume reflected increased sales of thermal and wind equipment at Energy, and the effects of acquisitions and increased sales of services at Oil & Gas. The increase in price was primarily at Energy, while the effects of the weaker U.S. dollar were primarily at Energy and Oil & Gas.

Segment profit rose 26% to $6.1 billion in 2008, compared with $4.8 billion in 2007, as higher prices ($1.4 billion), higher volume ($1.0 billion) and the effects of the weaker U.S. dollar ($0.1 billion) more than offset the effects of higher material and other costs ($0.7 billion) and lower productivity ($0.5 billion). Volume and material and other costs increased across all businesses of the segment. The effects of productivity were primarily at Energy.

Energy Infrastructure segment orders were $36.0 billion in 2009, down from $43.2 billion in 2008. The $28.5 billion total backlog at year-end 2009 comprised unfilled product orders of $19.3 billion (of which 84% was scheduled for delivery in 2010) and product services orders of $9.1 billion scheduled for 2010 delivery. Comparable December 31, 2008, total backlog was $32.5 billion, of which $23.0 billion was for unfilled product orders and $9.5 billion, for product services orders. See Corporate Items and Eliminations for a discussion of items not allocated to this segment.

TECHNOLOGY INFRASTRUCTURE

(In millions)	2009	2008	2007
REVENUES	**$42,474**	$46,316	$42,801
SEGMENT PROFIT	**$ 7,489**	$ 8,152	$ 7,883
REVENUES			
Aviation	**$18,728**	$19,239	$16,819
Enterprise Solutions	**3,957**	4,710	4,462
Healthcare	**16,015**	17,392	16,997
Transportation	**3,827**	5,016	4,523
SEGMENT PROFIT			
Aviation	**$ 3,923**	$ 3,684	$ 3,222
Enterprise Solutions	**704**	691	697
Healthcare	**2,420**	2,851	3,056
Transportation	**473**	962	936

Technology Infrastructure revenues decreased 8%, or $3.8 billion, in 2009 as lower volume ($4.1 billion), the stronger U.S. dollar ($0.4 billion) and an update at Transportation of our estimate of product service costs in maintenance service agreements ($0.3 billion) were partially offset by higher prices ($0.5 billion) and higher other income ($0.5 billion), primarily including gains on the ATI-Singapore acquisition, dissolution of the joint venture with FANUC Ltd. and the Times Microwave Systems disposition. The decrease in volume was across all businesses in the segment. The effects of the stronger U.S. dollar were at Healthcare, Enterprise Solutions and Aviation. Higher prices, primarily at Aviation, were partially offset by lower prices at Healthcare.

Segment profit decreased 8% to $7.5 billion in 2009, compared with $8.2 billion in 2008, as the effects of lower volume ($1.0 billion) and lower productivity ($0.4 billion) were partially offset by higher prices ($0.5 billion) and higher other income ($0.4 billion), primarily including gains on the ATI-Singapore acquisition, dissolution of the joint venture with FANUC Ltd. and the Times Microwave Systems disposition. The decrease in volume was across all businesses in the segment. Lower productivity at Transportation and Enterprise Solutions was partially offset by Aviation.

Technology Infrastructure revenues rose 8%, or $3.5 billion, in 2008 on higher volume ($3.0 billion), the effects of the weaker U.S. dollar ($0.3 billion) and higher prices ($0.2 billion). The increase in volume reflected the effects of acquisitions and increased sales of military and commercial engines and services at Aviation; increased sales in the international diagnostic imaging, clinical systems and life sciences businesses of Healthcare; increased equipment sales at Transportation; and increases at Sensing and Inspection Technologies and Digital Energy at Enterprise Solutions. The effects of the weaker U.S. dollar were primarily at Healthcare and Enterprise Solutions. Higher prices were primarily at Aviation and Transportation, partially offset by lower prices at Healthcare.

Segment profit rose 3% to $8.2 billion in 2008, compared with $7.9 billion in 2007, as the effects of productivity ($0.5 billion), higher volume ($0.4 billion) and higher prices ($0.2 billion) more than offset the effects of higher material and other costs ($0.9 billion). The effects of productivity were primarily at Healthcare and Aviation. Volume increases were primarily at Aviation and Transportation. The increase in material costs was primarily at Aviation and Transportation, partially offset by a decrease at Healthcare. Labor and other costs increased across all businesses of the segment.

Technology Infrastructure orders were $41.6 billion in 2009, down from $47.2 billion in 2008. The $38.6 billion total backlog at year-end 2009 comprised unfilled product orders of $26.7 billion (of which 45% was scheduled for delivery in 2010) and product services orders of $11.9 billion scheduled for 2010 delivery. Comparable December 31, 2008, total backlog was $37.6 billion, of which $28.4 billion was for unfilled product orders and $9.2 billion, for product services orders. See Corporate Items and Eliminations for a discussion of items not allocated to this segment.

NBC UNIVERSAL revenues decreased 9%, or $1.5 billion, in 2009 as lower revenues in our broadcast television business ($1.1 billion), reflecting the lack of a current-year counterpart to the 2008 Olympics broadcasts and the effects of lower advertising revenues, lower revenues in film ($0.8 billion) and lower earnings and higher impairments related to associated companies and investment securities ($0.4 billion) were partially offset by the gain relating to A&E Television Network (AETN) ($0.6 billion) and higher revenues in cable ($0.3 billion). Segment profit of $2.3 billion decreased 28%, or $0.9 billion, as lower earnings in film ($0.6 billion), lower earnings and higher impairments related to associated companies and investment securities ($0.4 billion), lack of current-year counterpart to 2008 proceeds from insurance claims ($0.4 billion) and lower earnings in our broadcast television business ($0.2 billion) were partially offset by the gain related to AETN ($0.6 billion) and higher earnings in cable ($0.2 billion).

NBC Universal revenues increased $1.6 billion, or 10%, to $17.0 billion in 2008, as revenues from the Olympics broadcasts ($1.0 billion) and higher revenues in cable ($0.6 billion) and film ($0.4 billion) were partially offset by lower earnings and higher impairments related to associated companies and investment securities ($0.3 billion) and lower revenues from our television business ($0.1 billion). Segment profit of $3.1 billion in 2008 was flat compared with 2007, as higher earnings from cable ($0.3 billion) and proceeds from insurance claims ($0.4 billion) were offset by lower earnings and impairments related to associated companies and investment securities ($0.3 billion), losses from the Olympics broadcasts ($0.2 billion), and lower earnings from our television business ($0.1 billion) and film ($0.1 billion). See Corporate Items and Eliminations for a discussion of items not allocated to this segment.

As of December 31, 2009, our NBC Universal business has been classified as held for sale. For additional information, see Note 2.

CAPITAL FINANCE

(In millions)	2009	2008	2007
REVENUES	$50,622	$67,008	$66,301
SEGMENT PROFIT	$ 2,344	$ 8,632	$12,243

December 31 (In millions)	2009	2008
TOTAL ASSETS	$537,060	$572,903

(In millions)	2009	2008	2007
REVENUES			
CLL [(a)]	$20,523	$26,443	$26,982
Consumer [(a)]	19,268	25,311	25,054
Real Estate	4,009	6,646	7,021
Energy Financial Services	2,117	3,707	2,405
GECAS	4,705	4,901	4,839
SEGMENT PROFIT			
CLL [(a)]	$ 987	$ 1,785	$ 3,787
Consumer [(a)]	1,663	3,684	4,283
Real Estate	(1,541)	1,144	2,285
Energy Financial Services	212	825	677
GECAS	1,023	1,194	1,211

December 31 (In millions)	2009	2008
TOTAL ASSETS		
CLL [(a)]	$205,827	$228,176
Consumer [(a)]	176,046	187,927
Real Estate	81,505	85,266
Energy Financial Services	22,616	22,079
GECAS	51,066	49,455

(a) During the first quarter of 2009, we transferred Banque Artesia Nederland N.V. (Artesia) from CLL to Consumer. Prior-period amounts were reclassified to conform to the current-period's presentation.

Capital Finance revenues decreased 24% and net earnings decreased 73% compared with 2008. Revenues in 2009 and 2008 included $3.0 billion and $0.4 billion of revenue from acquisitions, respectively, and in 2009 were reduced by $4.8 billion as a result of dispositions, including the effect of the deconsolidation of Penske Truck Leasing Co., L.P. (PTL). Revenues in 2009 also decreased $14.1 billion compared with 2008 as a result of organic revenue declines, primarily driven by a lower asset base and a lower interest rate environment, and the stronger U.S. dollar. Net earnings decreased by $6.3 billion in 2009 compared with 2008, primarily due to higher provisions for losses on financing receivables associated with the challenging economic environment, partially offset by lower selling, general and administrative costs and the decision to indefinitely reinvest prior-year earnings outside the U.S.

During 2009, GE Capital provided $72 billion of new financings in the U.S. to various companies, infrastructure projects and municipalities. Additionally, we extended $74 billion of credit to approximately 54 million U.S. consumers. GE Capital provided credit to approximately 14,200 new commercial customers and 40,000 new small businesses during 2009 in the U.S. and ended the period with outstanding credit to more than 346,000 commercial customers and 174,000 small businesses through retail programs in the U.S.

Capital Finance 2008 revenues increased by 1%, and net earnings decreased 29%, compared with 2007. Revenues in 2008 and 2007 included $4.4 billion and $0.5 billion from acquisitions, respectively, and in 2008 were benefited by $0.1 billion as a result of dispositions. Revenues in 2008 also decreased $3.3 billion as a result of organic revenue declines ($4.5 billion), partially offset by the weaker U.S. dollar ($1.2 billion). Net earnings decreased by $3.6 billion in 2008, resulting from core declines ($3.5 billion), including an increase of $1.9 billion in the provision for losses on financing receivables, lower investment income ($0.6 billion) and lower securitization income ($0.4 billion), offset by acquisitions ($0.5 billion), the weaker U.S. dollar ($0.3 billion) and dispositions ($0.1 billion). Net earnings included mark-to-market losses and impairments ($1.4 billion), partially offset by increased tax benefits from lower-taxed earnings from global operations ($0.7 billion) and Genpact mark-to-market gains ($0.2 billion). See Corporate Items and Eliminations for a discussion of items not allocated to this segment.

Additional information about certain Capital Finance businesses follows.

CLL 2009 revenues decreased 22% and net earnings decreased 45% compared with 2008. Revenues in 2009 and 2008 included $1.9 billion and $0.3 billion from acquisitions, respectively, and were reduced by $3.2 billion from dispositions, primarily related to the deconsolidation of PTL. Revenues in 2009 also included $0.3 billion related to a gain on the sale of a partial interest in a limited partnership in PTL and remeasurement of our retained investment. Revenues in 2009 decreased $4.6 billion compared with 2008 as a result of organic revenue declines ($3.9 billion) and the stronger U.S. dollar ($0.7 billion). Net earnings decreased by $0.8 billion in 2009, reflecting higher provisions for losses on financing receivables ($0.5 billion), lower gains ($0.5 billion) and declines in lower-taxed earnings from global operations ($0.4 billion), partially offset by acquisitions ($0.4 billion) and higher investment income ($0.3 billion). Net earnings also included the gain on PTL sale and remeasurement ($0.3 billion) and higher Genpact gains ($0.1 billion), partially offset by mark-to-market losses and other-than-temporary impairments ($0.1 billion).

CLL 2008 revenues decreased 2% and net earnings decreased 53% compared with 2007. Revenues in 2008 and 2007 included $1.8 billion and $0.2 billion, respectively, from acquisitions, and in 2008 were reduced by $0.3 billion as a result of dispositions. Revenues in 2008 decreased $1.9 billion compared with 2007 as a result of organic revenue declines ($2.3 billion), partially offset by the weaker U.S. dollar ($0.4 billion). Net earnings decreased by $2.0 billion in 2008, resulting from core declines ($2.2 billion), including an increase of $0.5 billion in the provision for losses on financing receivables and lower investment income ($0.3 billion), partially offset by acquisitions ($0.4 billion) and the effect of the weaker U.S. dollar ($0.1 billion). Net earnings included mark-to-market losses and impairments ($0.8 billion), the absence of the effects of the 2007 tax benefit on the disposition of our investment in SES ($0.5 billion) and SES gains ($0.1 billion), partially offset by Genpact mark-to-market gains ($0.2 billion).

Consumer 2009 revenues decreased 24% and net earnings decreased 55% compared with 2008. Revenues in 2009 included $1.0 billion from acquisitions (including a gain of $0.3 billion on the remeasurement of our previously held equity investment in BAC Credomatic GECF Inc. (BAC) related to the acquisition of a controlling interest (BAC acquisition gain)) and were reduced by $1.7 billion as a result of dispositions, and the lack of a current-year counterpart to the 2008 gain on sale of our Corporate Payment Services (CPS) business ($0.4 billion). Revenues in 2009 decreased $5.0 billion compared with 2008 as a result of organic revenue declines ($3.4 billion) and the stronger U.S. dollar ($1.6 billion). The decrease in net earnings resulted primarily from core declines ($2.4 billion) and the lack of a current-year counterpart to the 2008 gain on sale of our CPS business ($0.2 billion). These decreases were partially offset by higher securitization income ($0.3 billion), the BAC acquisition gain ($0.2 billion) and the stronger U.S. dollar ($0.1 billion). Core declines primarily resulted from lower results in the U.S., U.K., and our banks in Eastern Europe, reflecting higher provisions for losses on financing receivables ($1.3 billion) and declines in lower-taxed earnings from global operations ($0.7 billion). The benefit from lower-taxed earnings from global operations included $0.5 billion from the decision to indefinitely reinvest prior-year earnings outside the U.S.

Consumer 2008 revenues increased 1% and net earnings decreased 14% compared with 2007. Revenues for 2008 included $0.7 billion from acquisitions and $0.4 billion from the gain on sale of our CPS business and were reduced by $0.2 billion from dispositions. Revenues in 2008 also decreased $0.6 billion compared with 2007 as a result of organic revenue declines ($1.2 billion), partially offset by the weaker U.S. dollar ($0.6 billion). The decrease in net earnings resulted primarily from core declines ($0.5 billion) and lower securitization income ($0.5 billion). The decreases were partially offset by the gain on the sale of our CPS business ($0.2 billion), the weaker U.S. dollar ($0.1 billion) and acquisitions ($0.1 billion). Core declines primarily resulted from lower results in the U.S., reflecting the effects of higher delinquencies ($1.2 billion), partially offset by growth in lower-taxed earnings from global operations ($1.0 billion), including the decision to indefinitely reinvest prior-year earnings outside the U.S.

