DIAMOND HILL INVESTMENT GROUP INC
Form 4
August 31, 2007

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB Number: 3235-0287
Expires: January 31, 2005
Estimated average burden hours per response... 0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
LAIRD JAMES F JR

(Last) (First) (Middle)

325 JOHN H MCCONNELL BLVD, SUITE 200

(Street)

COLUMBUS, OH 43215

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
DIAMOND HILL INVESTMENT GROUP INC [DHIL]

3. Date of Earliest Transaction (Month/Day/Year)
08/29/2007

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Chief Financial Officer

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common	08/29/2007		S		63	D	$ 83	48,751	D	
Common								1,154	I	By 401k
Common	08/30/2007		S		1,746	D	$ 81.22	47,005	D	
Common								1,154	I	By 401k
Common	08/31/2007		S		1,531	D	$ 81.12	45,474	D	
Common								1,154	I	By 401k

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
LAIRD JAMES F JR 325 JOHN H MCCONNELL BLVD SUITE 200 COLUMBUS, OH 43215			Chief Financial Officer	

Signatures

Gary Young by POA	08/31/2007
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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64

445

Asia

157 37 (3)

(134)

23

80

Other

4 13 (1)

(10)

-

6

Total CLL

1,450 533 (58)

(1,102)

198

1,021

Energy Financial Services

26 4 -

(24)

3

9

GECAS

17 4 -

Explanation of Responses:

(13)

-

8

Other

37 1 (20)

(17)

2

3

Total Commercial

1,530 542 (78)

(1,156)

203

1,041

Real Estate

1,089 72 (44)

(810)

13

320

Consumer

Non-U.S. residential mortgages

545 112 8

(261)

76

480

Non-U.S. installment and revolving credit

690 290 24

(974)

552

582

U.S. installment and revolving credit

2,008 2,666 (24)

(2,906)

538

2,282

Non-U.S. auto

101 18 (4)

(146)

98

67

Other

199 132 18

(257)

80

172

Total Consumer

Explanation of Responses:

3,543 3,218 22

(4,544)

1,344

3,583

Total

$6,162 $3,832 $(100)

$(6,510)

$1,560

$4,944

(a) Other primarily included transfers to held-for-sale and the effects of currency exchange.

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

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(In millions)	Balance at January 1, 2011	Provision charged to operations(a)	Other(b)	Gross write-offs(c)	Recoveries(c)	Balance at December 31, 2011
Commercial						
CLL						
Americas	$ 1,288	$ 281	$ (96)	$ (700)	$ 116	$ 889
Europe	429	195	(5)	(286)	67	400
Asia	222	105	13	(214)	31	157
Other	6	3	(3)	(2)	–	4
Total CLL	1,945	584	(91)	(1,202)	214	1,450
Energy Financial Services	22	–	(1)	(4)	9	26
GECAS	20	–	–	(3)	–	17
Other	58	23	–	(47)	3	37
Total Commercial	2,045	607	(92)	(1,256)	226	1,530
Real Estate	1,488	324	2	(747)	22	1,089
Consumer						
Non-U.S. residential mortgages	688	116	(13)	(295)	49	545
Non-U.S. installment and revolving credit	898	470	(29)	(1,198)	549	690
U.S. installment and revolving credit	2,333	2,241	1	(3,095)	528	2,008
Non-U.S. auto	168	30	(4)	(216)	123	101
Other	259	142	(20)	(272)	90	199
Total Consumer	4,346	2,999	(65)	(5,076)	1,339	3,543
Total	$ 7,879	$ 3,930	$ (155)	$ (7,079)	$ 1,587	$ 6,162

(a) Included a provision of $77 million at Consumer related to the July 1, 2011 adoption of ASU 2011-02.

(b) Other primarily included transfers to held-for-sale and the effects of currency exchange.

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

Credit Quality Indicators

We provide further detailed information about the credit quality of our Commercial, Real Estate and Consumer financing receivables portfolios. For each portfolio, we describe the characteristics of the financing receivables and

provide information about collateral, payment performance, credit quality indicators, and impairment. We manage these portfolios using delinquency and nonearning data as key performance indicators. The categories used within this section such as impaired loans, TDR and nonaccrual financing receivables are defined by the authoritative guidance and we base our categorization on the related scope and definitions contained in the related standards. The categories of nonearning and delinquent are defined by us and are used in our process for managing our financing receivables. Definitions of these categories are provided in Note 1.

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Past Due Financing Receivables

The following tables display payment performance of Commercial, Real Estate, and Consumer financing receivables.

	2013		2012	
December 31	Over 30 days past due	Over 90 days past due(a)	Over 30 days past due	Over 90 days past due
Commercial				
CLL				
Americas	1.1 %	0.5 %	1.1 %	0.5 %
Europe	3.8	2.1	3.7	2.1
Asia	0.5	0.3	0.9	0.6
Other	-	-	0.1	-
Total CLL	1.9	1.0	1.9	1.0
Energy Financial Services	-	-	-	-
GECAS	-	-	-	-
Other	0.1	0.1	2.8	2.8
Total Commercial	1.7	0.9	1.7	0.9
Real Estate	1.2	1.1	2.3	2.2
Consumer				
Non-U.S. residential mortgages(b)	11.2	6.9	12.0	7.5
Non-U.S. installment and revolving credit	3.7	1.1	3.8	1.1
U.S. installment and revolving credit	4.4	2.0	4.6	2.0
Non-U.S. auto	4.4	0.7	3.1	0.5
Other	2.5	1.4	2.8	1.7
Total Consumer	6.1	3.2	6.5	3.4
Total	3.5 %	1.9 %	3.7 %	2.1 %

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

(b) Consumer loans secured by residential real estate (both revolving and closed-end loans) are written down to the fair value of collateral, less costs to sell, no later than when they become 180 days past due.

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Nonaccrual Financing Receivables

December 31 (Dollars in millions)	Nonaccrual financing receivables (a) 2013	Nonaccrual financing receivables (a) 2012	Nonearning financing receivables (a) 2013	Nonearning financing receivables (a) 2012
Commercial				
CLL				
Americas	$ 1,275	$ 1,951	$ 1,243	$ 1,333
Europe	1,046	1,740	1,046	1,299
Asia	413	395	413	193
Other	-	52	-	52
Total CLL	2,734	4,138	2,702	2,877
Energy Financial Services	4	-	4	-
GECAS	-	3	-	-
Other	6	25	6	13
Total Commercial	2,744 (b)	4,166 (b)	2,712	2,890
Real Estate	2,551 (c)	4,885 (c)	2,301	444
Consumer				
Non-U.S. residential mortgages	2,161	2,598	1,766	2,567
Non-U.S. installment and revolving credit	88	213	88	213
U.S. installment and revolving credit	2	1,026	2	1,026
Non-U.S. auto	18	24	18	24
Other	351	427	345	351
Total Consumer	2,620 (d)	4,288 (d)	2,219	4,181
Total	$ 7,915	$ 13,339	$ 7,232	$ 7,515
Allowance for losses percentage				
Commercial	36.6 %	25.0 %	37.1 %	36.0 %
Real Estate	7.5	6.6	8.3	72.1
Consumer	151.9	83.6	179.4	85.7
Total	65.4 %	37.1 %	71.6 %	65.8 %

(a) During the fourth quarter of 2013, we revised our methods for classifying financing receivables as nonaccrual and nonearning to more closely align with regulatory guidance. Given that the revised methods result in nonaccrual and nonearning amounts that are substantially the same we plan to discontinue the reporting of nonearning financing receivables in the first quarter of 2014. Further information on our nonaccrual and nonearning financing

receivables is provided in Note 1 to the consolidated financial statements.

(b) Included $1,397 million and $2,647 million at December 31, 2013 and 2012, respectively, that are currently paying in accordance with their contractual terms.

(c) Included $2,308 million and $4,461 million at December 31, 2013 and 2012, respectively, that are currently paying in accordance with their contractual terms.

(d) Included $527 million and $734 million at December 31, 2013 and 2012, respectively, that are currently paying in accordance with their contractual terms.

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Impaired Loans

The following tables provide information about loans classified as impaired and specific reserves related to Commercial, Real Estate and Consumer.