Real Estate 2009 revenues decreased 40% and net earnings decreased $2.7 billion compared with 2008. Revenues in 2009 decreased $2.6 billion compared with 2008 as a result of organic revenue declines ($2.4 billion), primarily as a result of a decrease in sales of properties, and the stronger U.S. dollar ($0.2 billion). Real Estate net earnings decreased $2.7 billion compared with 2008, primarily from an increase in provisions for losses on financing receivables and impairments ($1.2 billion) and a decrease in gains on sales of properties as compared to the prior period ($1.1 billion). Depreciation expense on real estate equity investments totaled $1.2 billion in both 2009 and 2008. In the normal course of our business operations, we sell certain real estate equity investments when it is economically advantageous for us to do so.

Real Estate assets at December 31, 2009, decreased $3.8 billion, or 4%, from December 31, 2008, including $2.7 billion, or 6%, attributable to a decline in real estate lending reflecting lower originations, principal repayments, and increased loan reserves, and $0.7 billion, or 2%, attributable to a decline in real estate investments principally due to depreciation expense and impairments, partially offset by foreclosures. During 2009, we sold real estate equity investment assets with a book value totaling $1.5 billion, which resulted in net earnings of $0.1 billion that were more than offset by losses, impairments and depreciation.

Real Estate 2008 revenues decreased 5% and net earnings decreased 50% compared with 2007. Revenues for 2008 included $0.3 billion from acquisitions. Revenues in 2008 also decreased $0.7 billion compared with 2007 as a result of organic revenue declines ($0.8 billion), partially offset by the weaker U.S. dollar ($0.2 billion). Real Estate net earnings decreased $1.1 billion compared with 2007, primarily from a decline in net earnings from real estate equity investments ($1.2 billion), partially offset by an increase in net earnings from real estate lending. Net earnings from the sale of real estate equity investments in 2008 were lower as a result of increasingly difficult market conditions.

Real Estate assets at December 31, 2008, increased $6.0 billion, or 8%, from December 31, 2007, including $12.1 billion, or 34%, attributable to an increase in real estate lending, partially offset by a $6.4 billion, or 16%, decline in real estate equity investments. During 2008, we sold real estate equity investment assets with a book value totaling $5.8 billion, which resulted in net earnings of $1.3 billion that were partially offset by losses, impairments and depreciation.

Energy Financial Services 2009 revenues decreased 43% and net earnings decreased 74% compared with 2008. Revenues in 2009 included $0.1 billion of gains from dispositions. Revenues in 2009 also decreased $1.7 billion compared with 2008 as a result of organic declines ($1.7 billion), primarily as a result of the effects of lower energy commodity prices and a decrease in gains on sales of assets. The decrease in net earnings resulted primarily from core declines, including a decrease in gains on sales of assets as compared to the prior period and the effects of lower energy commodity prices.

Energy Financial Services 2008 revenues and net earnings increased 54% and 22%, respectively, compared with 2007. Revenues in 2008 and 2007 included $1.6 billion and $0.3 billion, respectively, from acquisitions. The increase in net earnings resulted primarily from core growth ($0.2 billion), partially offset by lower investment income ($0.1 billion).

GECAS 2009 revenues decreased 4% and net earnings decreased 14% compared with 2008. The decrease in revenues resulted primarily from lower asset sales ($0.2 billion). The decrease in net earnings resulted primarily from lower asset sales ($0.2 billion) and core declines reflecting higher credit losses and impairments.

GECAS 2008 revenues increased 1% and net earnings decreased 1% compared with 2007. The increase in revenues is primarily a result of organic revenue growth ($0.1 billion), partially offset by lower investment income. The decrease in net earnings resulted primarily from lower investment income, partially offset by core growth.

CONSUMER & INDUSTRIAL revenues of $9.7 billion decreased 17%, or $2.0 billion, in 2009 compared with 2008, as lower volume ($2.2 billion) and the stronger U.S. dollar ($0.1 billion) were partially offset by higher prices ($0.2 billion). The decrease in volume primarily reflected tightened consumer spending in the European and U.S. markets. Segment profit increased 10% in 2009 as higher prices ($0.2 billion) and lower material and other costs ($0.2 billion) were partially offset by lower productivity ($0.3 billion) and lower other income ($0.1 billion).

Consumer & Industrial revenues decreased 7%, or $0.9 billion, to $11.7 billion in 2008 compared with 2007 as lower volume ($1.2 billion) was partially offset by higher prices ($0.2 billion) and the effects of the weaker U.S. dollar ($0.1 billion). The decrease in volume reflected tightened spending in the U.S. market. Segment profit decreased 65%, or $0.7 billion, to $0.4 billion as higher material and other costs ($0.4 billion), lower volume ($0.2 billion), lower productivity ($0.1 billion) and the effects of the weaker U.S. dollar on manufacturing costs ($0.1 billion) were partially offset by higher prices ($0.2 billion). See Corporate Items and Eliminations for a discussion of items not allocated to this segment.

CORPORATE ITEMS AND ELIMINATIONS

(In millions)	2009	2008	2007
REVENUES			
Insurance activities	**$ 3,404**	$ 3,335	$ 3,962
Eliminations and other	**(1,990)**	(1,421)	647
Total	**$ 1,414**	$ 1,914	$ 4,609
OPERATING PROFIT (COST)			
Insurance activities	**$ (93)**	$ (202)	$ 145
Principal pension plans	**(547)**	(244)	(755)
Underabsorbed corporate overhead	**(360)**	(341)	(437)
Other	**(2,904)**	(1,904)	(793)
Total	**$(3,904)**	$(2,691)	$(1,840)

Corporate Items and Eliminations include the effects of eliminating transactions between operating segments; results of our insurance activities remaining in continuing operations; certain items in our treasury operations; cost of, and cost reductions from, our principal pension plans; underabsorbed corporate overhead; certain non-allocated amounts described below; and a variety of sundry items. Corporate Items and Eliminations is not an operating segment. Rather, it is added to operating segment totals to reconcile to consolidated totals on the financial statements.

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. In 2009, these included $0.4 billion at each of Capital Finance and Technology Infrastructure, $0.2 billion at Energy Infrastructure and $0.1 billion at Consumer & Industrial, primarily for restructuring, rationalization and other charges and $0.3 billion at NBC Universal, primarily for restructuring, rationalization and other charges and technology and product development costs. In 2008, amounts primarily related to restructuring, rationalization and other charges were $0.5 billion at each of Capital Finance and NBC Universal, $0.4 billion at Technology Infrastructure and $0.3 billion at each of Energy Infrastructure and Consumer & Industrial. Included in these amounts in 2008 were technology and product development costs of $0.2 billion at NBC Universal and $0.1 billion at Technology Infrastructure and net losses on business exits of $0.2 billion at Capital Finance. GECS amounts are on an after-tax basis.

Corporate Items and Eliminations include the elimination of transactions between our segments. In 2007, revenues, eliminations and other included a $0.9 billion gain on sale of a business interest to Hitachi by the Energy business and a $0.6 billion gain on sale of Swiss Re common stock.

In 2009, other operating profit (cost) increased $1.0 billion, primarily due to a $1.1 billion increase in restructuring and other charges, which included a $0.6 billion increase in costs related to environmental remediation matters.

In 2007, other operating profit (cost) reflected a $0.9 billion gain on sale of a business interest to Hitachi by the Energy business and a $0.3 billion (after-tax basis) gain on sale of Swiss Re common stock.

DISCONTINUED OPERATIONS

(In millions)	2009	2008	2007
Loss from discontinued operations, net of taxes	**$(193)**	$(679)	$(249)

Discontinued operations primarily comprised GE Money Japan, WMC and Plastics. Results of these businesses are reported as discontinued operations for all periods presented.

During the third quarter of 2007, we committed to a plan to sell our Lake business and recorded an after-tax loss of $0.9 billion, which represents the difference between the net book value of our Lake business and the projected sale price. During 2008, we completed the sale of GE Money Japan, which included Lake, along with our Japanese mortgage and card businesses, excluding our minority ownership interest in GE Nissen Credit Co., Ltd. In connection with this sale, and primarily related to our Japanese mortgage and card businesses, we recorded an incremental $0.4 billion loss in 2008.

In December 2007, we completed the sale of our WMC business for $0.1 billion in cash, recognizing an after-tax loss of $0.1 billion. In connection with the transaction, certain contractual obligations and potential liabilities related to previously sold loans were retained.

In August 2007, we completed the sale of our Plastics business to Saudi Basic Industries Corporation for $11.6 billion in cash. As a result, we recognized an after-tax gain of $1.6 billion.

Loss from discontinued operations, net of taxes, in 2009, primarily reflected the incremental loss on disposal of GE Money Japan ($0.1 billion).

Loss from discontinued operations, net of taxes, in 2008 was $0.7 billion, primarily reflecting a loss from operations ($0.3 billion), and the estimated incremental loss on disposal of GE Money Japan ($0.4 billion).

Loss from discontinued operations, net of taxes, in 2007 was $0.2 billion, reflecting a loss from operations at WMC ($0.9 billion), an estimated after-tax loss on the planned sale of Lake ($0.9 billion), a loss from operations at GE Money Japan ($0.3 billion), and an after-tax loss on the sale of our WMC business ($0.1 billion), partially offset by a tax adjustment related to the 2004 initial public offering of Genworth ($0.1 billion). This was partially offset by an after-tax gain on sale of our Plastics business ($1.6 billion) and earnings from Plastics operations ($0.3 billion).

For additional information related to discontinued operations, see Note 2.

Geographic Operations

Our global activities span all geographic regions and primarily encompass manufacturing for local and export markets, import and sale of products produced in other regions, leasing of aircraft, sourcing for our plants domiciled in other global regions and provision of financial services within these regional economies. Thus, when countries or regions experience currency and/or economic stress, we often have increased exposure to certain risks, but also often have new profit opportunities. Potential increased risks include, among other things, higher receivable delinquencies and bad debts, delays or cancellations of sales and orders principally related to power and aircraft equipment, higher local currency financing costs and slowdown in established financial services activities. New profit opportunities include, among other things, more opportunities for lower cost outsourcing, expansion of industrial and financial services activities through purchases of companies or assets at reduced prices and lower U.S. debt financing costs.

Revenues are classified according to the region to which products and services are sold. For purposes of this analysis, U.S. is presented separately from the remainder of the Americas. We classify certain operations that cannot meaningfully be associated with specific geographic areas as "Other Global" for this purpose.

GEOGRAPHIC REVENUES

(In billions)	2009	2008	2007
U.S.	**$ 72.5**	$ 85.3	$ 86.2
Europe	**36.9**	44.0	39.9
Pacific Basin	**20.7**	23.6	21.8
Americas	**12.6**	14.8	12.6
Middle East and Africa	**10.0**	10.1	8.0
Other Global	**4.1**	4.7	4.0
Total	**$156.8**	$182.5	$172.5

Global revenues decreased 13% to $84.3 billion in 2009, compared with $97.2 billion and $86.3 billion in 2008 and 2007, respectively. Global revenues to external customers as a percentage of consolidated revenues were 54% in 2009, compared with 53% and 50% in 2008 and 2007, respectively. The effects of currency fluctuations on reported results were to decrease revenues by $3.9 billion in 2009 and increase revenues by $2.0 billion and $4.0 billion in 2008 and 2007, respectively.

GE global revenues in 2009 were $56.4 billion, down 5% over 2008. Increases in emerging markets of 25% in Eastern Europe, 16% in China and 3% in Africa were more than offset by decreases of 17% in the Americas and 7% in Western Europe. GE global revenues as a percentage of total GE revenues were 55% in 2009, compared with 53% and 50% in 2008 and 2007, respectively. GE global revenues were $59.4 billion in 2008, up 19% over 2007, with broad-based global growth.

GECS global revenues decreased 26% to $27.9 billion in 2009, compared with $37.8 billion and $36.5 billion in 2008 and 2007, respectively, primarily as a result of dispositions in Europe and the Pacific Basin. GECS global revenues as a percentage of total GECS revenues were 52% in 2009, compared with 53% and 51% in 2008 and 2007, respectively. The effects of currency fluctuations on reported results were to decrease revenues by $2.5 billion in 2009 and increase revenues by $1.2 billion and $2.3 billion in 2008 and 2007, respectively.

TOTAL ASSETS (CONTINUING OPERATIONS)

December 31 (In billions)	2009	2008
U.S.	**$389.2**	$395.6
Europe	**219.0**	228.0
Pacific Basin	**65.8**	75.0
Americas	**50.0**	40.9
Other Global	**56.3**	56.5
Total	**$780.3**	$796.0

Total assets of global operations on a continuing basis were $391.1 billion in 2009, a decrease of $9.3 billion, or 2%, from 2008. GECS global assets on a continuing basis of $319.1 billion at the end of 2009 were 3% lower than at the end of 2008, reflecting core declines in the Pacific Basin and Europe, partially offset by acquisitions, and the effects of the weaker U.S. dollar, primarily at Consumer and CLL.

Financial results of our global activities reported in U.S. dollars are affected by currency exchange. We use a number of techniques to manage the effects of currency exchange, including selective borrowings in local currencies and selective hedging of significant cross-currency transactions. Such principal currencies are the pound sterling, the euro, the Japanese yen and the Canadian dollar.

Environmental Matters

Our operations, like operations of other companies engaged in similar businesses, involve the use, disposal and cleanup of substances regulated under environmental protection laws. We are involved in a sizeable number of remediation actions to clean up hazardous wastes as required by federal and state laws. Such statutes require that responsible parties fund remediation actions regardless of fault, legality of original disposal or ownership of a disposal site. Expenditures for site remediation actions amounted to approximately $0.3 billion in both 2009 and 2008. We presently expect that such remediation actions will require average annual expenditures of about $0.4 billion over the next two years.

In November 2006, the United States Federal District Court approved a consent decree, which had been agreed to by GE and the United States Environmental Protection Agency (EPA), that represents a comprehensive framework for implementation of EPA's 2002 Record of Decision to dredge polychlorinated biphenyl (PCB)-containing sediments in the upper Hudson River. Under the consent degree, the dredging is to be performed in two phases and Phase I was completed in May through November of 2009. Between Phase I and Phase II there will be an intervening peer review by an independent panel of national experts. The panel will evaluate the performance of Phase I dredging operations with respect to Phase I Engineering Performance Standards, evaluate experience gained from Phase I and may set forth proposed changes to the standards. This evaluation is expected to conclude in the summer of 2010 after which EPA, considering the peer review panel's recommendations, GE's proposed changes, and its own analysis, will issue its regulatory decision setting forth any changes to the scope of, or performance standards for, Phase II. Following EPA's decision, GE has 90 days to either elect to perform Phase II or to opt out of the project, at which point GE may be responsible for further costs. Our statement of financial position as of December 31, 2009, included liabilities for the probable and estimable costs of the project under the consent decree.