	With no specific allowance			With a specific allowance			
December 31 (In millions)	Recorded investment in loans	Unpaid principal balance	Average investment in loans	Recorded investment in loans	Unpaid principal balance	Associated allowance	Average investment in loans
2013							
Commercial							
CLL							
Americas	$ 1,670	$ 2,187	$ 2,154	$ 417	$ 505	$ 96	$ 497
Europe	802	1,589	956	580	921	211	536
Asia	302	349	180	111	125	20	93
Other	-	-	-	-	-	-	12
Total CLL	2,774	4,125	3,290	1,108	1,551	327	1,138
Energy Financial Services	-	-	-	4	4	1	2
GECAS	-	-	-	-	-	-	1
Other	2	3	9	4	4	-	5
Total Commercial(a)	2,776	4,128	3,299	1,116	1,559	328	1,146
Real Estate(b)	2,615	3,036	3,058	1,245	1,507	74	1,688
Consumer(c)	109	153	98	2,879	2,948	567	3,058
Total	$ 5,500	$ 7,317	$ 6,455	$ 5,240	$ 6,014	$ 969	$ 5,892

2012							
Commercial							
CLL							
Americas	$ 2,487	$ 2,927	$ 2,535	$ 557	$ 681	$ 178	$ 987
Europe	1,131	1,901	1,009	643	978	278	805
Asia	62	64	62	109	120	23	134
Other	-	-	43	52	68	6	16
Total CLL	3,680	4,892	3,649	1,361	1,847	485	1,942
Energy Financial Services	-	-	2	-	-	-	7

GECAS	-	-	17	3	3	-	5
Other	17	28	26	8	8	2	40
Total Commercial(a)	3,697	4,920	3,694	1,372	1,858	487	1,994
Real Estate(b)	3,491	3,712	3,773	2,202	2,807	188	3,752
Consumer(c)	105	117	100	3,103	3,141	673	2,949
Total	$ 7,293	$ 8,749	$ 7,567	$ 6,677	$ 7,806	$ 1,348	$ 8,695

(a) We recognized $218 million and $253 million of interest income, including $60 million and $92 million on a cash basis, for the years ended December 31, 2013 and 2012, respectively, principally in our CLL Americas business. The total average investment in impaired loans for the years ended December 31, 2013 and 2012 was $4,445 million and $5,688 million, respectively.

(b) We recognized $187 million and $329 million of interest income, including $135 million and $237 million on a cash basis, for the years ended December 31, 2013 and 2012, respectively. The total average investment in impaired loans for the years ended December 31, 2013 and 2012 was $4,746 million and $7,525 million, respectively.

(c) We recognized $221 million and $168 million of interest income, including $3 million and $4 million on a cash basis, for the years ended December 31, 2013 and 2012, respectively, principally in our Consumer U.S. installment and revolving credit portfolios. The total average investment in impaired loans for the years ended December 31, 2013 and 2012 was $3,156 million and $3,049 million, respectively.

December 31 (In millions)	2013	2012
Commercial		
Non-impaired financing receivables	$125,377	$132,741
General reserves	677	554
Impaired loans	3,892	5,069
Specific reserves	328	487
Real Estate		
Non-impaired financing receivables	$16,039	$15,253
General reserves	118	132
Impaired loans	3,860	5,693
Specific reserves	74	188
Consumer		
Non-impaired financing receivables	$106,051	$111,141
General reserves	3,414	2,910
Impaired loans	2,988	3,208
Specific reserves	567	673
Total		
Non-impaired financing receivables	$247,467	$259,135
General reserves	4,209	3,596
Impaired loans	10,740	13,970
Specific reserves	969	1,348

Impaired loans classified as TDRs in our CLL business were $2,961 million and $3,872 million at December 31, 2013 and 2012, respectively, and were primarily attributable to CLL Americas ($1,770 million and $2,577 million, respectively). For the year ended December 31, 2013, we modified $1,509 million of loans classified as TDRs, primarily in CLL Americas ($737 million). Changes to these loans primarily included extensions, interest-only payment periods, debt to equity exchange and forbearance or other actions, which are in addition to, or sometimes in lieu of, fees and rate increases. Of our $1,509 million and $2,936 million of modifications classified as TDRs during 2013 and 2012, respectively, $71 million and $217 million have subsequently experienced a payment default in 2013 and 2012, respectively.

Real Estate TDRs decreased from $5,146 million at December 31, 2012 to $3,625 million at December 31, 2013, primarily driven by resolution of TDRs through paydowns, partially offset by extensions of loans scheduled to mature during 2013, some of which were classified as TDRs upon modification. We deem loan modifications to be TDRs when we have granted a concession to a borrower experiencing financial difficulty and we do not receive adequate compensation in the form of an effective interest rate that is at current market rates of interest given the risk characteristics of the loan or other consideration that compensates us for the value of the concession. The limited

liquidity and higher return requirements in the real estate market for loans with higher loan-to-value (LTV) ratios have typically resulted in the conclusion that the modified terms are not at current market rates of interest, even if the modified loans are expected to be fully recoverable. For the year ended December 31, 2013, we modified $1,595 million of loans classified as TDRs. Changes to these loans primarily included maturity extensions, principal payment acceleration, changes to collateral or covenant terms and cash sweeps, which are in addition to, or sometimes in lieu of, fees and rate increases. Of our $1,595 million and $4,351 million of modifications classified as TDRs during 2013 and 2012, respectively, $197 million and $210 million have subsequently experienced a payment default in 2013 and 2012, respectively.

The vast majority of our Consumer nonaccrual financing receivables are smaller-balance homogeneous loans evaluated collectively, by portfolio, for impairment and therefore are outside the scope of the disclosure requirement for impaired loans. Accordingly, impaired loans in our Consumer business represent restructured smaller-balance homogeneous loans meeting the definition of a TDR, and are therefore subject to the disclosure requirement for impaired loans, and commercial loans in our Consumer–Other portfolio. The recorded investment of these impaired

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loans totaled $2,988 million (with an unpaid principal balance of $3,101 million) and comprised $109 million with no specific allowance, primarily all in our Consumer–Other portfolio, and $2,879 million with a specific allowance of $567 million at December 31, 2013. The impaired loans with a specific allowance included $261 million with a specific allowance of $35 million in our Consumer–Other portfolio and $2,618 million with a specific allowance of $532 million across the remaining Consumer business and had an unpaid principal balance and average investment of $2,948 million and $3,058 million, respectively, at December 31, 2013.

Impaired loans classified as TDRs in our Consumer business were $2,874 million and $3,041 million at December 31, 2013 and 2012, respectively. We utilize certain loan modification programs for borrowers experiencing financial difficulties in our Consumer loan portfolio. These loan modification programs primarily include interest rate reductions and payment deferrals in excess of three months, which were not part of the terms of the original contract, and are primarily concentrated in our non-U.S. residential mortgage and U.S. credit card portfolios. For the year ended December 31, 2013, we modified $1,441 million of consumer loans for borrowers experiencing financial difficulties, which are classified as TDRs, and included $879 million of non-U.S. consumer loans, primarily residential mortgages, credit cards and personal loans and $562 million of U.S. consumer loans, primarily credit cards. We expect borrowers whose loans have been modified under these programs to continue to be able to meet their contractual obligations upon the conclusion of the modification. Of our $1,441 million and $1,751 million of modifications classified as TDRs during 2013 and 2012, respectively, $266 million and $334 million have subsequently experienced a payment default in 2013 and 2012, respectively.

SUPPLEMENTAL CREDIT QUALITY INFORMATION

Commercial

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

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

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

to our overall portfolio or transactions where collateral coverage may not fully mitigate a loss in the event of default.

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			Secured	
December 31 (In millions)	A	B	C	Total
2013				
CLL				
Americas	$65,444	$1,587	$1,554	$68,585
Europe (a)	35,968	479	1,019	37,466
Asia	8,962	140	218	9,320
Other (a)	101	-	-	101
Total CLL	110,475	2,206	2,791	115,472
Energy Financial Services	2,969	9	-	2,978
GECAS	9,175	50	152	9,377
Other	318	-	-	318
Total	$122,937	$2,265	$2,943	$128,145
2012				
CLL				
Americas	$68,360	$1,775	$2,382	$72,517
Europe(a)	33,756	1,188	1,256	36,200
Asia	10,732	117	372	11,221
Other(a)	159	-	94	253
Total CLL	113,007	3,080	4,104	120,191
Energy Financial Services	4,725	-	-	4,725
GECAS	10,681	223	11	10,915
Other	486	-	-	486
Total	$128,899	$3,303	$4,115	$136,317

(a) During 2013, we transferred our European equipment services portfolio from CLL Other to CLL Europe. Prior-period amounts were reclassified to conform to the current period presentation.

For our secured financing receivables portfolio, our collateral position and ability to work out problem accounts mitigates our losses. Our asset managers have deep industry expertise that enables us to identify the optimum approach to default situations. We price risk premiums for weaker credits at origination, closely monitor changes in

creditworthiness through our risk ratings and watch list process, and are engaged early with deteriorating credits to minimize economic loss. Secured financing receivables within risk Category C are predominantly in our CLL businesses and are primarily composed of senior term lending facilities and factoring programs secured by various asset types including inventory, accounts receivable, cash, equipment and related business facilities as well as franchise finance activities secured by underlying equipment.

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

Our unsecured Commercial financing receivables portfolio is primarily attributable to our Interbanca S.p.A. and GE Sanyo Credit acquisitions in Europe and Asia, respectively. At December 31, 2013 and 2012, these financing receivables included $313 million and $458 million rated A, $580 million and $583 million rated B, and $231 million and $452 million rated C, respectively.

Real Estate

Due to the primarily non-recourse nature of our Debt portfolio, loan-to-value ratios provide the best indicators of the credit quality of the portfolio.

	Loan-to-value ratio					
	2013			2012		
December 31 (In millions)	Less than 80%	80% to 95%	Greater than 95%	Less than 80%	80% to 95%	Greater than 95%
Debt	$ 15,576	$ 1,300	$ 2,111	$ 13,570	$ 2,572	$ 3,604

By contrast, the credit quality of the owner occupied/credit tenant portfolio is primarily influenced by the strength of the borrower's general credit quality, which is reflected in our internal risk rating process, consistent with the process we use for our Commercial portfolio. At December 31, 2013, the internal risk rating of A, B and C for our owner occupied/credit tenant portfolio approximated $571 million, $179 million and $162 million, respectively, as compared to December 31, 2012, ratings of $956 million, $25 million and $219 million, respectively.

Within Real Estate-Debt, these financing receivables are primarily concentrated in our North American and European Lending platforms and are secured by various property types. A substantial majority of the Real Estate-Debt financing receivables with loan-to-value ratios greater than 95% are paying in accordance with contractual terms. Substantially all of these loans and the majority of our owner occupied/credit tenant financing receivables included in Category C are impaired loans that are subject to the specific reserve evaluation process described in Note 1. The ultimate recoverability of impaired loans is driven by collection strategies that do not necessarily depend on the sale of the underlying collateral and include full or partial repayments through third-party refinancing and restructurings.

Consumer

At December 31, 2013, our U.S. consumer financing receivables included private-label credit card and sales financing for approximately 61 million customers across the U.S. with no metropolitan area accounting for more than 6% of the portfolio. Of the total U.S. consumer financing receivables, approximately 67% relate to credit card loans that are often subject to profit and loss-sharing arrangements with the retailer (which are recorded in revenues), and the remaining 33% are sales finance receivables that provide financing to customers in areas such as electronics, recreation, medical and home improvement.

Our Consumer financing receivables portfolio comprises both secured and unsecured lending. Secured financing receivables comprise residential loans and lending to small and medium-sized enterprises predominantly secured by auto and equipment, inventory finance and cash flow loans. Unsecured financing receivables include private-label credit card financing. A substantial majority of these cards are not for general use and are limited to the products and services sold by the retailer. The private-label portfolio is diverse with no metropolitan area accounting for more than 6% of the related portfolio.

Non-U.S. residential mortgages

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

residential mortgages based on loan-to-value ratios.

	Loan-to-value ratio					
	2013			2012		
December 31 (In millions)	80% or less	Greater than 80% to 90%	Greater than 90%	80% or less	Greater than 80% to 90%	Greater than 90%
Non-U.S. residential mortgages	$ 17,224	$ 5,130	$ 8,147	$ 18,568	$ 5,699	$ 9,083

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The majority of these financing receivables are in our U.K. and France portfolios and have re-indexed loan-to-value ratios of 77% and 56%, respectively. Re-indexed loan-to-value ratios may not reflect actual realizable values of future repossessions. We have third-party mortgage insurance for about 24% of the balance of Consumer non-U.S. residential mortgage loans with loan-to-value ratios greater than 90% at December 31, 2013. Such loans were primarily originated in France and the U.K.

Installment and Revolving Credit

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

	Internal ratings translated to approximate credit bureau equivalent score					
	2013			2012		
(In millions)	671 or higher	626 to 670	625 or less	671 or higher	626 to 670	625 or less
Non-U.S. installment and revolving credit	$ 8,310	$ 2,855	$ 2,512	$ 10,228	$ 4,267	$ 3,321
U.S. installment and revolving credit	36,723	11,101	8,030	33,204	9,753	7,896
Non-U.S. auto	1,395	373	286	3,141	666	453

Of those financing receivable accounts with credit bureau equivalent scores of 625 or less at December 31, 2013, 97% relate to installment and revolving credit accounts. These smaller-balance accounts have an average outstanding balance less than one thousand U.S. dollars and are primarily concentrated in our retail card and sales finance receivables in the U.S. (which are often subject to profit and loss-sharing arrangements), and closed-end loans outside the U.S., which minimizes the potential for loss in the event of default. For lower credit scores, we adequately price for the incremental risk at origination and monitor credit migration through our risk ratings process. We continuously adjust our credit line underwriting management and collection strategies based on customer behavior and risk profile changes.

Consumer – Other

Secured lending in Consumer – Other comprises loans to small and medium-sized enterprises predominantly secured by auto and equipment, inventory finance and cash flow loans. We develop our internal risk ratings for this portfolio in a manner consistent with the process used to develop our Commercial credit quality indicators, described above. We use the borrower’s credit quality and underlying collateral strength to determine the potential risk of loss from these activities.

At December 31, 2013, Consumer – Other financing receivables of $6,137 million, $315 million and $501 million were rated A, B and C, respectively. At December 31, 2012, Consumer – Other financing receivables of $6,873 million, $451 million and $746 million were rated A, B and C, respectively.

Explanation of Responses:

NOTE 5. PROPERTY, PLANT AND EQUIPMENT

December 31 (Dollars in millions)	Depreciable lives-new (in years)		2013		2012
Original cost(b)					
Land and improvements, buildings, structures and related equipment	1-35 (a)	$	2,504	$	2,485
Equipment leased to others					
Aircraft (c)	20		50,337		49,954
Vehicles	1-20		14,656		15,952
Railroad rolling stock	4-50		4,636		4,180
Construction and manufacturing	1-30		2,916		3,055
All other	7-27		3,518		3,427
Total		$	78,567	$	79,053
Net carrying value(b)					
Land and improvements, buildings, structures and related equipment		$	1,025	$	999
Equipment leased to others					
Aircraft(c)			34,938		36,231
Vehicles			8,312		8,634
Railroad rolling stock			3,129		2,744
Construction and manufacturing			1,955		2,069
All other			2,248		2,290
Total		$	51,607	$	52,967

(a) Depreciable lives exclude land.

(b) Included $1,353 million and $1,466 million of original cost of assets leased to GE with accumulated amortization of $342 million and $451 million at December 31, 2013 and 2012, respectively.

(c) GECAS recognized impairment losses of $732 million and $242 million in 2013 and 2012, respectively. These losses are recorded in the caption “Depreciation and amortization” in the Statement of Earnings to reflect adjustments to fair value based on an evaluation of 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.

Amortization of equipment leased to others was $6,696 million, $6,097 million and $6,063 million in 2013, 2012 and 2011, respectively. Noncancellable future rentals due from customers for equipment on operating leases at December 31, 2013, are as follows:

(In millions)	
Due in	
2014	$7,149
2015	5,853

2016	4,716
2017	3,680
2018	2,911
2019 and later	7,726
Total	$32,035

(103)

NOTE 6. GOODWILL AND OTHER INTANGIBLE ASSETS

December 31 (In millions)	2013	2012
Goodwill	$26,195	$26,971
Other intangible assets - net		
Intangible assets subject to amortization	$1,136	$1,287

Changes in goodwill balances follow.