Financial Resources and Liquidity

This discussion of financial resources and liquidity addresses the Statement of Financial Position, Liquidity and Borrowings, Debt Instruments, Guarantees and Covenants, the Statement of Changes in Shareowners' Equity, the Statement of Cash Flows, Contractual Obligations, and Variable Interest Entities and Off-Balance Sheet Arrangements.

Overview of Financial Position

Major changes to our shareowners' equity are discussed in the Consolidated Statement of Changes in Shareowners' Equity section. In addition, other significant changes to balances in our Statement of Financial Position follow.

Statement of Financial Position

Because GE and GECS share certain significant elements of their Statements of Financial Position — property, plant and equipment and borrowings, for example — the following discussion addresses significant captions in the "consolidated" statement. Within the following discussions, however, we distinguish between GE and GECS activities in order to permit meaningful analysis of each individual consolidating statement.

INVESTMENT SECURITIES comprise mainly investment-grade debt securities supporting obligations to annuitants and policyholders in our run-off insurance operations and holders of guaranteed investment contracts (GICs), and retained interests in securitization entities. The fair value of investment securities increased to $51.9 billion at December 31, 2009, from $41.4 billion at December 31, 2008, primarily driven by decreases in unrealized losses due to market improvements, investment of cash into short-term investments such as money market funds and certificates of deposits, and an increase in our retained interests in securitization entities. Of the amount at December 31, 2009, we held debt securities with an estimated fair value of $41.7 billion, which included corporate debt securities, residential mortgage-backed securities (RMBS) and commercial mortgage-backed securities (CMBS) with estimated fair values of $25.5 billion, $3.3 billion and $2.7 billion, respectively. Unrealized losses on debt securities were $2.6 billion and $5.4 billion at December 31, 2009 and 2008, respectively. This amount included unrealized losses on corporate debt securities, RMBS and CMBS of $0.8 billion, $0.8 billion and $0.4 billion, respectively, at December 31, 2009, as compared with $2.6 billion, $1.1 billion and $0.8 billion, respectively, at December 31, 2008.

Of the $3.3 billion of RMBS, our exposure to subprime credit was approximately $0.9 billion. These securities are primarily held to support obligations to holders of GICs. We purchased no such securities in 2009 and 2008. These investment securities are collateralized primarily by pools of individual direct mortgage loans, and do not include structured products such as collateralized debt obligations. Additionally, a majority of exposure to residential subprime credit related to investment securities backed by mortgage loans originated in 2006 and 2005.

The vast majority of our CMBS have investment-grade credit ratings from the major rating agencies and are in a senior position in the capital structure of the deal. Our CMBS investments are 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 2006 and 2007.

We regularly review investment securities for impairment. Our review uses both qualitative and quantitative criteria. Effective April 1, 2009, the FASB amended ASC 320, *Investments — Debt and Equity Securities*, and modified the requirements for recognizing and measuring other-than-temporary impairment for debt securities. This did not have a material impact on our results of operations. We presently do not intend to sell our debt securities and believe that it is not more likely than not that we will be required to sell these securities that are in an unrealized loss position before recovery of our amortized cost. If we do not intend to sell the security and it is not more likely than not that we will be required to sell the security before recovery of our amortized cost, we evaluate other qualitative criteria to determine whether a credit loss exists, such as the financial health of and specific prospects for the issuer, including whether the issuer is in compliance with the terms and covenants of the security. Quantitative criteria include determining whether there has been an adverse change in expected future cash flows. With respect to corporate bonds, we placed greater emphasis on the credit quality of the issuer. With respect to RMBS and CMBS, we placed greater emphasis on our expectations with respect to cash flows from the underlying collateral and with respect to RMBS, we considered other features of the security, principally monoline insurance. For equity securities, our criteria include the length of time and magnitude of the amount that each security is in an unrealized loss position. Our other-than-temporary impairment reviews involve our finance, risk and asset management functions as well as the portfolio management and research capabilities of our internal and third-party asset managers.

Monoline insurers (Monolines) provide credit enhancement for certain of our investment securities. The credit enhancement is a feature of each specific security that guarantees the payment of all contractual cash flows, and is not purchased separately by GE. At December 31, 2009, our investment securities insured by Monolines totaled \$2.7 billion, including \$0.8 billion of our \$0.9 billion investment in subprime RMBS. The Monoline industry continues to experience financial stress from increasing delinquencies and defaults on the individual loans underlying insured securities. In evaluating whether a security with Monoline credit enhancement is other-than-temporarily impaired, we first evaluate whether there has been an adverse change in estimated cash flows. If there has been an adverse change in estimated cash flows, we then evaluate the overall creditworthiness of the Monoline using an analysis that is similar to the approach we use for corporate bonds. This includes an evaluation of the following factors: sufficiency of the Monoline's cash reserves and capital, ratings activity, whether the Monoline is in default or default appears imminent, and the potential for intervention by an insurance or other regulator. At December 31, 2009, the unrealized loss associated with securities subject to Monoline credit enhancement for which there is an expected loss was \$0.3 billion, of which \$0.2 billion relates to expected credit losses and the remaining \$0.1 billion relates to other market factors.

Total pre-tax other-than-temporary impairment losses during the period April 1, 2009, through December 31, 2009, were \$0.8 billion, of which \$0.5 billion was recognized in earnings and primarily relates to credit losses on corporate debt securities, RMBS and retained interests in our securitization arrangements, and \$0.3 billion primarily relates to non-credit-related losses on RMBS and is included within accumulated other comprehensive income.

Our qualitative review attempts to identify issuers' securities that are "at-risk" of other-than-temporary impairment, that is, for securities that we do not intend to sell and it is not more likely than not that we will be required to sell before recovery of our amortized cost, whether there is a possibility of credit loss that would result in an other-than-temporary impairment recognition in the following 12 months. Securities we have identified as "at-risk" primarily relate to investments in RMBS securities and corporate debt securities across a broad range of industries. The amount of associated unrealized loss on these securities at December 31, 2009, is \$0.6 billion. Credit losses that would be recognized in earnings are calculated when we determine the security to be other-than-temporarily impaired. Continued uncertainty in the capital markets may cause increased levels of other-than-temporary impairments.

At December 31, 2009, unrealized losses on investment securities totaled \$2.6 billion, including \$2.4 billion aged 12 months or longer, compared with unrealized losses of \$5.7 billion, including \$3.5 billion aged 12 months or longer, at December 31, 2008. Of the amount aged 12 months or longer at December 31, 2009, more than 70% of our debt securities were considered to be investment grade by the major rating agencies. In addition, of the amount aged 12 months or longer, \$1.5 billion and \$0.7 billion related to structured securities (mortgage-backed, asset-backed and securitization retained interests) and corporate debt securities, respectively. With respect to our investment securities that are in an unrealized loss position at December 31, 2009, the vast majority relate to debt securities held to support obligations to holders of GICs and annuitants and policyholders in our run-off insurance operations. We presently do not intend to sell our debt securities and believe that it is not more likely than not that we will be required to sell these securities that are in an unrealized loss position before recovery of our amortized cost. The fair values used to determine these unrealized gains and losses are those defined by relevant accounting standards and are not a forecast of future gains or losses. For additional information, see Note 3.

FAIR VALUE MEASUREMENTS. We adopted ASC 820, *Fair Value Measurements and Disclosures*, in two steps; effective January 1, 2008, we adopted it for all financial instruments and non-financial instruments accounted for at fair value on a recurring basis and effective January 1, 2009, for all non-financial instruments accounted for at fair value on a non-recurring basis. Adoption of this did not have a material effect on our financial position or results of operations. Additional information about our application of this guidance is provided in Note 21.

Investments measured at fair value in earnings include retained interests in securitizations accounted for at fair value and equity investments of \$3.1 billion at year-end 2009. The earnings effects of changes in fair value on these assets, favorable and unfavorable, will be reflected in the period in which those changes occur. As discussed in Note 9, we also have assets that are classified as held for sale in the ordinary course of business, primarily credit card receivables, loans and real estate properties, carried at \$3.7 billion at year-end 2009, which represents the lower of carrying amount or estimated fair value less costs to sell. To the extent that the estimated fair value less costs to sell is lower than carrying value, any favorable or unfavorable changes in fair value will be reflected in earnings in the period in which such changes occur.

WORKING CAPITAL, representing GE current receivables and inventories, less GE accounts payable and progress collections, was \$(1.6) billion at December 31, 2009, down \$5.5 billion from December 31, 2008, primarily reflecting the effects of operating initiatives and the classification of NBCU and our Security business as held for sale. As Energy delivers units out of its backlog over the next few years, progress collections of \$13.0 billion at December 31, 2009, will be earned, which, along with progress collections on new orders, will impact working capital. Throughout the last three years, we have executed a significant number of initiatives through our Operating Council, such as lean cycle time projects, which have resulted in working capital decreases. We expect to continue these initiatives in 2010, which should have the effect of significantly offsetting the effects of decreases in progress collections.

We discuss current receivables and inventories, two important elements of working capital, in the following paragraphs.

CURRENT RECEIVABLES for GE totaled to $9.8 billion at the end of 2009 and $15.1 billion at the end of 2008, and included $7.5 billion due from customers at the end of 2009 compared with $11.3 billion at the end of 2008. GE current receivables turnover, including NBCU, was 8.0 in 2009, compared with 7.5 in 2008. The overall reduction in current receivables was due to the Operating Council initiatives and lower volume across our industrial businesses and the classification of NBCU and our Security business as held for sale. See Note 4.

INVENTORIES for GE totaled to $11.9 billion at December 31, 2009, down $1.7 billion from the end of 2008. This decrease reflected lower inventories at Technology Infrastructure and the classification of our Security business and NBCU as held for sale, partially offset by higher inventories at Energy Infrastructure supporting the significant backlog. GE inventory turnover, including NBCU, was 7.9 and 8.0 in 2009 and 2008, respectively. See Note 5.

FINANCING RECEIVABLES is our largest category of assets and represents one of our primary sources of revenues. A discussion of the quality of certain elements of the financing receivables portfolio follows.

Our portfolio of financing receivables is diverse and not directly comparable to major U.S. banks. Historically, we have had less consumer exposure, which over time has had higher loss rates than commercial exposure.

Our consumer portfolio is largely non-U.S. and primarily comprises mortgage, sales finance, auto and personal loans in various European and Asian countries. Our U.S. consumer financing receivables comprise 7% of our total portfolio. Of those, approximately 36% relate primarily to credit cards, which are often subject to profit and loss sharing arrangements with the retailer (the results of which are reflected in GECS revenues), and have a smaller average balance and lower loss severity as compared to bank cards. The remaining 64% are sales finance receivables, which provide electronics, recreation, medical and home improvement financing to customers. In 2007, we exited the U.S. mortgage business and we have no U.S. auto or student loans.

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, including industrial-related facilities and equipment; commercial and residential real estate; vehicles, aircraft, and equipment used in many industries, including the construction, manufacturing, transportation, telecommunications and healthcare industries. We are in a secured position for substantially all of this portfolio.

Overall, we believe that the global economic markets are beginning to stabilize and we expect that our financing receivables portfolio will begin to reflect this over the course of 2010. We believe that the commercial financing markets in which we operate (excluding commercial real estate, discussed below) are likewise becoming more stable, and loss severity remains within an expected range. Delinquency and non-earnings rates in these businesses are beginning to show signs of improvement and originations, while down, are at generally higher margins. In our Consumer businesses, we continued throughout 2009 to raise underwriting standards, reduce open credit commitments and maintain discipline in collections. The performance of this business has historically been linked to the global economy and unemployment levels and we expect 2010 losses to be about the same as our experience in 2009. Real Estate continues to be under pressure, with limited market liquidity and challenging economic conditions. We have and continue to maintain an intense focus on operations and risk management; however, we expect current economic conditions to persist in 2010, which will likely result in higher losses for Real Estate compared with 2009.

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. Such 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. 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. Effective January 1, 2009, 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 loan losses is not carried over at acquisition. This may result in lower reserve coverage ratios prospectively.

For purposes of the discussion that follows, "delinquent" receivables are those that are 30 days or more past due based on their contractual terms; and "nonearning" receivables are those that are 90 days or more past due (or for which collection has otherwise become doubtful). Nonearning receivables exclude loans purchased at a discount (unless they have deteriorated post acquisition). Under ASC 310, *Receivables*, these loans 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. In addition, nonearning receivables exclude loans that are paying currently under a cash accounting basis, but classified as impaired. Recently restructured financing receivables are not considered delinquent when payments are brought current according to the restructured terms, but may remain classified as nonearning until there has been a period of satisfactory payment performance by the borrower and future payments are reasonably assured of collection.

December 31 (In millions)	Financing receivables 2009	Financing receivables 2008	Nonearning receivables 2009	Nonearning receivables 2008	Allowance for losses 2009	Allowance for losses 2008
CLL [(a)]						
Americas	**$ 87,496**	$105,410	**$ 3,155**	$1,974	**$1,179**	$ 843
Europe	**39,476**	37,767	**1,380**	345	**544**	288
Asia	**13,202**	16,683	**576**	306	**244**	163
Other	**771**	786	**10**	2	**8**	2
CONSUMER [(a)]						
Non-U.S. residential mortgages [(b)]	**58,831**	60,753	**4,552**	3,321	**952**	383
Non-U.S. installment and revolving credit	**25,208**	24,441	**454**	413	**1,187**	1,051
U.S. installment and revolving credit	**23,190**	27,645	**841**	758	**1,698**	1,700
Non-U.S. auto	**13,485**	18,168	**73**	83	**312**	222
Other	**12,808**	11,541	**645**	175	**318**	226
REAL ESTATE [(c)]	**44,841**	46,735	**1,252**	194	**1,494**	301
ENERGY FINANCIAL SERVICES	**7,790**	8,392	**78**	241	**28**	58
GECAS	**15,319**	15,429	**167**	146	**107**	60
OTHER [(d)]	**2,614**	4,031	**72**	38	**34**	28
TOTAL	**$345,031**	$377,781	**$13,255**	$7,996	**$8,105**	$5,325

(a) During the first quarter of 2009, we transferred Artesia from CLL to Consumer. Prior-period amounts were reclassified to conform to the current-period's presentation.

(b) At December 31, 2009, net of credit insurance, approximately 24% of this portfolio comprised loans with introductory, below-market rates that are scheduled to adjust at future dates; with high loan-to-value ratios at inception; whose terms permitted interest-only payments; or whose terms resulted in negative amortization. At origination, we underwrite loans with an adjustable rate to the reset value. 82% of these loans are in our U.K. and France portfolios, which comprise mainly loans with interest-only payments and introductory below-market rates, have a delinquency rate of 18.3% and have loan-to-value ratio at origination of 74%. At December 31, 2009, 1% (based on dollar values) of these loans in our U.K. and France portfolios have been restructured.

(c) Financing receivables included $317 million and $731 million of construction loans at December 31, 2009 and 2008, respectively.