	2013				2012			
(In millions)	Balance at January 1	Acquisitions	Dispositions, currency exchange and other	Balance at December 31	Balance at January 1	Acquisitions	Dispositions, currency exchange and other	Balance at December 31
CLL	$ 13,454	$ 3	$ 65	$ 13,522	$ 13,475	$ -	$ (21)	$ 13,454
Consumer	10,882	14	(619)	10,277	10,717	-	165	10,882
Real Estate	926	-	(184)	742	1,001	-	(75)	926
Energy Financial Services	1,562	-	(55)	1,507	1,562	-	-	1,562
GECAS	147	-	-	147	147	-	-	147
Total	$ 26,971	$ 17	$ (793)	$ 26,195	$ 26,902	$ -	$ 69	$ 26,971

Upon closing an acquisition, we estimate the fair values of assets and liabilities acquired and consolidate the acquisition as quickly as possible. Given the time it takes to obtain pertinent information to finalize the acquired company's balance sheet, then to adjust the acquired company's accounting policies, procedures, and books and records to our standards, it is often several quarters before we are able to finalize those initial fair value estimates. Accordingly, it is not uncommon for our initial estimates to be subsequently revised.

Goodwill balances decreased $(776) million in 2013, primarily as a result of dispositions ($749 million). Our reporting units and related goodwill balances are CLL ($13,522 million), Consumer ($10,277 million), Real Estate ($742 million), Energy Financial Services ($1,507 million) and GECAS ($147 million) at December 31, 2013.

Goodwill balances increased $69 million in 2012, primarily as a result of the weaker U.S. dollar ($180 million), partially offset by dispositions ($107 million).

We test goodwill for impairment annually in the third quarter of each year using data as of July 1 of that year. The impairment test consists of two steps: in step one, the carrying value of the reporting unit is compared with its fair value; in step two, which is applied when the carrying value is more than its fair value, the amount of goodwill impairment, if any, is derived by deducting the fair value of the reporting unit's assets and liabilities from the fair value of its equity, and comparing that amount with the carrying amount of goodwill. We determined fair values for each of the reporting units using an income approach. When available and appropriate, we use comparative market multiples to corroborate discounted cash flow results. We assess the valuation methodology based upon the relevance and

availability of the data at the time we perform the valuation.

Under 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 using a capital asset pricing model and analyzing published rates for industries relevant to our reporting units to estimate the cost of equity financing. We use discount rates that are commensurate with the risks and uncertainty inherent in the respective businesses and in our internally developed forecasts. Discount rates used in our reporting unit valuations ranged from 11.25% to 13.3%.

(104)

During the third quarter of 2013, we performed our annual impairment test of goodwill for all of our reporting units. Based on the results of our step one testing, the fair values of each of the reporting units exceeded their carrying values; therefore, the second step of the impairment test was not required to be performed and no goodwill impairment was recognized.

Our Real Estate reporting unit had a goodwill balance of $742 million at December 31, 2013. 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 in which the implied fair value of goodwill exceeded its carrying value by approximately $3.7 billion. The estimated fair value of the Real Estate reporting unit is based on a number of assumptions about future business performance and investment, including loss estimates for the existing finance receivable and investment portfolio, new debt origination volume and margins, and the recent stabilization of the real estate market allowing for sales of real estate investments at normalized margins. Our assumed discount rate was 11.25% and was derived by applying a capital asset pricing model and corroborated using equity analyst research reports and implied cost of equity based on forecasted price to earnings per share multiples for similar companies. While we have seen stabilization in some markets, given the volatility and uncertainty in the current commercial real estate environment, there is uncertainty about a number of assumptions upon which the estimated fair value is based. Different loss estimates for the existing portfolio, changes in the new debt origination volume and margin assumptions, changes in the expected pace of the commercial real estate market recovery, or changes in the equity return expectation of market participants may result in changes in the estimated fair value of the Real Estate reporting unit.

Estimating the fair value of reporting units requires the use of estimates and significant judgments that are based on a number of factors including actual operating results. It is reasonably possible that the judgments and estimates described above could change in future periods.

Intangible Assets Subject to Amortization

	2013			2012		
December 31 (In millions)	Gross carrying amount	Accumulated amortization	Net	Gross carrying amount	Accumulated amortization	Net
Capitalized software	$2,200	$ (1,707)	$493	$2,103	$ (1,663)	$440
Customer-related	1,173	(802)	371	1,220	(802)	418
Lease valuations	703	(498)	205	1,163	(792)	371
Trademarks	49	(36)	13	51	(32)	19
Present value of future profits(a)	574	(574)	-	530	(530)	-
Patents and Technology	106	(102)	4	106	(99)	7
All other	326	(276)	50	316	(284)	32
Total	$5,131	$ (3,995)	$1,136	$5,489	$ (4,202)	$1,287

(a) Balances at December 31, 2013 and 2012 reflect adjustments of $322 million and $353 million, respectively, to the present value of future profits in our run-off insurance operations to reflect the effects that would have been recognized had the related unrealized investment securities holding gains and losses actually been realized.

During 2013, we recorded additions to intangible assets subject to amortization of $270 million. The components of finite-lived intangible assets acquired during 2013 and their respective weighted-average amortizable period are: $115 million – Customer-related (7.0 years); $150 million – Capitalized software (4.0 years); $3 million – Patents and Technology (5.0 years); and $2 million – Lease valuations (5.0 years).

Amortization expense related to intangible assets subject to amortization was $425 million, $447 million and $562 million for 2013, 2012 and 2011, respectively, and is recorded in operating and administrative expense on the financial statements. We estimate annual pre-tax amortization for intangible assets over the next five calendar years to be as follows: 2014 – $339 million; 2015 – $288 million; 2016 – $218 million; 2017 – $154 million; and 2018 – $100 million.

(105)

NOTE 7. OTHER ASSETS

December 31 (In millions)	2013	2012
Investments		
Real estate(a)(b)	$16,163	$25,154
Associated companies	17,348	19,119
Assets held for sale(c)	2,571	4,194
Cost method(b)	1,462	1,665
Other	930	1,446
	38,474	51,578
Derivative instruments	1,117	3,557
Advances to suppliers	2,328	1,805
Deferred borrowing costs	867	940
Deferred acquisition costs(d)	29	46
Other	4,551	4,260
Total	$47,366	$62,186

(a) Our investment in real estate consisted principally of two categories: real estate held for investment and equity method investments. Both categories contained a wide range of properties including the following at December 31, 2013: office buildings (52%), apartment buildings (14%), retail facilities (9%), industrial properties (7%), franchise properties (3%) and other (15%). At December 31, 2013, investments were located in the Americas (41%), Europe (35%) and Asia (24%).

(b) The fair value of and unrealized loss on cost method investments in a continuous loss position for less than 12 months at December 31, 2013, were $17 million and an insignificant amount, respectively. There were no cost method investments in a continuous loss position for 12 months or more at December 31, 2013. The fair value of and unrealized loss on cost method investments in a continuous loss position for less than 12 months at December 31, 2012, were $142 million and $37 million, respectively. The fair value of and unrealized loss on cost method investments in a continuous loss position for 12 months or more at December 31, 2012, were $2 million and an insignificant amount, respectively.

(c) Assets were classified as held for sale on the date a decision was made to dispose of them through sale or other means. At December 31, 2013 and 2012, such assets consisted primarily of loans, aircraft, equipment and real estate properties, and were accounted for at the lower of carrying amount or estimated fair value less costs to sell. These amounts are net of valuation allowances of $127 million and $200 million at December 31, 2013 and 2012, respectively.

(d) Balances at December 31, 2013 and 2012 reflect adjustments of $700 million and $764 million, respectively, to deferred acquisition costs in our run-off insurance operations to reflect the effects that would have been recognized had the related unrealized investment securities holding gains and losses actually been realized.

NOTE 8. BORROWINGS AND BANK DEPOSITS

Short-term Borrowings		2013			2012	
			Average			Average
December 31 (Dollars in millions)		Amount	rate(a)		Amount	rate(a)
Commercial paper						
U.S.	$	24,877	0.18 %	$	33,686	0.22 %
Non-U.S.		4,168	0.33		9,370	0.92
Current portion of long-term borrowings(b)(c)(d)		39,215	2.70		44,264	2.85
GE Interest Plus notes(e)		8,699	1.11		8,189	1.20
Other(c)		339			431	
Total short-term borrowings	$	77,298		$	95,940	

Long-term Borrowings			2013			2012	
				Average			Average
December 31 (Dollars in millions)	Maturities		Amount	rate(a)		Amount	rate(a)
Senior unsecured notes(b)	2015-2054	$	186,433	2.97 %	$	199,646	2.95 %
Subordinated notes(d)	2021-2037		4,821	3.93		4,965	2.92
Subordinated debentures(f)(g)	2066-2067		7,462	5.64		7,286	5.78
Other(c)			11,563			12,879	
Total long-term borrowings		$	210,279		$	224,776	
Non-recourse borrowings of securitization consolidated entities (h)	2014-2019	$	30,124	1.05	$	30,123	1.12
Bank deposits(i)		$	53,361		$	46,200	
Total borrowings and bank deposits		$	371,062		$	397,039	

(a) Based on year-end balances and year-end local currency effective interest rates, including the effects from hedging.