(d) Consisted of loans and financing leases related to certain consolidated, liquidating securitization entities.

December 31	Nonearning receivables as a percent of financing receivables 2009	Nonearning receivables as a percent of financing receivables 2008	Allowance for losses as a percent of nonearning receivables 2009	Allowance for losses as a percent of nonearning receivables 2008	Allowance for losses as a percent of total financing receivables 2009	Allowance for losses as a percent of total financing receivables 2008
CLL [(a)]						
Americas	**3.6%**	1.9%	**37.4%**	42.7%	**1.3%**	0.8%
Europe	**3.5**	0.9	**39.4**	83.5	**1.4**	0.8
Asia	**4.4**	1.8	**42.4**	53.3	**1.8**	1.0
Other	**1.3**	0.3	**80.0**	100.0	**1.0**	0.3
CONSUMER [(a)]						
Non-U.S. residential mortgages	**7.7**	5.5	**20.9**	11.5	**1.6**	0.6
Non-U.S. installment and revolving credit	**1.8**	1.7	**261.5**	254.5	**4.7**	4.3
U.S. installment and revolving credit	**3.6**	2.7	**201.9**	224.3	**7.3**	6.1
Non-U.S. auto	**0.5**	0.5	**427.4**	267.5	**2.3**	1.2
Other	**5.0**	1.5	**49.3**	129.1	**2.5**	2.0
REAL ESTATE	**2.8**	0.4	**119.3**	155.2	**3.3**	0.6
ENERGY FINANCIAL SERVICES	**1.0**	2.9	**35.9**	24.1	**0.4**	0.7
GECAS	**1.1**	0.9	**64.1**	41.1	**0.7**	0.4
OTHER	**2.8**	0.9	**47.2**	73.7	**1.3**	0.7
TOTAL	**3.8%**	2.1%	**61.1%**	66.6%	**2.3%**	1.4%

(a) During the first quarter of 2009, we transferred Artesia from CLL to Consumer. Prior-period amounts were reclassified to conform to the current-period's presentation.

Further information on the determination of the allowance for losses on financing receivables is provided in the Critical Accounting Estimates section and Note 1.

The portfolio of financing receivables, before allowance for losses, was $345.0 billion at December 31, 2009, and $377.8 billion at December 31, 2008. Financing receivables, before allowance for losses, decreased $32.8 billion from December 31, 2008, primarily as a result of core declines of $52.1 billion mainly from collections exceeding originations ($44.0 billion) (which includes securitization and sales), partially offset by the weaker U.S. dollar ($17.8 billion) and acquisitions ($11.9 billion).

Related nonearning receivables totaled $13.3 billion (3.8% of outstanding receivables) at December 31, 2009, compared with $8.0 billion (2.1% of outstanding receivables) at December 31, 2008. Nonearning receivables increased from December 31, 2008, primarily in connection with the challenging global economic environment, increased deterioration in the real estate markets and rising unemployment.

The allowance for losses at December 31, 2009, totaled $8.1 billion compared with $5.3 billion at December 31, 2008, representing our best estimate of probable losses inherent in the portfolio and reflecting the then-current credit and economic environment. Allowance for losses increased $2.8 billion from December 31, 2008, primarily due to increasing delinquencies and nonearning receivables, reflecting the continued weakened economic and credit environment.

"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 nonearning receivables are excluded from this definition, as they represent smaller balance homogenous loans that we evaluate collectively by portfolio for impairment.

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

Specific reserves are recorded for individually impaired loans to the extent we judge principal to be uncollectible. Certain loans classified as impaired may not require a reserve. In these circumstances, we believe that we will ultimately collect the unpaid balance (through collection or collateral repossession).

Further information pertaining to loans classified as impaired and specific reserves is included in the table below.

December 31 (In millions)	2009	2008
Loans requiring allowance for losses	**$ 9,145**	$2,712
Loans expected to be fully recoverable	**3,741**	871
Total impaired loans	**$12,886**	$3,583
Allowance for losses (specific reserves)	**$ 2,331**	$ 635
Average investment during the period	**8,493**	2,064
Interest income earned while impaired[(a)]	**227**	48

(a) Recognized principally on cash basis.

Impaired loans increased by $9.3 billion from December 31, 2008, to December 31, 2009, primarily relating to increases at Real Estate ($5.7 billion) and CLL ($2.7 billion). 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 classify Real Estate loans as impaired 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 contractual terms. The increase in impaired loans and related specific reserves at Real Estate reflects our current estimate of collateral values of the underlying properties, and our estimate of loans which are not past due, but for which it is probable that we will be unable to collect the full principal balance at maturity due to a decline in the underlying value of the collateral. Of our $6.5 billion impaired loans at Real Estate at December 31, 2009, approximately $4.4 billion are currently paying in accordance with the contractual terms of the loan. Impaired loans at CLL primarily represent senior secured lending positions.

Our loss mitigation strategy intends 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). As required by GAAP, TDRs are included in impaired loans. As of December 31, 2009, TDRs included in impaired loans were $3.0 billion, primarily relating to Real Estate ($1.1 billion), CLL ($1.0 billion) and Consumer ($0.9 billion).

CLL—AMERICAS. Nonearning receivables of $3.2 billion represented 23.8% of total nonearning receivables at December 31, 2009. The ratio of allowance for losses as a percent of nonearning receivables declined from 42.7% at December 31, 2008, to 37.4% at December 31, 2009, primarily from an increase in secured exposures requiring relatively lower specific reserve levels, based upon the strength of the underlying collateral values. The ratio of nonearning receivables as a percent of financing receivables increased from 1.9% at December 31, 2008, to 3.6% at December 31, 2009, primarily from an increase in nonearning receivables in our senior secured lending portfolio concentrated in the following industries: media, communications, corporate aircraft, auto, transportation, retail/publishing, inventory finance, and franchise finance.

CLL—EUROPE. Nonearning receivables of $1.4 billion represented 10.4% of total nonearning receivables at December 31, 2009. The ratio of allowance for losses as a percent of nonearning receivables declined from 83.5% at December 31, 2008, to 39.4% at December 31, 2009, primarily from the increase in nonearning receivables related to the acquisition of Interbanca S.p.A. The ratio of nonearning receivables as a percent of financing receivables increased from 0.9% at December 31, 2008, to 3.5% at December 31, 2009, primarily from the increase in nonearning receivables related to the acquisition of Interbanca S.p.A. and an increase in nonearning receivables in secured lending in the automotive industry.

CLL—ASIA. Nonearning receivables of $0.6 billion represented 4.3% of total nonearning receivables at December 31, 2009. The ratio of allowance for losses as a percent of nonearning receivables declined from 53.3% at December 31, 2008, to 42.4% at December 31, 2009, primarily due to an increase in nonearning receivables in secured exposures, which did not require significant specific reserves based upon the strength of the underlying collateral values. The ratio of nonearning receivables as a percent of financing receivables increased from 1.8% at December 31, 2008, to 4.4% at December 31, 2009, primarily from an increase in nonearning receivables at our corporate asset-based, distribution finance and corporate air secured financing businesses in Japan, Australia, New Zealand and India and a lower financing receivables balance.

CONSUMER—NON-U.S. RESIDENTIAL MORTGAGES. Nonearning receivables of $4.6 billion represented 34.3% of total nonearning receivables at December 31, 2009. The ratio of allowance for losses as a percent of nonearning receivables increased from 11.5% at December 31, 2008, to 20.9% at December 31, 2009. In 2009, our nonearning receivables increased primarily as a result of the continued decline in the U.K. housing market, partially offset by increased foreclosures. 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 82% and 68%, respectively. Less than 4% of these loans are without mortgage insurance and have a reindexed loan-to-value ratio equal to or greater than 100%. 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 December 31, 2009, we had in repossession stock approximately 1,200 houses in the U.K., which had a value of approximately $0.2 billion.

CONSUMER—NON-U.S. INSTALLMENT AND REVOLVING CREDIT. Nonearning receivables of $0.5 billion represented 3.4% of total nonearning receivables at December 31, 2009. The ratio of allowance for losses as a percent of nonearning receivables increased from 254.5% at December 31, 2008, to 261.5% at December 31, 2009, reflecting increases in allowance for loan losses, partially offset by the effects of loan repayments and reduced originations. Allowance for losses as a percent of financing receivables increased from 4.3% at December 31, 2008, to 4.7% at December 31, 2009, as increases in allowance for loan losses were driven by the effects of increased delinquencies in Europe and Australia, partially offset by the effects of business dispositions.

CONSUMER—U.S. INSTALLMENT AND REVOLVING CREDIT. Nonearning receivables of $0.8 billion represented 6.3% of total nonearning receivables at December 31, 2009. The ratio of allowance for losses as a percent of nonearning receivables declined from 224.3% at December 31, 2008, to 201.9% at December 31, 2009, as a result of the effects of loan repayments and better entry rates, partially offset by increases in the allowance for loan losses due to the effects of the continued deterioration in our U.S. portfolio in connection with rising unemployment.

REAL ESTATE. Nonearning receivables of $1.3 billion represented 9.4% of total nonearning receivables at December 31, 2009. The $1.1 billion increase in nonearning receivables from December 31, 2008, was driven primarily by increased delinquencies in the U.S. apartment and office loan portfolios, which have been adversely affected by rent and occupancy declines. The ratio of allowance for losses as a percent of total financing receivables increased from 0.6% at December 31, 2008, to 3.3% at December 31, 2009, driven primarily by continued economic deterioration in the U.S. and the U.K. markets, which resulted in an increase in both specific and general credit loss provisions. The ratio of allowance for losses as a percent of nonearning receivables declined from 155.2% at December 31, 2008, to 119.3% at December 31, 2009, reflecting a higher proportion of the allowance being attributable to specific reserves and our estimate of underlying collateral values. The allowance for losses on our real estate receivables may continue to be adversely affected as the overall challenging economic environment continues to pressure underlying property values. At December 31, 2009, real estate held for investment included $0.8 billion representing 82 foreclosed commercial real estate properties.

DELINQUENCY RATES on managed equipment financing loans and leases and managed consumer financing receivables follow.

	Delinquency rates at		
December 31	**2009**	2008	2007
Equipment Financing	**2.81%**	2.17%	1.21%
Consumer	**8.82**	7.43	5.38
U.S.	**7.66**	7.14	5.52
Non-U.S.	**9.34**	7.57	5.32

Delinquency rates on equipment financing loans and leases increased from December 31, 2008 and 2007, to December 31, 2009, as a result of the continuing weakness in the global economic and credit environment. In addition, delinquency rates on equipment financing loans and leases increased nine basis points from December 31, 2008, to December 31, 2009, as a result of the inclusion of the CitiCapital acquisition. The challenging credit environment may continue to lead to a higher level of commercial delinquencies and provisions for financing receivables and could adversely affect results of operations at CLL.

Delinquency rates on consumer financing receivables increased from December 31, 2008 and 2007, to December 31, 2009, primarily because of rising unemployment, a challenging economic environment and lower volume. In response, we continued to tighten underwriting standards globally, increased focus on collection effectiveness and will continue the process of regularly reviewing and adjusting reserve levels. We expect the global environment, along with U.S. unemployment levels, to further show signs of stabilization in 2010; however, a continued challenging economic environment may continue to result in higher provisions for loan losses and could adversely affect results of operations at Consumer. At December 31, 2009, roughly 39% of our U.S. managed portfolio (excluding delinquent or impaired), which consisted of credit cards, installment and revolving loans, was receivable from subprime borrowers. We had no U.S. subprime residential mortgage loans at December 31, 2009. See Note 6.

OTHER GECS RECEIVABLES totaled $18.8 billion at December 31, 2009, and $18.6 billion at December 31, 2008, and consisted primarily of amounts due from GE (generally related to material procurement programs of $2.5 billion and $3.0 billion at December 31, 2009 and 2008, respectively), amounts due from Qualified Special Purpose Entities (QSPEs), insurance receivables, nonfinancing customer receivables, amounts accrued from investment income, amounts due under operating leases and various sundry items.

PROPERTY, PLANT AND EQUIPMENT totaled $69.2 billion at December 31, 2009, down $9.3 billion from 2008, primarily reflecting the deconsolidation of PTL and the classification of NBCU and our Security business as held for sale. GE property, plant and equipment consisted of investments for its own productive use, whereas the largest element for GECS was equipment provided to third parties on operating leases. Details by category of investment are presented in Note 7.

GE additions to property, plant and equipment totaled $2.4 billion and $3.0 billion in 2009 and 2008, respectively. Total expenditures, excluding equipment leased to others, for the past five years were $13.9 billion, of which 38% was investment for growth through new capacity and product development; 28% was investment in productivity through new equipment and process improvements; and 34% was investment for other purposes such as improvement of research and development facilities and safety and environmental protection.

GECS additions to property, plant and equipment were $6.4 billion and $13.3 billion during 2009 and 2008, respectively, primarily reflecting acquisitions and additions of commercial aircraft at the GECAS business of Capital Finance.

GOODWILL AND OTHER INTANGIBLE ASSETS totaled $65.6 billion and $11.9 billion, respectively, at December 31, 2009. Goodwill decreased $16.2 billion from 2008, primarily from dispositions (including the classification of NBCU and our Security business as held for sale) and the PTL deconsolidation, partially offset by the effects of the weaker U.S. dollar and acquisitions, including BAC and Interbanca S.p.A. by Capital Finance and Airfoils Technologies International — Singapore Pte. Ltd. (ATI — Singapore) at Technology Infrastructure. Other intangible assets decreased $3.0 billion from 2008, primarily from dispositions and amortization expense. See Note 8.

ALL OTHER ASSETS totaled $103.4 billion at December 31, 2009, a decrease of $3.5 billion, reflecting the classification of NBCU as held for sale and decreases in the fair value of derivative instruments, partially offset by a $5.8 billion equity method investment in PTL following our partial sale in the first quarter of 2009 and increases in contract costs and estimated earnings. We recognized other-than-temporary impairments of cost and equity method investments of $0.9 billion and $0.5 billion in 2009 and 2008, respectively. See Note 9.

Included in other assets are Real Estate equity investments of $32.2 billion and $32.8 billion at December 31, 2009 and 2008, respectively. Our portfolio is diversified, both geographically and by asset type. However, the global real estate market is subject to periodic cycles that can cause significant fluctuations in market value. Throughout the year, these markets have been increasingly affected by rising unemployment, a slowdown in general business activity and continued challenging conditions in the credit markets. We expect these markets will continue to be affected while the economic environment remains challenging.