(b) Included in total long-term borrowings were $481 million and $604 million of obligations to holders of GICs at December 31, 2013 and 2012, respectively. These obligations included conditions under which certain GIC holders could require immediate repayment of their investment should the long-term credit ratings of GECC fall below AA-/Aa3. Following the April 3, 2012 Moody's downgrade of GECC's long-term credit rating to A1, substantially all of these GICs became redeemable by their holders. In 2012, holders of $386 million in principal amount of GICs redeemed their holdings and GECC made related cash payments. The remaining outstanding GICs will continue to be subject to their scheduled maturities and individual terms, which may include provisions permitting redemption upon a downgrade of one or more of GECC's ratings, among other things.

(c) Included $9,468 million and $9,757 million of funding secured by real estate, aircraft and other collateral at December 31, 2013 and 2012, respectively, of which $2,868 million and $3,294 million is non-recourse to GECC at December 31, 2013 and 2012, respectively.

(d) Included $300 million of subordinated notes guaranteed by GE at both December 31, 2013 and 2012.

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

(f) Subordinated debentures receive rating agency equity credit and were hedged at issuance to the U.S. dollar equivalent of $7,725 million.

(g) Includes $2,981 million of subordinated debentures, which constitute the sole assets of trusts who have issued trust preferred securities and where GECC owns 100% of the common securities of the trusts. Obligations associated with these trusts are fully and unconditionally guaranteed by GECC.

(h) Included at December 31, 2013 and 2012 were $9,047 million and $7,707 million of current portion of long-term borrowings, respectively, and $21,077 million and $22,416 million of long-term borrowings, respectively. See Note 16.

(i) Included $13,614 million and $15,896 million of deposits in non-U.S. banks at December 31, 2013 and 2012, respectively, and $18,275 million and $17,291 million of certificates of deposits with maturities greater than one year at December 31, 2013 and 2012, respectively.

Additional information about borrowings and associated swaps can be found in Note 15.

(107)

Liquidity is affected by debt maturities and our ability to repay or refinance such debt. Long-term debt maturities over the next five years follow.

(In millions)	2014	2015	2016	2017	2018
	$ 39,215 (a)	$ 39,672	$ 31,987	$ 25,866	$ 18,183

(a) Fixed and floating rate notes of $443 million contain put options with exercise dates in 2014, and which have final maturity beyond 2018.

Committed credit lines totaling $47.8 billion had been extended to us by 50 banks at year-end 2013. GECC can borrow up to $47.8 billion under all of these credit lines. GE can borrow up to $13.9 billion under certain of these credit lines. Our lines include $26.5 billion of revolving credit agreements under which we can borrow funds for periods exceeding one year. Additionally, $21.3 billion are 364-day lines that contain a term-out feature that allows us to extend the borrowings for two years from the date on which such borrowings would otherwise be due.

NOTE 9. INVESTMENT CONTRACTS, INSURANCE LIABILITIES AND INSURANCE ANNUITY BENEFITS

Investment contracts, insurance liabilities and insurance annuity benefits comprise mainly obligations to annuitants and policyholders in our run-off insurance operations and holders of guaranteed investment contracts.

December 31 (In millions)	2013	2012
Investment contracts	$3,144	$3,321
Guaranteed investment contracts	1,471	1,644
Total investment contracts	4,615	4,965
Life insurance benefits(a)	18,959	20,427
Other(b)	3,405	3,304
Total	$26,979	$28,696

(a) Life insurance benefits are accounted for mainly by a net-level-premium method using estimated yields generally ranging from 3.0% to 8.5% in both 2013 and 2012.

(b) Substantially all unpaid claims and claims adjustment expenses and unearned premiums.

When insurance affiliates cede insurance risk to third parties, such as reinsurers, they are not relieved of their primary obligation to policyholders. When losses on ceded risks give rise to claims for recovery, we establish allowances for probable losses on such receivables from reinsurers as required. Reinsurance recoverables are included in the caption “Other receivables” on our Statement of Financial Position, and amounted to $1,685 million and $1,542 million at December 31, 2013 and 2012, respectively.

We recognize reinsurance recoveries as a reduction of the Statement of Earnings caption “Investment contracts, insurance losses and insurance annuity benefits.” Reinsurance recoveries were $250 million, $234 million and $224 million for the years ended December 31, 2013, 2012 and 2011, respectively.

(108)

NOTE 10. INCOME TAXES

Provision for Income Taxes

(In millions)	2013	2012	2011
Current tax expense (benefit)	$(268)	$1,379	$783
Deferred tax expense (benefit) from temporary differences	(724)	(858)	123
Total	$(992)	$521	$906

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

U.S. earnings from continuing operations before income taxes were $2,845 million, $4,496 million and $3,202 million in 2013, 2012 and 2011, respectively. The corresponding amounts for non-U.S.-based operations were $4,474 million, $3,433 million and $4,311 million in 2013, 2012 and 2011, respectively.

Current tax expense (benefit) includes amounts applicable to U.S. federal income taxes of $(1,287) million, $(6) million and $(2,063) million in 2013, 2012 and 2011, respectively, related to the benefit from our deductions and credits applied against GE's current U.S. tax expense. Current tax expense amounts applicable to non-U.S. jurisdictions were $1,020 million, $1,436 million and $2,999 million in 2013, 2012 and 2011, respectively. Deferred taxes related to U.S. federal income taxes were an expense (benefit) of $(474) million, $30 million and $1,613 million in 2013, 2012 and 2011, respectively, and amounts applicable to non-U.S. jurisdictions of a benefit of $(269) million, $(815) million and $(1,621) million in 2013, 2012 and 2011, respectively.

Deferred income tax balances reflect the effects of temporary differences between the carrying amounts of assets and liabilities and their tax bases, as well as from net operating loss and tax credit carryforwards, and are stated at enacted tax rates expected to be in effect when taxes are actually paid or recovered. Deferred income tax assets represent amounts available to reduce income taxes payable on taxable income in future years. 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. 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.

Our businesses are subject to regulation under a wide variety of U.S. federal, state and foreign tax laws, regulations and policies. Changes to these laws or regulations may affect our tax liability, return on investments and business operations. For example, GE's effective tax rate is reduced because active business income earned and indefinitely reinvested outside the United States is taxed at less than the U.S. rate. A significant portion of this reduction depends upon a provision of U.S. tax law that defers the imposition of U.S. tax on certain active financial services income until that income is repatriated to the United States as a dividend. This provision is consistent with international tax norms and permits U.S. financial services companies to compete more effectively with foreign banks and other foreign financial institutions in global markets. This provision, which had expired at the end of 2011, was reinstated in January 2013 retroactively for two years through the end of 2013. The provision had been scheduled to expire and had been extended by Congress on six previous occasions, but there can be no assurance that it will continue to be extended. In the event the provision is not extended after 2013, the current U.S. tax imposed on active financial

services income earned outside the United States would increase, making it more difficult for U.S. financial services companies to compete in global markets. If this provision is not extended, we expect our effective tax rate to increase significantly after 2014.

(109)

We have not provided U.S. deferred taxes on cumulative earnings of non-U.S. affiliates and associated companies that have been reinvested indefinitely. These earnings relate to ongoing operations and, at December 31, 2013 and December 31, 2012, were approximately $73 billion and $72 billion, respectively. 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. Because of the availability of U.S. foreign tax credits, it is not practicable to determine the U.S. federal income tax liability that would be payable if such earnings were not reinvested indefinitely. Deferred taxes are provided for earnings of non-U.S. affiliates and associated companies when we plan to remit those earnings.