We review the estimated values of our commercial real estate investments semi-annually. As of our most recent estimate performed in 2009, the carrying value of our Real Estate investments exceeded their estimated value by about $7 billion. The estimated value of the portfolio reflects the continued deteriorating real estate values and market fundamentals, including reduced market occupancy rates and market rents as well as the effects of limited real estate market liquidity. Given the current and expected challenging market conditions, there continues to be risk and uncertainty surrounding commercial real estate values and our unrealized loss on real estate equity properties may continue to increase. 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. When we recognize an impairment, the impairment is measured based upon the fair value of the underlying asset which is based upon current market data, including current capitalization rates. During 2009, Real Estate recognized pre-tax impairments of $0.8 billion in its real estate investments, compared with $0.3 billion for the comparable period in 2008. Continued deterioration in economic and market conditions may result in further impairments being recognized.

Contract costs and estimated earnings reflect revenues earned in excess of billings on our long-term contracts to construct technically complex equipment (such as power generation, aircraft engines and aeroderivative units) and long-term product maintenance or extended warranty arrangements. Our total contract costs and estimated earnings balances at December 31, 2009 and 2008, were $7.4 billion and $6.0 billion, respectively, reflecting the timing of billing in relation to work performed, as well as changes in estimates of future revenues and costs. Our total contract costs and estimated earnings balance at December 31, 2009, primarily related to customers in our Energy, Aviation and Transportation businesses. Further information is provided in the Critical Accounting Estimates section.

LIQUIDITY AND BORROWINGS

We manage our liquidity to help ensure access to sufficient funding at acceptable costs to meet our business needs and financial obligations throughout business cycles. Our obligations include principal payments on outstanding borrowings, interest on borrowings, purchase obligations for inventory and equipment and general obligations such as collateral deposits held or collateral required to be posted to counterparties, payroll and general expenses. We rely on cash generated through our operating activities as well as unsecured and secured funding sources, including commercial paper, term debt, bank borrowings, securitization and other retail funding products.

Sources for payment of our obligations are determined through our annual financial and strategic planning processes. Our 2010 funding plan anticipates repayment of principal on outstanding short-term borrowings ($133.1 billion at December 31, 2009) through commercial paper issuances; cash on hand; long-term debt issuances; collections of financing receivables exceeding originations; and deposit funding and alternative sources of funding.

Interest on borrowings is primarily funded through interest earned on existing financing receivables. During 2009, GECS earned interest income on financing receivables of $23.4 billion, which more than offset interest expense of $17.9 billion. Purchase obligations and other general obligations are funded through customer sales revenues (industrial) or collection of principal on our existing portfolio of loans and leases (financial services), cash on hand and operating cash flow.

We maintain a strong focus on our liquidity. Since the fourth quarter of 2008, we have taken a number of actions to strengthen and maintain liquidity, including:

- At December 31, 2009, our cash and equivalents were $72.3 billion and committed credit lines were $51.7 billion, which in the aggregate were more than twice our GECS commercial paper borrowings balance. We intend to maintain committed credit lines and cash in excess of GECS commercial paper borrowings going forward.
- In 2009, we reduced ENI (excluding the effects of currency exchange rates) in our Capital Finance business by approximately $53 billion, primarily through slowing originations.
- GECS commercial paper borrowings were $47.3 billion at December 31, 2009, compared with $71.8 billion at December 31, 2008.
- We have completed our long-term debt funding target of $38 billion for 2010, and in 2010 have issued $5.1 billion (through February 15, 2010) towards our long-term debt funding target for 2011.
- During 2009, we issued an aggregate of $23.2 billion of long-term debt (including $3.2 billion in the fourth quarter) that is not guaranteed under the Federal Deposit Insurance Corporation's (FDIC) Temporary Liquidity Guarantee Program (TLGP).
- At GECS, we are managing collections versus originations to help support liquidity needs. In 2009, collections exceeded originations by approximately $44.0 billion.
- As of December 31, 2009, we had issued notes from our securitization platforms in an aggregate amount of $14.0 billion; $4.3 billion of these notes were eligible for investors to use as collateral under the Federal Reserve Bank of New York's Term Asset-Backed Securities Loan Facility (TALF).
- In February 2009, we announced the reduction of the quarterly GE stock dividend by 68%, from $0.31 per share to $0.10 per share, effective with the dividend approved by the Board in June 2009, which was paid in the third quarter. This reduction had the effect of reducing cash outflows of the company by approximately $4 billion in the second half of 2009 and will save approximately $9 billion annually thereafter.
- In September 2008, we reduced the GECS dividend to GE and suspended our stock repurchase program. Effective January 2009, we fully suspended the GECS dividend to GE.
- In October 2008, we raised $15 billion in cash through common and preferred stock offerings and we contributed $15 billion to GECS, including $9.5 billion in the first quarter of 2009 (of which $8.8 billion was further contributed to GE Capital through capital contribution and share issuance), in order to improve tangible capital and reduce leverage.

CASH AND EQUIVALENTS. We have cash and equivalents of $72.3 billion at December 31, 2009, which is available to meet Company needs. A substantial portion of this is freely available. About $8 billion is in regulated entities and is subject to regulatory restrictions. About $9 billion is held outside the U.S. and is available to fund operations and other growth of non-U.S. subsidiaries; it is also available to fund Company needs in the U.S. on a short-term basis (without being subject to U.S. tax). We anticipate that we will continue to generate cash from operating activities in the future, which will be available to help meet our liquidity needs. We also generate substantial cash from the principal collections of loans and rentals from leased assets.

We have committed, unused credit lines totaling $51.7 billion that had been extended to us by 59 financial institutions at December 31, 2009. These lines include $36.8 billion of revolving credit agreements under which we can borrow funds for periods exceeding one year. Additionally, $14.4 billion are 364-day lines that contain a term-out feature that allows us to extend borrowings for one year from the date of expiration of the lending agreement.

FUNDING PLAN. In 2009, GECS issued $69.7 billion of long-term debt, including $46.5 billion issued under the TLGP and $23.2 billion in non-guaranteed senior, unsecured debt with maturities up to 30 years. Included in our 2009 issuances is $38 billion that represents the pre-funding of our 2010 long-term debt funding plan. In 2010, we have issued $5.1 billion (through February 15, 2010) toward our 2011 long-term funding plan.

Under the TLGP, the FDIC guaranteed certain senior, unsecured debt issued on or before October 31, 2009. Our TLGP-guaranteed debt matures in 2010 ($6 billion), 2011 ($18 billion) and 2012 ($35 billion). We anticipate funding of these and our other long-term debt maturities through a combination of new debt issuances, collections exceeding originations, alternative funding sources and use of existing cash.

We currently expect that the expiration of the TLGP will not have a significant effect on our liquidity. If, however, significant disruption in the credit markets were to return or if the challenging market conditions continue, our ability to issue unsecured long-term debt may be affected. In the event we cannot sufficiently access our normal sources of funding as a result of the ongoing credit market turmoil, we have a number of alternative means to enhance liquidity, including:

- Controlling new originations in GE Capital to reduce capital and funding requirements
- Using part of our available cash balance
- Pursuing alternative funding sources, including bank deposits and asset-backed fundings
- Using our bank credit lines which, with our cash, we intend to maintain in excess of our outstanding commercial paper
- Generating additional cash from industrial operations
- Contributing additional capital from GE to GE Capital, including from funds retained as a result of the reduction in our dividend announced in February 2009 or future dividend reductions

We believe that our existing funds, combined with our alternative means to enhance liquidity, provide us with sufficient funds to meet our needs and financial obligations.

We maintain securitization capability in most of the asset classes we have traditionally securitized. However, in 2008 and 2009 these capabilities have been, and continue to be, more limited than in 2007. We have continued to execute new securitizations throughout this period using bank administered commercial paper conduits, and more recently have executed new securitizations in both the public term markets and in the private markets. In 2009, we have completed issuances from these platforms in an aggregate amount of $14.0 billion. $4.3 billion of these issuances were eligible for investors to use as collateral under TALF. Total proceeds, including sales to revolving facilities, from our securitizations were $18.7 billion and $71.4 billion during the three months and year-ended December 31, 2009, respectively. Comparable amounts for 2008 were $17.8 billion and $76.8 billion, respectively.

We have deposit-taking capability at 18 banks outside of the U.S. and two banks in the U.S.—GE Money Bank, a Federal Savings Bank (FSB), and GE Capital Financial Inc., an industrial bank (IB). The FSB and IB currently issue certificates of deposit (CDs) distributed by brokers in maturity terms from three months to ten years. Bank deposits, which are a large component of our alternative funding, were $38.9 billion at December 31, 2009, including CDs of $17.7 billion. Total alternative funding increased from $55 billion to $57 billion during 2009, primarily resulting from an increase in bank deposits mainly from the acquisitions of BAC and Interbanca S.p.A., partially offset by a planned reduction in bank borrowings.

EXCHANGE RATE AND INTEREST RATE RISKS are managed with a variety of techniques, including match funding and selective use of derivatives. We use derivatives to mitigate or eliminate certain financial and market risks because we conduct business in diverse markets around the world and local funding is not always efficient. In addition, we use derivatives to adjust the debt we are issuing to match the fixed or floating nature of the assets we are originating. We apply strict policies to manage each of these risks, including prohibitions on speculative activities. Following is an analysis of the potential effects of changes in interest rates and currency exchange rates using so-called "shock" tests that model effects of shifts in rates. These are not forecasts.

- It is our policy to minimize exposure to interest rate changes. We fund our financial investments using debt or a combination of debt and hedging instruments so that the interest rates of our borrowings match the expected yields on our assets. To test the effectiveness of our positions, we assumed that, on January 1, 2010, interest rates increased by 100 basis points across the yield curve (a "parallel shift" in that curve) and further assumed that the increase remained in place for 2010. We estimated, based on the year-end 2009 portfolio and holding all other assumptions constant, that our 2010 consolidated net earnings would decline by $0.1 billion as a result of this parallel shift in the yield curve.
- It is our policy to minimize currency exposures and to conduct operations either within functional currencies or using the protection of hedge strategies. We analyzed year-end 2009 consolidated currency exposures, including derivatives designated and effective as hedges, to identify assets and liabilities denominated in other than their relevant functional currencies. For such assets and liabilities, we then evaluated the effects of a 10% shift in exchange rates between those currencies and the U.S. dollar. This analysis indicated that there would be an inconsequential effect on 2010 earnings of such a shift in exchange rates.

Debt Instruments, Guarantees and Covenants

CREDIT RATINGS

The major debt rating agencies routinely evaluate our debt. This evaluation is based on a number of factors, which include financial strength as well as transparency with rating agencies and timeliness of financial reporting. On March 12, 2009, Standard & Poor's (S&P) downgraded GE and GE Capital's long-term rating by one notch from "AAA" to "AA+" and, at the same time, revised the outlook from negative to stable. Under S&P's definitions, an obligation rated "AAA" has the highest rating assigned by S&P. The obligor's capacity to meet its financial commitment on the obligation is extremely strong. An obligation rated "AA" differs from an obligation rated "AAA" only to a small degree in that the obligor's capacity to meet its financial commitment on the obligation is very strong. An S&P rating outlook assesses the potential direction of a long-term credit rating over the intermediate term. In determining a rating outlook, consideration is given to any changes in the economic and/or fundamental business conditions. Stable means that a rating is not likely to change in the next six months to two years.

On March 23, 2009, Moody's Investors Service (Moody's) downgraded GE and GE Capital's long-term rating by two notches from "Aaa" to "Aa2" with a stable outlook and removed us from review for possible downgrade. Under Moody's definitions, obligations rated "Aaa" are judged to be of the highest quality, with minimal credit risk. Obligations rated "Aa" are judged to be of high quality and are subject to very low credit risk.

In 2009, the short-term ratings of "A–1+/P–1" were affirmed by both rating agencies at the same time with respect to GE, GE Capital Services and GE Capital. These short-term ratings are in the highest rating categories available from S&P and Moody's. Under the S&P definitions, a short-term obligation rated "A–1+" indicates that the obligor's capacity to meet its financial commitment is extremely strong. Under the Moody's definitions, an issuer that is rated "P–1" has a superior ability to repay short-term debt obligations.

We do not believe that the downgrades by S&P and Moody's have had a material impact on our cost of funding or liquidity as the downgrades had been widely anticipated in the market and were already reflected in the spreads on our debt.

GE, GECS and GE Capital have distinct business characteristics that the major debt rating agencies evaluate both quantitatively and qualitatively.

Quantitative measures include:

- Earnings and profitability, revenue growth, the breadth and diversity of sources of income and return on assets
- Asset quality, including delinquency and write-off ratios and reserve coverage
- Funding and liquidity, including cash generated from operating activities, leverage ratios such as debt-to-capital, retained cash flow to debt, market access, back-up liquidity from banks and other sources, composition of total debt and interest coverage
- Capital adequacy, including required capital and tangible leverage ratios

Qualitative measures include:

- Franchise strength, including competitive advantage and market conditions and position
- Strength of management, including experience, corporate governance and strategic thinking
- Financial reporting quality, including clarity, completeness and transparency of all financial performance communications

PRINCIPAL DEBT CONDITIONS are described below.

The following conditions relate to GE and GECS:

- Swap, forward and option contracts are executed under standard master agreements that typically contain mutual downgrade provisions that provide the ability of the counterparty to require termination if the long-term credit rating of the applicable GE entity were to fall below A–/A3. In certain of these master agreements, the counterparty also has the ability to require termination if the short-term rating of the applicable GE entity were to fall below A–1/P–1. The net derivative liability after consideration of netting arrangements and collateral posted by us under these master agreements was estimated to be $1.3 billion at December 31, 2009. See Note 22.
- If GE Capital's ratio of earnings to fixed charges were to deteriorate to below 1.10:1, GE has committed to make payments to GE Capital. See Income Maintenance Agreement section for further discussion. GE also guaranteed certain issuances of GECS subordinated debt having a face amount of $0.4 billion at December 31, 2009 and 2008.
- In connection with certain subordinated debentures for which GECC receives equity credit by rating agencies, GE has agreed to promptly return to GECC dividends, distributions or other payments it receives from GECC during events of default or interest deferral periods under such subordinated debentures. There were $7.6 billion of such debentures outstanding at December 31, 2009. See Note 10.

The following conditions relate to consolidated entities:

- If the short-term credit rating of GE Capital or certain consolidated entities were to be reduced below A–1/P–1, GE Capital would be required to provide substitute liquidity for those entities or provide funds to retire the outstanding commercial paper. The maximum net amount that GE Capital would be required to provide in the event of such a downgrade is determined by contract, and amounted to $2.5 billion at December 31, 2009. See Note 23.
- One group of consolidated entities holds investment securities funded by the issuance of GICs. If the long-term credit rating of GE Capital were to fall below AA–/Aa3 or its short-term credit rating were to fall below A–1+/P–1, GE Capital would be required to provide approximately $2.4 billion to such entities as of December 31, 2009, pursuant to letters of credit issued by GE Capital. To the extent that the entities' liabilities exceed the ultimate value of the proceeds from the sale of their assets and the amount drawn under the letters of credit, GE Capital could be required to provide such excess amount. As of December 31, 2009, the value of these entities' liabilities was $8.5 billion and the fair value of their assets was $7.3 billion (which included unrealized losses on investment securities of $1.4 billion). With respect to these investment securities, we intend to hold them at least until such time as their individual fair values exceed their amortized cost and we have the ability to hold all such debt securities until maturity.