Annually, GE files over 5,800 income tax returns in over 250 global taxing jurisdictions a substantial portion of which includes our activities. We are under examination or engaged in tax litigation in many of these jurisdictions. During 2013, the Internal Revenue Service (IRS) completed the audit of our consolidated U.S. income tax returns for 2008-2009, except for certain issues that remain under examination. During 2011, the IRS completed the audit of our consolidated U.S. income tax returns for 2006-2007, except for certain issues that remained under examination. At December 31, 2013, the IRS was auditing our consolidated U.S. income tax returns for 2010-2011. In addition, certain other U.S. tax deficiency issues and refund claims for previous years were unresolved. The IRS has disallowed the tax loss on our 2003 disposition of ERC Life Reinsurance Corporation. We have contested the disallowance of this loss. It is reasonably possible that the unresolved items could be resolved during the next 12 months, which could result in a decrease in our balance of "unrecognized tax benefits" – that is, the aggregate tax effect of differences between tax return positions and the benefits recognized in our financial statements. We believe that there are no other jurisdictions in which the outcome of unresolved issues or claims is likely to be material to our results of operations, financial position or cash flows. We further believe that we have made adequate provision for all income tax uncertainties. Resolution of audit matters, including the IRS audit of our consolidated U.S. income tax returns for 2008-2009, reduced our 2013 consolidated income tax rate by 1.3 percentage points. Resolution of audit matters, including the IRS audit of our consolidated U.S. income tax returns for 2006-2007, reduced our 2011 consolidated effective tax rate by 3.0 percentage points.

The balance of unrecognized tax benefits, the amount of related interest and penalties we have provided and what we believe to be the range of reasonably possible changes in the next 12 months were:

December 31 (In millions)	2013	2012
Unrecognized tax benefits	$3,223	$3,106
Portion that, if recognized, would reduce tax expense and effective tax rate(a)	2,346	2,253
Accrued interest on unrecognized tax benefits	570	559
Accrued penalties on unrecognized tax benefits	97	101
Reasonably possible reduction to the balance of unrecognized tax benefits in succeeding 12 months	0-800	0-400
Portion that, if recognized, would reduce tax expense and effective tax rate(a)	0-250	0-350

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

A reconciliation of the beginning and ending amounts of unrecognized tax benefits is as follows:

(In millions)	2013	2012
Balance at January 1	$3,106	$2,932
Additions for tax positions of the current year	79	181

Reductions for tax positions of the current year	(1)	(9)
Additions for tax positions of prior years	657	522
Reductions for tax positions of prior years	(617)	(377)
Settlements with tax authorities	(1)	(141)
Expiration of the statute of limitations	–	(2)
Balance at December 31	$3,223	$3,106

(110)

We classify interest on tax deficiencies as interest expense; we classify income tax penalties as provision for income taxes. For the years ended December 31, 2013, 2012 and 2011, $11 million, $(20) million and $(254) million of interest expense (income), respectively, and $6 million, $22 million and $(8) million of tax expense (income) related to penalties, respectively, were recognized in the Statement of Earnings.

Reconciliation of U.S. Federal Statutory Income Tax Rate to Actual Income Tax Rate

	2013	2012	2011
U.S. federal statutory income tax rate	35.0 %	35.0 %	35.0 %
Increase (reduction) in rate resulting from			
Tax on global activities including exports(a)	(45.0)	(18.4)	(14.7)
U.S. business credits(b)	(4.6)	(4.3)	(4.7)
Business Property disposition	-	(4.2)	-
All other - net	1.0	(1.5)	(3.5)
	(48.6)	(28.4)	(22.9)
Actual income tax rate	(13.6)%	6.6 %	12.1 %

(a) Included (13.3)% related to the sale of 68.5% of our Swiss consumer finance bank, Cembra Money Bank AG (Cembra), through an initial public offering in 2013.

(b) U.S. general business credits, primarily the credit for energy produced from renewable sources, the advanced energy project credit and the low-income housing credit.

Deferred Income Taxes

Principal components of our net liability (asset) representing deferred income tax balances are as follows:

December 31 (In millions)	2013	2012
Assets		
Non-U.S. loss carryforwards(a)	$(3,791)	$(3,049)
Allowance for losses	(2,640)	(1,975)
Investment in global subsidiaries	(1,883)	(1,689)
Other - net	(4,910)	(5,163)
Total deferred income tax assets	(13,224)	(11,876)
Liabilities		
Operating leases	6,284	6,141
Financing leases	4,075	4,506
Intangible assets	1,943	1,666
Net unrealized gains on securities	145	314
Cash flow hedges	163	115
Other - net	5,400	5,134
Total deferred income tax liabilities	18,010	17,876
Net deferred income tax liability	$4,786	$6,000

(a) Net of valuation allowances of $862 million and $628 million for 2013 and 2012, respectively. Of the net deferred tax asset as of December 31, 2013, of $3,791 million, $17 million relates to net operating loss carryforwards that expire in various years ending from December 31, 2014, through December 31, 2016; $427 million relates to net operating losses that expire in various years ending from December 31, 2017 through December 31, 2028 and $3,347 million relates to net operating loss carryforwards that may be carried forward indefinitely.

(111)

NOTE 11. SHAREOWNERS' EQUITY

(In millions)	2013	2012	2011
Preferred stock issued	$-	$-	$-
Common stock issued	$-	$-	$-
Accumulated other comprehensive income			
Balance at January 1	$(940)	$(2,096)	$(3,711)
Other comprehensive income before reclassifications	433	1,312	78
Reclassifications from other comprehensive income	(527)	(156)	1,537
Other comprehensive income, net, attributable to GECC	(94)	1,156	1,615
Balance at December 31	$(1,034)	$(940)	$(2,096)
Additional paid-in capital			
Balance at January 1	$31,586	$27,628	$27,627
Contributions and other	977	3,958	1
Balance at December 31	$32,563	$31,586	$27,628
Retained earnings			
Balance at January 1	$51,244	$51,578	$45,068
Net earnings	6,204	6,215	6,510
Dividends and other	(6,283)	(6,549)	-
Balance at December 31	$51,165	$51,244	$51,578
Total equity			
GECC shareowners' equity balance at December 31	$82,694	$81,890	$77,110
Noncontrolling interests balance at December 31	432	707	690
Total equity balance at December 31	$83,126	$82,597	$77,800

During the second quarter of 2013, we issued 10,000 shares of non-cumulative perpetual preferred stock with a $0.01 par value for proceeds of $990 million. The preferred shares bear an initial fixed interest rate of 5.25% through June 15, 2023, bear a floating rate equal to three-month LIBOR plus 2.967% thereafter and are callable on June 15, 2023. Dividends on the GECC preferred stock are payable semi-annually, in June and December, with the first payment on this issuance made in December 2013.

During 2012, we issued 40,000 shares of non-cumulative perpetual preferred stock with a $0.01 par value for proceeds of $3,960 million. Of these shares, 22,500 bear an initial fixed interest rate of 7.125% through June 15, 2022, bear a floating rate equal to three-month LIBOR plus 5.296% thereafter and are callable on June 15, 2022, and 17,500 shares bear an initial fixed interest rate of 6.25% through December 15, 2022, bear a floating rate equal to three-month LIBOR plus 4.704% thereafter and are callable on December 15, 2022. Dividends on the preferred stock are payable semi-annually, in June and December, with the first payment on these issuances made in December 2012.

During 2013 and 2012, we paid preferred stock dividends of $298 million and $123 million, respectively. During 2013 and 2012, we paid quarterly dividends of $1,930 million and $1,926 million, respectively, and special dividends of $4,055 million and $4,500 million, respectively, to GE. No dividends were paid during 2011.

At December 31, 2011, all of our outstanding common stock was owned by our former parent, GECS, however, upon the completion of the merger, (i) all outstanding shares of GECC common stock were cancelled, (ii) all outstanding shares of common stock of GECS and all outstanding shares of preferred stock of GECS held by GE were converted into an aggregate of 1,000 shares of common stock of GECC and (iii) all treasury shares of GECS and all outstanding shares of preferred stock of GECS held by GECC were cancelled. As a result, GECC, which previously has been an indirect wholly-owned subsidiary of GE, became a direct wholly-owned subsidiary of GE. Our financial statements consolidate all of our affiliates – entities in which we have a controlling financial interest, most often because we hold a majority voting interest.