- Another consolidated entity also issues GICs where proceeds are loaned to GE Capital. If the long-term credit rating of GE Capital were to fall below AA–/Aa3 or its short-term credit rating were to fall below A–1+/P–1, GE Capital could be required to provide up to approximately $3.0 billion as of December 31, 2009, to repay holders of GICs. These obligations are included in Long-term borrowings in our Statement of Financial Position.
- If the short-term credit rating of GE Capital were reduced below A–1/P–1, GE Capital would be required to partially cash collateralize certain covered bonds. The maximum amount that would be required to be provided in the event of such a downgrade is determined by contract and amounted to $0.8 billion at December 31, 2009. These obligations are included in Long-term borrowings in our Statement of Financial Position.

RATIO OF EARNINGS TO FIXED CHARGES. GE Capital's ratio of earnings to fixed charges declined to 0.85:1 during 2009 due to lower pre-tax earnings at GE Capital, which were primarily driven by higher provisions for losses on financing receivables in connection with the challenging economic environment.

INCOME MAINTENANCE AGREEMENT. On March 28, 1991, GE entered into an agreement with GE Capital to make payments to GE Capital, constituting additions to pre-tax income under the agreement, to the extent necessary to cause the ratio of earnings to fixed charges of GE Capital and consolidated affiliates (determined on a consolidated basis) to be not less than 1.10:1 for the period, as a single aggregation, of each GE Capital fiscal year commencing with fiscal year 1991. On October 29, 2009, GE and GE Capital amended this agreement to extend the notice period for termination from three years to five years. It was further amended to provide that any future amendments to the agreement that could adversely affect GE Capital require the consent of the majority of the holders of the aggregate outstanding principal amount of senior unsecured debt securities issued or guaranteed by GE Capital (with an original stated maturity in excess of 270 days), unless the amendment does not trigger a downgrade of GE Capital's long-term ratings.

GE made a $9.5 billion payment to GECS in the first quarter of 2009 (of which $8.8 billion was further contributed to GE Capital through capital contribution and share issuance) to improve tangible capital and reduce leverage. This payment constitutes an addition to pre-tax income under the agreement and therefore increased the ratio of earnings to fixed charges of GE Capital for the fiscal year 2009 for purposes of the agreement to 1.33:1. As a result, no further payments under the agreement in 2010 are required related to 2009. Should this ratio fall below 1.10:1 for the fiscal year 2010, further payments would be required by GE to GE Capital. We currently expect to make a payment from GE to GE Capital in 2011 of about $2 billion pursuant to this agreement.

Any payment made under the Income Maintenance Agreement will not affect the ratio of earnings to fixed charges as determined in accordance with current SEC rules because it does not constitute an addition to pre-tax income under current U.S. GAAP.

TLGP. On November 12, 2008, the FDIC approved GE Capital's application for designation as an eligible entity under the FDIC's TLGP. Qualifying debt issued by GE Capital on or before October 31, 2009, is guaranteed under the Debt Guarantee Program of the TLGP and is backed by the full faith and credit of the United States. The FDIC's guarantee under the TLGP is effective until the earlier of the maturity of the debt or December 31, 2012. At December 31, 2009, GE Capital had issued and outstanding, $59.3 billion of senior, unsecured debt that was guaranteed by the FDIC under the TLGP. We have incurred $2.3 billion of fees for our participation in the TLGP through December 31, 2009. These fees are amortized into interest expense over the terms of the related borrowings. GE Capital and GE are parties to an Eligible Entity Designation Agreement and GE Capital is subject to the terms of a Master Agreement, each entered into with the FDIC. The terms of these agreements include, among other things, a requirement that GE and GE Capital reimburse the FDIC for any amounts that the FDIC pays to holders of GE Capital debt that is guaranteed by the FDIC.

Consolidated Statement of Changes in Shareowners' Equity

GE shareowners' equity increased by $12.6 billion in 2009, compared with a decrease of $10.9 billion in 2008 and an increase of $4.1 billion in 2007.

Net earnings increased GE shareowners' equity by $11.0 billion, $17.4 billion and $22.2 billion, partially offset by dividends declared of $6.8 billion, $12.6 billion and $11.7 billion in 2009, 2008, 2007, respectively.

Elements of Other Comprehensive Income increased shareowners' equity by $6.7 billion in 2009, compared with a decrease of $30.2 billion in 2008 and an increase of $4.9 billion in 2007, inclusive of changes in accounting principles. The components of these changes are as follows:

- Changes in benefit plans reduced shareowners' equity by $1.8 billion in 2009, primarily reflecting a decrease in the discount rate used to value pension and postretirement benefit obligations. This compared with a decrease of $13.3 billion and an increase of $2.6 billion in 2008 and 2007, respectively. The decrease in 2008 primarily related to declines in the fair value of plan assets as a result of market conditions and adverse changes in the economic environment. Further information about changes in benefit plans is provided in Note 12.
- Currency translation adjustments increased shareowners' equity by $4.1 billion in 2009, decreased equity by $11.0 billion in 2008 and increased equity by $4.5 billion in 2007. Changes in currency translation adjustments reflect the effects of changes in currency exchange rates on our net investment in non-U.S. subsidiaries that have functional currencies other than the U.S. dollar. At the end of 2009, the U.S. dollar was weaker against most major currencies, including the pound sterling, the Australian dollar and the euro, compared with a stronger dollar against those currencies at the end of 2008 and a weaker dollar against those currencies at the end of 2007. The dollar was weaker against the Japanese yen in 2008 and 2007.

- The change in fair value of investment securities increased shareowners' equity by $2.7 billion in 2009, reflecting improved market conditions related to securities classified as available for sale, primarily corporate debt and mortgage-backed securities. The change in fair value of investment securities decreased shareowners' equity by $3.2 billion and $1.5 billion in 2008 and 2007, respectively. Further information about investment securities is provided in Note 3.
- Changes in the fair value of derivatives designated as cash flow hedges increased shareowners' equity by $1.6 billion in 2009, primarily related to the effect of higher U.S. interest rates on interest rate swaps and lower foreign rates on cross-currency swaps. The change in the fair value of derivatives designated as cash flow hedges decreased equity by $2.7 billion and $0.5 billion in 2008 and 2007, respectively. Further information about the fair value of derivatives is provided in Note 22.

As discussed previously in the Liquidity and Borrowings section, we took a number of actions in 2008 and 2009 to strengthen our liquidity and our credit rating. Such actions also had an effect on shareowners' equity, which included a $15 billion addition to equity through common and preferred stock offerings in the fourth quarter of 2008 and reduction in the dividend on GE stock, which had a $4 billion positive effect on equity in 2009.

Overview of Our Cash Flow from 2007 through 2009

Consolidated cash and equivalents were $72.3 billion at December 31, 2009, an increase of $24.1 billion from December 31, 2008. Cash and equivalents totaled $48.2 billion at December 31, 2008, an increase of $32.5 billion from December 31, 2007.

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, as well as financing receivables collections, sales and securitizations.

GE Cash Flow

GE cash and equivalents were $8.7 billion at December 31, 2009, compared with $12.1 billion at December 31, 2008. GE CFOA totaled $16.6 billion in 2009 compared with $19.1 billion and $23.3 billion in 2008 and 2007, respectively. With respect to GE CFOA, we believe that it is useful to supplement our GE Statement of Cash Flows and to examine in a broader context the business activities that provide and require cash.

December 31 (In billions)	**2009**	2008	2007
Operating cash collections[a]	**$104.1**	$115.5	$102.8
Operating cash payments	**(87.5)**	(98.8)	(86.8)
Cash dividends from GECS	**—**	2.4	7.3
GE cash from operating activities (GE CFOA)[a]	**$ 16.6**	$ 19.1	$ 23.3

(a) GE sells customer receivables to GECS 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 GECS. 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 GECS increased GE CFOA by an insignificant amount and $0.1 billion in 2009 and 2008, respectively. See Note 26 for additional information about the elimination of intercompany transactions between GE and GECS.

The most significant source of cash in GE CFOA is customer-related activities, the largest of which is collecting cash following a product or services sale. GE operating cash collections decreased by $11.4 billion in 2009 and increased by $12.7 billion in 2008. These changes are consistent with the changes in comparable GE operating segment revenues. Analyses of operating segment revenues discussed in the preceding Segment Operations section are the best way of understanding their customer-related CFOA.

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 decreased in 2009 by $11.3 billion and increased by $12.0 billion in 2008. These changes are consistent with the changes in GE total costs and expenses.

GE CFOA decreased $2.5 billion compared with 2008, primarily reflecting the lack of a current-year dividend from GECS ($2.4 billion). In 2008, GE CFOA decreased $4.2 billion compared with 2007, primarily reflecting a decrease in the dividend from GECS of $4.9 billion.

Dividends from GECS represented the distribution of a portion of GECS retained earnings and are distinct from cash from continuing operating activities within the financial services businesses. The amounts included in GE CFOA are the total dividends, including normal dividends as well as any special dividends from excess capital, primarily resulting from GECS business sales. Beginning in the first quarter of 2009, GECS fully suspended its normal dividend to GE.

GECS Cash Flow

GECS cash and equivalents were $64.4 billion at December 31, 2009, compared with $37.5 billion at December 31, 2008. GECS cash from operating activities totaled $7.6 billion in 2009, compared with cash from operating activities of $31.2 billion in 2008. This decrease was primarily due to an overall decline in net earnings, a current-year reduction in cash collateral held from counterparties on derivative contracts of $6.9 billion and declines in taxes payable ($2.7 billion). In addition, 2008 GECS cash from operating activities benefited from an increase in cash collateral posted by counterparties.

Consistent with our plan to reduce GECS asset levels, cash from investing activities was $45.7 billion in 2009; $44.0 billion resulted from a reduction in financing receivables, primarily from collections exceeding originations and $9.1 billion resulted from proceeds from business dispositions, including the consumer businesses in Austria and Finland, the credit card and auto businesses in the U.K., the credit card business in Ireland, a portion of our Australian residential mortgage business and the Thailand business. These sources were partially offset by cash used for acquisitions of $5.7 billion, primarily for the acquisition of Interbanca S.p.A.

GECS cash used for financing activities in 2009 reflected our continued reduction in ending net investment. Cash used for financing activities of $26.4 billion related primarily to a $26.9 billion reduction in borrowings (maturities 90 days or less), primarily commercial paper, reductions in long-term borrowings partially offset by the pre-funding of our 2010 long-term debt maturities, and a $4.0 billion decrease in bank deposits, partially offset by a capital contribution from GE to GECS of $9.5 billion.

GECS pays dividends to GE through a distribution of its retained earnings, including special dividends from proceeds of certain business sales. There were no dividends paid to GE in 2009 compared with $2.4 billion and $7.3 billion in 2008 and 2007, respectively. There were no special dividends paid to GE in 2009 and 2008, compared with $2.4 billion in 2007.

Intercompany Eliminations

Effects of transactions between related companies are eliminated and consist primarily of GECS dividends to GE or capital contributions from GE to GECS; GE customer receivables sold to GECS; GECS services for trade receivables management and material procurement; buildings and equipment (including automobiles) leased between GE and GECS; information technology (IT) and other services sold to GECS by GE; aircraft engines manufactured by GE that are installed on aircraft purchased by GECS from third-party producers for lease to others; and various investments, loans and allocations of GE corporate overhead costs. See Note 26 for further information related to intercompany eliminations.

Contractual Obligations

As defined by reporting regulations, our contractual obligations for future payments as of December 31, 2009, follow.

	Payments due by period				
(In billions)	Total	2010	2011–2012	2013–2014	2015 and thereafter
Borrowings and bank deposits (Note 10)	$510.2	$160.8	$157.2	$65.2	$127.0
Interest on borrowings and bank deposits	131.0	16.0	27.0	17.0	71.0
Operating lease obligations (Note 19)	5.6	1.2	1.8	1.1	1.5
Purchase obligations [a][b]	57.0	37.0	16.0	3.0	1.0
Insurance liabilities (Note 11) [c]	20.0	2.0	5.0	3.0	10.0
Other liabilities [d]	97.0	24.0	11.0	11.0	51.0
Contractual obligations of discontinued operations [e]	1.0	1.0	—	—	—

(a) Included all take-or-pay arrangements, capital expenditures, contractual commitments to purchase equipment that will be leased to others, contractual commitments related to factoring agreements, software acquisition/license commitments, contractual minimum programming commitments and any contractually required cash payments for acquisitions.

(b) Excluded funding commitments entered into in the ordinary course of business by our financial services businesses. Further information on these commitments and other guarantees is provided in Note 24.

(c) Included contracts with reasonably determinable cash flows such as structured settlements, certain property and casualty contracts, and guaranteed investment contracts.

(d) Included an estimate of future expected funding requirements related to our pension and postretirement benefit plans and included liabilities for unrecognized tax benefits. Because their future cash outflows are uncertain, the following non-current liabilities are excluded from the table above: deferred taxes, derivatives, deferred revenue and other sundry items. See Notes 14 and 22 for further information on certain of these items.

(e) Included payments for other liabilities.

Variable Interest Entities and Off-Balance Sheet Arrangements

We securitize financial assets and arrange other forms of asset-backed financing in the ordinary course of business to improve shareowner returns and as an alternative source of funding. The securitization transactions we engage in are similar to those used by many financial institutions. Our securitization activities are conducted using Variable Interest Entities (VIEs), principally QSPEs.

Certain of our VIEs are consolidated because we are considered to be the primary beneficiary of the entity. Our interests in other VIEs for which we are not the primary beneficiary and QSPEs are accounted for as investment securities, financing receivables or equity method investments depending on the nature of our involvement. At December 31, 2009, consolidated variable interest entity assets and liabilities were $17.0 billion and $15.2 billion, respectively, a decrease of $9.9 billion and $6.2 billion from 2008, respectively. In the first quarter of 2009, we deconsolidated PTL and removed $7.0 billion of assets and $0.8 billion of liabilities from our balance sheet. The deconsolidation was a result of our reducing our investment in PTL by selling a 1% limited partnership interest to Penske Truck Leasing Corporation, the general partner of PTL, whose majority shareowner is a member of GE's Board of Directors, coupled with our resulting minority position on the PTL advisory committee and related changes in our contractual rights. We recognized a pre-tax gain on the sale of $0.3 billion, including a gain on the remeasurement of our retained investment of $0.2 billion.

At December 31, 2009, variable interests in unconsolidated VIEs other than QSPEs were $9.7 billion, an increase of $5.7 billion from 2008, primarily related to the deconsolidation of PTL. In addition to our existing investments, we have contractual obligations to fund additional investments in the unconsolidated VIEs of $1.4 billion, an increase of $0.2 billion from 2008. Together, these represent our maximum exposure to loss if the assets of the unconsolidated VIEs were to have no value.

QSPEs that we use for securitization are funded with asset-backed commercial paper and term debt. The assets we securitize include: receivables secured by equipment, commercial real estate, credit card receivables, inventory floorplan receivables, GE trade receivables and other assets originated and underwritten by us in the ordinary course of business. At December 31, 2009, securitization entities held $46.9 billion in transferred financial assets, a decrease of $5.7 billion from year-end 2008. Assets held by these entities are of equivalent credit quality to our on-book assets. We monitor the underlying credit quality in accordance with our role as servicer and apply rigorous controls to the execution of securitization transactions. With the exception of credit and liquidity support discussed below, investors in these entities have recourse only to the underlying assets.

At December 31, 2009, our Statement of Financial Position included $11.8 billion in retained interests related to the transferred financial assets discussed above. These retained interests are held by QSPEs and VIEs for which we are not the primary beneficiary and take two forms: (1) sellers' interests, which are classified as financing receivables, and (2) subordinated interests, designed to provide credit enhancement to senior interests, which are classified as investment securities. The carrying value of our retained interests classified as financing receivables was $3.0 billion at December 31, 2009, a decrease of $1.2 billion from 2008. The carrying value of our retained interests classified as investment securities was $8.8 billion at December 31, 2009, an increase of $2.5 billion from 2008. Certain of these retained interests are accounted for with changes in fair value recorded in earnings. During 2009, we recognized increases in fair values on these retained interests of $0.3 billion compared with declines in fair value on these retained interests of $0.1 billion in 2008. For those retained interests classified as investment securities, we recognized other-than-temporary impairments of $0.1 billion in 2009, compared with $0.3 billion in 2008. Our recourse liability in these arrangements was an inconsequential amount in both 2009 and 2008.

We are party to various credit enhancement positions with securitization entities, including liquidity and credit support agreements and guarantee and reimbursement contracts, and have provided our best estimate of the fair value of estimated losses on such positions. The estimate of fair value is based on prevailing market conditions at December 31, 2009. Should market conditions deteriorate, actual losses could be higher. Our exposure to loss under such agreements was limited to $2.1 billion at December 31, 2009.

We do not have implicit support arrangements with any VIE or QSPE. We did not provide non-contractual support for previously transferred financing receivables to any VIE or QSPE in either 2009 or 2008.

In 2009, the FASB issued ASU 2009-16 and ASU 2009-17, amendments to ASC 860, *Transfers and Servicing*, and ASC 810, *Consolidation*, respectively, which are effective for us on January 1, 2010. ASU 2009-16 will eliminate the QSPE concept, and ASU 2009-17 will require that all such entities be evaluated for consolidation as VIEs, which will result in our consolidating substantially all of our former QSPEs. Upon adoption we will record assets and liabilities of these entities at carrying amounts consistent as if they had always been consolidated, which will require the reversal of a portion of previously recognized securitization gains as a cumulative effect adjustment to retained earnings. See the New Accounting Standards section for further discussion.

Critical Accounting Estimates

Accounting estimates and assumptions discussed in this section are those that we consider to be the most critical to an understanding of our financial statements because they involve significant judgments and uncertainties. Many of these estimates include determining fair value. All of these estimates reflect our best judgment about current, and for some estimates future, economic and market conditions and their effects based on information available as of the date of these financial statements. If these conditions change from those expected, it is reasonably possible that the judgments and estimates described below could change, which may result in future impairments of investment securities, goodwill, intangibles and long-lived assets, incremental losses on financing receivables, establishment of valuation allowances on deferred tax assets and increased tax liabilities, among other effects. Also see Note 1, Summary of Significant Accounting Policies, which discusses the significant accounting policies that we have selected from acceptable alternatives.

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. This 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, and the present and expected future levels of interest rates. Our risk management process includes standards and policies for reviewing major risk exposures and concentrations, and we evaluate relevant data either for individual loans or financing leases, or on a portfolio basis, as appropriate.

Further information is provided in the Global Risk Management section and Financial Resources and Liquidity — Financing Receivables section, the Asset impairment section that follows and in Notes 1 and 6.

REVENUE RECOGNITION ON LONG-TERM PRODUCT SERVICES AGREEMENTS requires estimates of profits over the multiple-year terms of such agreements, considering factors such as the frequency and extent of future monitoring, maintenance and overhaul events; the amount of personnel, spare parts and other resources required to perform the services; and future billing rate and cost changes. We routinely review estimates under product services agreements and regularly revise them to adjust for changes in outlook. We also regularly assess customer credit risk inherent in the carrying amounts of receivables and contract costs and estimated earnings, including the risk that contractual penalties may not be sufficient to offset our accumulated investment in the event of customer termination. We gain insight into future utilization and cost trends, as well as credit risk, through our knowledge of the installed base of equipment and the close interaction with our customers that comes with supplying critical services and parts over extended periods. Revisions that affect a product services agreement's total estimated profitability result in an adjustment of earnings; such adjustments increased earnings by $0.2 billion in 2009, decreased earnings by $0.2 billion in 2008 and increased earnings by $0.4 billion in 2007. We provide for probable losses when they become evident.

Further information is provided in Notes 1 and 9.

ASSET IMPAIRMENT assessment involves various estimates and assumptions as follows:

Investments. We regularly review investment securities for impairment using both quantitative and qualitative criteria. Effective April 1, 2009, the FASB amended ASC 320 and modified the requirements for recognizing and measuring other-than-temporary impairment for debt securities. If we do not intend to sell the security and it is not more likely than not that we will be required to sell the security before recovery of our amortized cost, we evaluate other qualitative criteria to determine whether a credit loss exists, such as the financial health of and specific prospects for the issuer, including whether the issuer is in compliance with the terms and covenants of the security. Quantitative criteria include determining whether there has been an adverse change in expected future cash flows. For equity securities, our criteria include the length of time and magnitude of the amount that each security is in an unrealized loss position. Our other-than-temporary impairment reviews involve our finance, risk and asset management functions as well as the portfolio management and research capabilities of our internal and third-party asset managers. See Note 1, which discusses the determination of fair value of investment securities.

Further information about actual and potential impairment losses is provided in the Financial Resources and Liquidity—Investment Securities section and in Notes 1, 3 and 9.

Long-Lived Assets. We review long-lived assets for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Determining whether an impairment has occurred typically requires various estimates and assumptions, including determining which undiscounted cash flows are directly related to the potentially impaired asset, the useful life over which cash flows will occur, their amount, and the asset's residual value, if any. In turn, measurement of an impairment loss requires a determination of fair value, which is based on the best information available. We derive the required undiscounted cash flow estimates from our historical experience and our internal business plans. To determine fair value, we use quoted market prices when available, our internal cash flow estimates discounted at an appropriate interest rate and independent appraisals, as appropriate.

Our operating lease portfolio of commercial aircraft is a significant concentration of assets in Capital Finance, and is particularly subject to market fluctuations. Therefore, we test recoverability of each aircraft in our operating lease portfolio at least annually. Additionally, we perform quarterly evaluations in circumstances such as when aircraft are re-leased, current lease terms have changed or a specific lessee's credit standing changes. We consider market conditions, such as global demand for commercial aircraft. Estimates of future rentals and residual values are based on historical experience and information received routinely from independent appraisers. Estimated cash flows from future leases are reduced for expected downtime between leases and for estimated technical costs required to prepare aircraft to be redeployed. Fair value used to measure impairment is based on management's best estimate. In determining its best estimate, management evaluates average current market values (obtained from third parties) of similar type and age aircraft, which are adjusted for the attributes of the specific aircraft under lease.

We recognized impairment losses on our operating lease portfolio of commercial aircraft of $0.1 billion in both 2009 and 2008. Provisions for losses on financing receivables related to commercial aircraft were $0.1 billion in 2009 and insignificant in 2008.

Further information on impairment losses and our exposure to the commercial aviation industry is provided in the Operations—Overview section and in Notes 7 and 24.

Real Estate. We review the estimated value of our commercial real estate investments semi-annually. The cash flow estimates used for both estimating value and the recoverability analysis are inherently judgmental, and reflect current and projected lease profiles, available industry information about expected trends in rental, occupancy and capitalization rates and expected business plans, which include our estimated holding period for the asset. Our portfolio is diversified, both geographically and by asset type. However, the global real estate market is subject to periodic cycles that can cause significant fluctuations in market values. As of our most recent estimate performed in 2009, the carrying value of our Real Estate investments exceeded their estimated value by about $7 billion. The estimated value of the portfolio reflects the continued deteriorating real estate values and market fundamentals, including reduced market occupancy rates and market rents as well as the effects of limited real estate market liquidity. Given the current and expected challenging market conditions, there continues to be risk and uncertainty surrounding commercial real estate values and our unrealized loss on real estate equity properties may continue to increase. Declines in the 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. When we recognize an impairment, the impairment is measured based upon the fair value of the underlying asset, which is based upon current market data, including current capitalization rates. During 2009, Capital Finance Real Estate recognized pre-tax impairments of $0.8 billion in its real estate held for investment, as compared to $0.3 billion in 2008. Continued deterioration in economic conditions or prolonged market illiquidity may result in further impairments being recognized. Furthermore, significant judgment and uncertainty related to forecasted valuation trends, especially in illiquid markets, results in inherent imprecision in real estate value estimates. Further information is provided in the Global Risk Management section and in Note 9.

Goodwill and Other Identified Intangible Assets. We test goodwill for impairment annually and more frequently if circumstances warrant. We determine fair values for each of the reporting units using an income approach. When available and as appropriate, we use comparative market multiples to corroborate discounted cash flow results. For purposes of the income approach, fair value is determined based on the present value of estimated future cash flows, discounted at an appropriate risk-adjusted rate. We use our internal forecasts to estimate future cash flows and include an estimate of long-term future growth rates based on our most recent views of the long-term outlook for each business. Actual results may differ from those assumed in our forecasts. We derive our discount rates by applying the capital asset pricing model (i.e., to estimate the cost of equity financing) and analyzing published rates for industries relevant to our reporting units. We use discount rates that are commensurate with the risks and uncertainty inherent in the respective businesses and in our internally developed forecasts. Valuations using the market approach reflect prices and other relevant observable information generated by market transactions involving comparable businesses.

Compared to the market approach, the income approach more closely aligns the reporting unit valuation to a company's or business' specific business model, geographic markets and product offerings, as it is based on specific projections of the business. Required rates of return, along with uncertainty inherent in the forecasts of future cash flows, are reflected in the selection of the discount rate. Equally important, under this approach, reasonably likely scenarios and associated sensitivities can be developed for alternative future circumstances that may not be reflected in an observable market price. A market approach allows for comparison to actual market transactions and multiples. It can be somewhat more limited in its application because the population of potential comparables (or pure plays) is often limited to publicly-traded companies where the characteristics of the comparative business and ours can be significantly different, market data is usually not available for divisions within larger conglomerates or non-public subsidiaries that could otherwise qualify as comparable, and the specific circumstances surrounding a market transaction (e.g., synergies between the parties, terms and conditions of the transaction, etc.) may be different or irrelevant with respect to our business. It can also be difficult under the current market conditions to identify orderly transactions between market participants in similar financial services businesses. We assess the valuation methodology based upon the relevance and availability of data at the time of performing the valuation and weight the methodologies appropriately.

Given the significant decline in our stock price in the first quarter of 2009 and market conditions in the financial services industry at that time, we conducted an additional impairment analysis of the Capital Finance reporting units during the first quarter of 2009 using data as of January 1, 2009. As a result of these tests, no goodwill impairment was recognized.

We performed our annual impairment test for goodwill at all of our reporting units in the third quarter using data as of July 1, 2009. In performing the valuations, we used cash flows that reflected management's forecasts and discount rates that reflect the risks associated with the current market. Based on the results of our testing, the fair values at each of the GE Industrial reporting units and the CLL, Consumer, Energy Financial Services and GECAS reporting units exceeded their book values; therefore, the second step of the impairment test (in which fair value of each of the reporting unit's assets and liabilities is measured) was not required to be performed and no goodwill impairment was recognized. Due to the volatility and uncertainties in the current commercial real estate environment, we used a range of valuations to determine the fair value for our Real Estate reporting unit. While the Real Estate reporting unit's book value was within the range of its fair value, we further substantiated our Real Estate goodwill balance by performing the second step analysis described above. As a result of our tests for Real Estate, no goodwill impairment was recognized. Our Real Estate reporting unit had a goodwill balance of $1.2 billion at December 31, 2009.

Estimating the fair value of reporting units involves the use of estimates and significant judgments that are based on a number of factors including actual operating results. If current conditions change from those expected, it is reasonably possible that the judgments and estimates described above could change in future periods.

We review identified intangible assets with defined useful lives and subject to amortization for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Determining whether an impairment loss occurred requires comparing the carrying amount to the sum of undiscounted cash flows expected to be generated by the asset. We test intangible assets with indefinite lives annually for impairment using a fair value method such as discounted cash flows. For our insurance activities remaining in continuing operations, we periodically test for impairment our deferred acquisition costs and present value of future profits.

Further information is provided in the Financial Resources and Liquidity—Goodwill and Other Intangible Assets section and in Notes 1 and 8.

PENSION ASSUMPTIONS are significant inputs to the actuarial models that measure pension benefit obligations and related effects on operations. Two assumptions — discount rate and expected return on assets — are important elements of plan expense and asset/liability measurement. We evaluate these critical assumptions at least annually on a plan and country-specific basis. We periodically evaluate other assumptions involving demographic factors, such as retirement age, mortality and turnover, and update them to reflect our experience and expectations for the future. Actual results in any given year will often differ from actuarial assumptions because of economic and other factors.

Accumulated and projected benefit obligations are measured as the present value of future cash payments. We discount those cash payments using the weighted average of market-observed yields for high quality fixed income securities with maturities that correspond to the payment of benefits. Lower discount rates increase present values and subsequent-year pension expense; higher discount rates decrease present values and subsequent-year pension expense.

Our discount rates for principal pension plans at December 31, 2009, 2008 and 2007 were 5.78%, 6.11% and 6.34%, respectively, reflecting market interest rates.

To determine the expected long-term rate of return on pension plan assets, we consider current and expected asset allocations, as well as historical and expected returns on various categories of plan assets. In developing future return expectations for our principal benefit plans' assets, we evaluate general market trends as well as key elements of asset class returns such as expected earnings growth, yields and spreads across a number of potential scenarios. Assets in our principal pension plans earned 10.0% in 2009, and had average annual earnings of 3.1%, 8.5% and 10.0% per year in the 10-, 15- and 25-year periods ended December 31, 2009, respectively. Based on our analysis of future expectations of asset performance, past return results, and our current and expected asset allocations, we have assumed an 8.5% long-term expected return on those assets.