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Activities of our financial services consolidated affiliates include lending, leasing and other traditional financial services transactions and relate to approximately $169.2 billion of our total assets. These consolidated affiliates may be subject to regulation by various national authorities including banking, financial services and insurance regulators, and are restricted from remitting certain funds to us in the form of dividends or loans. However, such funds are available for use by these affiliates, without restriction, to repay borrowings, to fund new loans, or for other normal business purposes. Our regulated bank subsidiaries are also subject to minimum regulatory capital requirements and we have also committed to maintain the total capital level for our run-off insurance operations at 300% of the regulatory minimum required level. At December 31, 2013, restricted net assets of our financial services consolidated affiliates were approximately $23.1 billion.

The aggregate statutory capital and surplus of the insurance activities totaled $2.4 billion and $1.6 billion at December 31, 2013 and 2012, respectively. Accounting practices prescribed by statutory authorities are used in preparing statutory statements.

Accumulated other comprehensive income

(In millions)	2013	2012	2011
Investment securities			
Balance at January 1	$673	$(33)	$(639)
OCI before reclassifications – net of deferred taxes of $(386), $386 and $341(a)	(675)	685	575
Reclassifications from OCI – net of deferred taxes of $215, $12 and $1	306	22	31
Other comprehensive income(b)	(369)	707	606
Less: OCI attributable to noncontrolling interests	(5)	1	-
Balance at December 31	$309	$673	$(33)
Currency translation adjustments			
Balance at January 1	$(131)	$(399)	$(1,411)
OCI before reclassifications –net of deferred taxes of $(655), $(261) and $(705)	247	411	603
Reclassifications from OCI – net of deferred taxes of $791, $55 and $357	(810)	(131)	381
Other comprehensive income(b)	(563)	280	984
Less: OCI attributable to noncontrolling interests	(7)	12	(28)
Balance at December 31	$(687)	$(131)	$(399)
Cash flow hedges			
Balance at January 1	$(746)	$(1,101)	$(1,281)
OCI before reclassifications – net of deferred taxes of $235, $378 and $248	521	434	(910)
Reclassifications from OCI – net of deferred taxes of $(158), $(250) and $204	(66)	(80)	1,104
Other comprehensive income(b)	455	354	194
Less: OCI attributable to noncontrolling interests	2	(1)	14
Balance at December 31	$(293)	$(746)	$(1,101)
Benefit plans			
Balance at January 1	$(736)	$(563)	$(380)
Prior service credit (cost) – net of deferred taxes of $4, $0 and $(3)	24	-	(6)
Net actuarial gain (loss) – net of deferred taxes of $156, $(86) and $(104)	306	(206)	(198)

Prior service cost amortization – net of deferred taxes of $0, $0 and $0	-	-	(2)
Net actuarial loss amortization – net of deferred taxes of $16, $10 and $11	43	33	23
Other comprehensive income(b)	373	(173)	(183)
Less: OCI attributable to noncontrolling interests	-	-	-
Balance at December 31	$(363)	$(736)	$(563)
Accumulated other comprehensive income at December 31	$(1,034)	$(940)	$(2,096)

(a) Includes adjustments of $(1,171) million, $527 million and $786 million in 2013, 2012 and 2011, respectively, to deferred acquisition costs, present value of future profits, and investment contracts, insurance liabilities and insurance annuity benefits in our run-off insurance operations to reflect the effects that would have been recognized had the related unrealized investment securities holding gains and losses actually been realized.

(b) Total other comprehensive income was $(104) million, $1,168 million and $1,601 million in 2013, 2012 and 2011, respectively.

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Reclassification out of AOCI
(In millions)

Components of AOCI	2013	2012	2011	Statement of Earnings Caption
Available-for-sale securities				
Realized gains (losses) on sale/impairment of securities	$ (521)	$ (34)	$ (32)	Revenues from services
	215	12	1	Tax (expense) or benefit
	$ (306)	$ (22)	$ (31)	Net of tax
Currency translation adjustments				
Gains (losses) on dispositions	$ 19	$ 76	$ (738)	Costs and expenses
	791	55	357	Tax (expense) or benefit
	$ 810	$ 131	$ (381)	Net of tax
Cash flow hedges				
Gains (losses) on interest rate derivatives	$ (364)	$ (494)	$ (821)	Interest
Foreign exchange contracts	588	824	(487)	(a)
	224	330	(1,308)	Total before tax
	(158)	(250)	204	Tax (expense) or benefit
	$ 66	$ 80	$ (1,104)	Net of tax
Benefit plan items				
Amortization of prior service cost	$ -	$ -	$ 2	(b)
Amortization of actuarial gains (losses)	(59)	(43)	(34)	(b)
	(59)	(43)	(32)	Total before tax
	16	10	11	Tax (expense) or benefit
	$ (43)	$ (33)	$ (21)	Net of tax
Total reclassification adjustments	$ 527	$ 156	$ (1,537)	Net of tax

(a) Includes $608 million, $894 million and $(310) million in revenues from services and $(20) million, $(70) million and $(177) million in interest for the years ended December 31, 2013, 2012 and 2011, respectively.

(b) Amortization of actuarial gains and losses out of AOCI are included in the computation of net periodic pension costs.

Noncontrolling Interests

Noncontrolling interests in equity of consolidated affiliates includes common shares in consolidated affiliates and preferred stock issued by our affiliates. The balance is summarized as follows.

December 31 (In millions)	2013	2012
Noncontrolling interests in consolidated affiliates(a)	$432	$707

(a) Consisted of a number of individually insignificant noncontrolling interests in partnerships and consolidated affiliates.

Changes to noncontrolling interests are as follows.

(In millions)	2013	2012	2011
Beginning balance	$707	$690	$1,164
Net earnings	53	63	127
Dispositions(a)	(174)	–	(586)
Dividends	(48)	(19)	(20)
Other (including AOCI)	(106)	(27)	5
Ending balance	$432	$707	$690

(a) Includes noncontrolling interests related to the sale of GE SeaCo of $311 million and the redemption of Heller Financial preferred stock of $275 million in 2011.

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NOTE 12. REVENUES FROM SERVICES

(In millions)	2013	2012	2011
Interest on loans	$17,951	$18,843	$19,818
Equipment leased to others	9,804	10,456	10,879
Fees	4,720	4,709	4,669
Investment income(a)	1,809	2,630	2,500
Financing leases	1,667	1,888	2,378
Associated companies(b)	1,809	1,538	2,337
Premiums earned by insurance activities	1,573	1,715	1,905
Real estate investments(c)	2,528	1,709	1,625
Other items(d)	2,080	1,757	2,065
Total	$43,941	$45,245	$48,176

(a) Included net other-than-temporary impairments on investment securities, of which $96 million related to the impairment of an investment in a Brazilian company that was fully offset by the benefit of a guarantee provided by GE reflected as a component in other items for 2013.

(b) During 2013, we sold our remaining equity interest in the Bank of Ayudhya (Bay Bank) and recorded a pre-tax gain of $641 million. During 2012, we sold our remaining equity interest in Garanti Bank, which was classified as an available-for-sale security. During 2011, we sold an 18.6% equity interest in Garanti Bank and recorded a pre-tax gain of $690 million.

(c) During 2013, we sold real estate comprising certain floors located at 30 Rockefeller Center, New York for a pre-tax gain of $902 million.

(d) During 2013, we sold a portion of Cembra through an initial public offering and recorded a pre-tax gain of $351 million.

NOTE 13. OPERATING AND ADMINISTRATIVE EXPENSES

Our employees and retirees are covered under a number of pension, stock compensation, health and life insurance plans. The principal pension plans are the GE Pension Plan, a defined benefit plan for U.S. employees and the GE Supplementary Pension Plan, an unfunded plan providing supplementary benefits to higher-level, longer-service U.S. employees. Employees of certain affiliates are covered under separate pension plans, which are not significant individually or in the aggregate. We provide health and life insurance benefits to certain of our retired employees, principally through GE Company’s benefit program. The annual cost to us of providing these benefits is not material.

Rental expense under operating leases is shown below.

(In millions)	2013	2012	2011
Equipment for sublease	$64	$149	$158
Other rental expense	364	390	434

At December 31, 2013, minimum rental commitments under noncancellable operating leases aggregated $1,427 million. Amounts payable over the next five years follow.

(In millions)

	2014	2015	2016	2017	2018
	$ 253	$ 213	$ 185	$ 153	$ 113

NOTE 14. FAIR VALUE MEASUREMENTS

For a description of how we estimate fair value, see Note 1.