Sensitivity to changes in key assumptions for our principal pension plans follows.

- Discount rate — A 25 basis point increase in discount rate would decrease pension cost in the following year by $0.2 billion and would decrease the pension benefit obligation at year end by about $1.3 billion.
- Expected return on assets — A 50 basis point decrease in the expected return on assets would increase pension cost in the following year by $0.3 billion.

Further information on our pension plans is provided in the Operations — Overview section and in Note 12.

INCOME TAXES. Our annual tax rate is based on our income, statutory tax rates and tax planning opportunities available to us in the various jurisdictions in which we operate. Tax laws are complex and subject to different interpretations by the taxpayer and respective governmental taxing authorities. Significant judgment is required in determining our tax expense and in evaluating our tax positions, including evaluating uncertainties. We review our tax positions quarterly and adjust the balances as new information becomes available. Our income tax rate is significantly affected by the tax rate on our global operations. In addition to local country tax laws and regulations, this rate depends on the extent earnings are indefinitely reinvested outside the United States. Indefinite reinvestment is determined by management's judgment about and intentions concerning the future operations of the company. At December 31, 2009, $84 billion of earnings have been indefinitely reinvested outside the United States. Most of these earnings have been reinvested in active non-U.S. business operations and we do not intend to repatriate these earnings to fund U.S. operations. Deferred income tax assets represent amounts available to reduce income taxes payable on taxable income in future years. Such assets arise because of temporary differences between the financial reporting and tax bases of assets and liabilities, as well as from net operating loss and tax credit carryforwards. We evaluate the recoverability of these future tax deductions and credits by assessing the adequacy of future expected taxable income from all sources, including reversal of taxable temporary differences, forecasted operating earnings and available tax planning strategies. These sources of income rely heavily on estimates. We use our historical experience and our short and long-range business forecasts to provide insight. Further, our global and diversified business portfolio gives us the opportunity to employ various prudent and feasible tax planning strategies to facilitate the recoverability of future deductions. Amounts recorded for deferred tax assets related to non-U.S. net operating losses, net of valuation allowances, were $3.6 billion and $3.1 billion at December 31, 2009 and 2008, respectively, including $1.2 billion and $1.3 billion at December 31, 2009 and 2008, respectively, reported in assets of discontinued operations, primarily related to our loss on the sale of GE Money Japan. Such year-end 2009 amounts are expected to be fully recoverable within the applicable statutory expiration periods. To the extent we do not consider it more likely than not that a deferred tax asset will be recovered, a valuation allowance is established.

Further information on income taxes is provided in the Operations — Overview section and in Note 14.

DERIVATIVES AND HEDGING. We use derivatives to manage a variety of risks, including risks related to interest rates, foreign exchange and commodity prices. Accounting for derivatives as hedges requires that, at inception and over the term of the arrangement, the hedged item and related derivative meet the requirements for hedge accounting. The rules and interpretations related to derivatives accounting are complex. Failure to apply this complex guidance correctly will result in all changes in the fair value of the derivative being reported in earnings, without regard to the offsetting changes in the fair value of the hedged item.

In evaluating whether a particular relationship qualifies for hedge accounting, we test effectiveness at inception and each reporting period thereafter by determining whether changes in the fair value of the derivative offset, within a specified range, changes in the fair value of the hedged item. If fair value changes fail this test, we discontinue applying hedge accounting to that relationship prospectively. Fair values of both the derivative instrument and the hedged item are calculated using internal valuation models incorporating market-based assumptions, subject to third-party confirmation.

At December 31, 2009, derivative assets and liabilities were $8.0 billion and $3.7 billion, respectively. Further information about our use of derivatives is provided in Notes 1, 9, 21 and 22.

FAIR VALUE MEASUREMENTS. Assets and liabilities measured at fair value every reporting period include investments in debt and equity securities and derivatives. Assets that are not measured at fair value every reporting period but that are subject to fair value measurements in certain circumstances include loans and long-lived assets that have been reduced to fair value when they are held for sale, impaired loans that have been reduced based on the fair value of the underlying collateral, cost and equity method investments and long-lived assets that are written down to fair value when they are impaired and the remeasurement of retained investments in formerly consolidated subsidiaries upon a change in control that results in deconsolidation of a subsidiary, if we sell a controlling interest and retain a noncontrolling stake in the entity. Assets that are written down to fair value when impaired and retained investments are not subsequently adjusted to fair value unless further impairment occurs.

A fair value measurement is determined as the price we would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. In the absence of active markets for the identical assets or liabilities, such measurements involve developing assumptions based on market observable data and, in the absence of such data, internal information that is consistent with what market participants would use in a hypothetical transaction that occurs at the measurement date. The determination of fair value often involves significant judgments about assumptions such as determining an appropriate discount rate that factors in both risk and liquidity premiums, identifying the similarities and differences in market transactions, weighting those differences accordingly and then making the appropriate adjustments to those market transactions to reflect the risks specific to our asset being valued. Further information on fair value measurements is provided in Notes 1, 21 and 22.

OTHER LOSS CONTINGENCIES are recorded as liabilities when it is probable that a liability has been incurred and the amount of the loss is reasonably estimable. Disclosure is required when there is a reasonable possibility that the ultimate loss will materially exceed the recorded provision. Contingent liabilities are often resolved over long time periods. Estimating probable losses requires analysis of multiple forecasts that often depend on judgments about potential actions by third parties, such as regulators.

Further information is provided in Notes 13 and 24.

Other Information

New Accounting Standards

In 2009, the FASB issued ASU 2009-16 and ASU 2009-17, which amended ASC 860, *Transfers and Servicing*, and ASC 810, *Consolidation*, respectively, and are effective for us on January 1, 2010. ASU 2009-16 will eliminate the QSPE concept, and ASU 2009-17 will require that all such entities be evaluated for consolidation as VIEs, which will result in our consolidating substantially all of our former QSPEs.

Among other changes, the amendments to ASC 810 replace the existing quantitative approach for identifying the party that should consolidate a VIE, which was based on exposure to a majority of the risks and rewards, with a qualitative approach, based on determination of which party has the power to direct the most economically significant activities of the entity. The revised guidance will sometimes change the composition of entities that meet the definition of a VIE and the determination about which party should consolidate a VIE, as well as requiring the latter to be evaluated continuously.

We have evaluated all entities that fall within the scope of the amended ASC 810 to determine whether we will be required to consolidate or deconsolidate these entities on January 1, 2010. In addition to the former QSPEs described above, we will consolidate assets of VIEs related to direct investments in entities that hold loans and fixed income securities, a media joint venture and a small number of companies to which we have extended loans in the ordinary course of business and have subsequently been subject to a troubled debt restructuring.

Upon adoption of the amendments on January 1, 2010, we will consolidate the assets and liabilities of these entities at the amount they would have been reported in our financial statements had we always consolidated them. We will also deconsolidate certain entities where we do not meet the definition of the primary beneficiary under the revised guidance, the effect of which will be insignificant. The incremental effect of consolidation on total assets and liabilities, net of our investment in these entities, will be an increase of approximately $32 billion and $34 billion, respectively. There also will be a net reduction of equity of approximately $2 billion, principally related to the reversal of previously recognized securitization gains as a cumulative effect adjustment to retained earnings, which will be earned back over the life of the assets.

The assets of QSPEs that we will be required to consolidate will be approximately $29 billion, net of our existing retained interests of approximately $9 billion, and liabilities will be $31 billion at January 1, 2010. Significant assets of the QSPEs will include net financing receivables and trade receivables of approximately $39 billion and investment securities of approximately $1 billion. Significant liabilities will include short-term and long-term borrowings of $19 billion each. The assets and liabilities of other VIEs we will consolidate will be approximately $2 billion each.

The amended guidance on ASC 860 also modifies existing derecognition criteria in a manner that will significantly narrow the types of transactions that will qualify as sales. The revised criteria will apply prospectively to transfers of financial assets occurring after December 31, 2009.

On September 23, 2009, the FASB issued amendments to existing standards for revenue arrangements with multiple components. The amendments generally require the allocation of consideration to separate components based on the relative selling price of each component in a revenue arrangement. The amendments also require certain software-enabled products to be accounted for under the general accounting standards for multiple component arrangements as opposed to accounting standards specifically applicable to software arrangements. The amendments are effective prospectively for revenue arrangements entered into or materially modified after January 1, 2011. The financial statement impact of adopting these amendments is expected to be insignificant to our financial statements.

Research and Development

GE-funded research and development expenditures were $3.3 billion, $3.1 billion and $3.0 billion in 2009, 2008 and 2007, respectively. In addition, research and development funding from customers, principally the U.S. government, totaled $1.1 billion, $1.3 billion and $1.1 billion in 2009, 2008 and 2007, respectively. Technology Infrastructure's Aviation business accounts for the largest share of GE's research and development expenditures with funding from both GE and customer funds. Energy Infrastructure's Energy business and Technology Infrastructure's Healthcare business also made significant expenditures funded primarily by GE.

Expenditures reported above reflect the definition of research and development required by U.S. generally accepted accounting principles. For operating and management purposes, we also measure amounts spent on product and services technology. These technology expenditures were $5.2 billion in 2009 and included our reported research and development expenditures as well as the amount spent to improve our existing products and services, and to improve productivity of our plants, equipment and processes.

Orders Backlog

GE's total backlog of firm unfilled orders at the end of 2009 was $67.3 billion, a decrease of 4% from year-end 2008, reflecting decreased demand at Energy Infrastructure, partially offset by increased demand at Technology Infrastructure. Of this backlog, $46.3 billion related to products, of which 61% was scheduled for delivery in 2010. Product services orders, included in this reported backlog for only the succeeding 12 months, were $21.0 billion at the end of 2009. Product services orders beyond the succeeding 12 months were approximately $108 billion, which combined with the firm unfilled orders described above resulted in a total backlog of approximately $175 billion at December 31, 2009. Orders constituting backlog may be cancelled or deferred by customers, subject in certain cases to penalties. See the Segment Operations section for further information.

Selected Financial Data

The following table provides key information for Consolidated, GE and GECS.

(Dollars in millions; per-share amounts in dollars)	**2009**	2008	2007	2006	2005
GENERAL ELECTRIC COMPANY AND CONSOLIDATED AFFILIATES					
Revenues	**$156,783**	$182,515	$172,488	$151,568	$136,262
Earnings from continuing operations attributable to the Company	**11,218**	18,089	22,457	19,344	17,279
Earnings (loss) from discontinued operations, net of taxes, attributable to the Company	**(193)**	(679)	(249)	1,398	(559)
Net earnings attributable to the Company	**11,025**	17,410	22,208	20,742	16,720
Dividends declared [a]	**6,785**	12,649	11,713	10,675	9,647
Return on average GE shareowners' equity [b]	**10.1%**	15.9%	20.4%	19.8%	18.1%
Per common share					
Earnings from continuing operations — diluted	**$ 1.03**	$ 1.78	$ 2.20	$ 1.86	$ 1.63
Earnings (loss) from discontinued operations — diluted	**(0.02)**	(0.07)	(0.02)	0.13	(0.05)
Net earnings — diluted	**1.01**	1.72	2.17	2.00	1.57
Earnings from continuing operations — basic	**1.03**	1.79	2.21	1.87	1.63
Earnings (loss) from discontinued operations — basic	**(0.02)**	(0.07)	(0.02)	0.14	(0.05)
Net earnings — basic	**1.01**	1.72	2.18	2.00	1.58
Dividends declared	**0.61**	1.24	1.15	1.03	0.91
Stock price range	**17.52 – 5.87**	38.52 – 12.58	42.15 – 33.90	38.49 – 32.06	37.34 – 32.67
Year-end closing stock price	**15.13**	16.20	37.07	37.21	35.05
Cash and equivalents	**72,260**	48,187	15,731	14,086	8,608
Total assets of continuing operations	**780,298**	796,046	786,794	674,966	588,821
Total assets	**781,818**	797,769	795,683	697,273	673,210
Long-term borrowings	**338,215**	322,847	318,530	260,656	212,082
Common shares outstanding — average (in thousands)	**10,613,717**	10,079,923	10,182,083	10,359,320	10,569,805
Common shareowner accounts — average	**605,000**	604,000	608,000	624,000	634,000
Employees at year end					
United States	**134,000**	152,000	155,000	155,000	161,000
Other countries	**154,000**	171,000	172,000	164,000	155,000
BAC Credomatic GECF Inc. [c]	**16,000**	—	—	—	—
Total employees	**304,000**	323,000	327,000	319,000	316,000
GE DATA					
Short-term borrowings	**$ 504**	$ 2,375	$ 4,106	$ 2,076	$ 972
Long-term borrowings	**11,681**	9,827	11,656	9,043	8,986
Noncontrolling interests	**5,797**	6,678	6,503	5,544	5,308
GE shareowners' equity	**117,291**	104,665	115,559	111,509	108,633
Total capital invested	**$135,273**	$123,545	$137,824	$128,172	$123,899
Return on average total capital invested [b]	**9.5%**	14.8%	18.9%	18.5%	16.7%
Borrowings as a percentage of total capital invested [b]	**9.0%**	9.9%	11.4%	8.7%	8.0%
Working capital [b]	**$ (1,596)**	$ 3,904	$ 6,433	$ 7,527	$ 7,853
GECS DATA					
Revenues	**$ 54,163**	$ 71,287	$ 71,936	$ 61,351	$ 54,889
Earnings from continuing operations attributable to GECS	**1,590**	7,774	12,417	10,219	8,929
Earnings (loss) from discontinued operations, net of taxes, attributable to GECS	**(175)**	(719)	(2,116)	439	(1,352)
Net earnings attributable to GECS	**1,415**	7,055	10,301	10,658	7,577
GECS shareowner's equity	**70,833**	53,279	57,676	54,097	50,812
Total borrowings and bank deposits	**500,334**	514,601	500,922	426,262	362,042
Ratio of debt to equity at GE Capital	**6.74:1 [d]**	8.76:1 [d]	8.10:1	7.52:1	7.09:1
Total assets	**$650,241**	$660,902	$646,485	$565,258	$540,584

Transactions between GE and GECS have been eliminated from the consolidated information.

(a) Included $300 million and $75 million of preferred stock dividends in 2009 and 2008, respectively.

(b) Indicates terms are defined in the Glossary.

(c) In 2009, we consolidated BAC Credomatic GECF Inc. (BAC) as a result of an increase in our ownership from 49.99% to 75%.

(d) Ratios of 5.22:1 and 7.07:1 for 2009 and 2008, respectively, net of cash and equivalents and with classification of hybrid debt as equity.