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

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(In millions)		Level 1(a)		Level 2(a)		Level 3		Netting adjustment(b)		Net balance
December 31, 2013										
Assets										
Investment securities										
Debt										
U.S. corporate	$	-	$	18,788	$	2,918	$	-	$	21,706
State and municipal		-		4,193		96		-		4,289
Residential mortgage-backed		-		1,824		86		-		1,910
Commercial mortgage-backed		-		3,025		10		-		3,035
Asset-backed(c)		-		489		6,898		-		7,387
Corporate - non-U.S.		61		645		1,052		-		1,758
Government - non-U.S.		1,590		789		31		-		2,410
U.S. government and federal agency		-		545		225		-		770
Retained interests		-		-		72		-		72
Equity										
Available-for-sale		225		15		11		-		251
Trading		72		2		-		-		74
Derivatives(d)		-		7,493		170		(6,546)		1,117
Other(e)		-		-		293		-		293
Total	$	1,948	$	37,808	$	11,862	$	(6,546)	$	45,072
Liabilities										
Derivatives	$	-	$	4,893	$	16	$	(4,162)	$	747
Other		-		24		-		-		24
Total	$	-	$	4,917	$	16	$	(4,162)	$	771
December 31, 2012										
Assets										
Investment securities										
Debt										
U.S. corporate	$	-	$	20,580	$	3,552	$	-	$	24,132
State and municipal		-		4,469		77		-		4,546
Residential mortgage-backed		-		2,162		100		-		2,262
Commercial mortgage-backed		-		3,088		6		-		3,094
Asset-backed(c)		-		715		5,023		-		5,738
Corporate - non-U.S.		71		1,132		1,212		-		2,415
Government - non-U.S.		702		1,019		42		-		1,763
U.S. government and federal										

agency		-		3,288		277		-		3,565
Retained interests		-		-		83		-		83
Equity										
Available-for-sale		569		14		13		-		596
Trading		245		-		-		-		245
Derivatives(d)		-		10,934		280		(7,657)		3,557
Other(e)		-		-		432		-		432
Total	$	1,587	$	47,401	$	11,097	$	(7,657)	$	52,428
Liabilities										
Derivatives	$	-	$	3,040	$	20	$	(2,908)	$	152
Other		-		23		-		-		23
Total	$	-	$	3,063	$	20	$	(2,908)	$	175

(a) The fair value of securities transferred between Level 1 and Level 2 was $2 million during 2013.

(b) The netting of derivative receivables and payables (including the effects of any collateral posted or received) is permitted when a legally enforceable master netting agreement exists.

(c) Includes investments in our CLL business in asset-backed securities collateralized by senior secured loans of high quality, middle-market companies in a variety of industries.

(d) The fair value of derivatives included an adjustment for non-performance risk. The cumulative adjustment was a gain (loss) of $(7) million and $(15) million at December 31, 2013 and 2012, respectively. See Note 15 for additional information on the composition of our derivative portfolio.

(e) Included private equity investments and loans designated under the fair value option.

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The following tables present the changes in Level 3 instruments measured on a recurring basis for the years ended December 31, 2013 and 2012, respectively. The majority of our Level 3 balances consist of investment securities classified as available-for-sale with changes in fair value recorded in shareowners' equity.

Changes in Level 3 Instruments for the Year Ended December 31, 2013

(In millions)

	Balance at January 1, 2013	Net realized/ unrealized gains (losses) included in earnings(a)	Net realized/ unrealized gains (losses) included in accumulated other comprehensive income	Purchases	Sales	Settlements	Transfers into Level 3(b)	Transfers out of Level 3(b)	Balance at December 31, 2013	Net change in unrealized gains (losses) relating to instruments still held at December 31, 2013 (c)
Investment securities										
Debt										
U.S. corporate	$ 3,552	$ (477)	$ 122	$ 376	$ (423)	$ (231)	$ 108	$ (109)	$ 2,918	$ -
State and municipal	77	-	(7)	21	-	(5)	10	-	96	-
Residential mortgage-backed	100	-	(5)	-	(2)	(7)	-	-	86	-
Commercial mortgage-backed	6	-	-	-	-	(6)	10	-	10	-
Asset-backed	5,023	5	32	2,632	(4)	(795)	12	(7)	6,898	-
Corporate – non-U.S.	1,212	(103)	49	5,814	(3)	(5,874)	15	(58)	1,052	-
Government – non-U.S.	42	1	(12)	-	-	-	-	-	31	-
U.S. government and federal agency	277	-	(52)	-	-	-	-	-	225	-
Retained interests	83	3	1	6	-	(21)	-	-	72	-
Equity										
Available-for-sale	13	-	-	-	-	-	-	(2)	11	-
Trading	-	-	-	-	-	-	-	-	-	-
Derivatives(d)(e)	262	(78)	2	(1)	-	(53)	33	(2)	163	(31)
Other	432	(94)	12	493	(542)	-	4	(12)	293	(90)
Total	$ 11,079	$ (743)	$ 142	$ 9,341	$ (974)	$ (6,992)	$ 192	$ (190)	$ 11,855	$ (121)

(a) Earnings effects are primarily included in the "Revenues from services" and "Interest" captions in the Statement of Earnings.

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

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

(d) Represented derivative assets net of derivative liabilities and included cash accruals of $9 million not reflected in the fair value hierarchy table.

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

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Changes in Level 3 Instruments for the Year Ended December 31, 2012

(In millions)

	Balance at January 1, 2012	Net realized/ unrealized gains (losses) included in earnings(a)	Net realized/ unrealized gains (losses) included in accumulated other comprehensive income	Purchases	Sales	Settlements	Transfers into Level 3(b)	Transfers out of Level 3(b)	Balance at December 31, 2012	Net change in unrealized gains (losses) relating to instruments still held at December 31, 2012 (c)
Investment securities										
Debt										
U.S. corporate	$ 3,235	$ 66	$ 32	$ 444	$ (214)	$ (110)	$ 299	$ (200)	$ 3,552	$ -
State and municipal	77	-	10	16	-	(1)	78	(103)	77	-
Residential mortgage-backed	41	(3)	1	6	-	(3)	135	(77)	100	-
Commercial mortgage-backed	4	-	(1)	-	-	-	6	(3)	6	-
Asset-backed	4,040	1	(25)	1,490	(502)	-	25	(6)	5,023	-
Corporate – non-U.S.	1,204	(11)	19	335	(51)	(172)	24	(136)	1,212	-
Government – non-U.S.	84	(33)	38	65	(72)	(40)	-	-	42	-
U.S. government and federal agency	253	-	24	0	-	-	-	-	277	-
Retained interests	35	(1)	(3)	16	(6)	(12)	54	-	83	-
Equity										
Available-for-sale	17	-	(1)	3	(3)	(1)	2	(4)	13	-
Trading	-	-	-	0	-	-	-	-	-	-
Derivatives(d)(e)	141	(11)	(1)	(2)	-	(39)	178	(4)	262	160
Other	388	2	2	152	(70)	-	-	(42)	432	(1)
Total	$ 9,519	$ 10	$ 95	$ 2,525	$ (918)	$ (378)	$ 801	$ (575)	$ 11,079	$ 159

(a) Earnings effects are primarily included in the "Revenues from services" and "Interest" captions in the Statement of Earnings.

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

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

(d) Represented derivative assets net of derivative liabilities and included cash accruals of $2 million not reflected in the fair value hierarchy table.

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

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Non-Recurring Fair Value Measurements

The following table represents non-recurring fair value amounts (as measured at the time of the adjustment) for those assets remeasured to fair value on a non-recurring basis during the fiscal year and still held at December 31, 2013 and 2012. These assets can 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.

	Remeasured during the year ended December 31,			
	2013		2012	
(In millions)	Level 2	Level 3	Level 2	Level 3
Financing receivables and loans held for sale	$210	$2,986	$366	$4,094
Cost and equity method investments(a)	–	649	8	313
Long-lived assets, including real estate	2,050	1,085	702	2,182
Total	$2,260	$4,720	$1,076	$6,589

(a) Includes the fair value of private equity and real estate funds included in Level 3 of $93 million and $84 million at December 31, 2013 and 2012, respectively.

The following table represents the fair value adjustments to assets measured at fair value on a non-recurring basis and still held at December 31, 2013 and 2012.

	Year ended December 31,	
(In millions)	2013	2012
Financing receivables and loans held for sale	$(361)	$(595)
Cost and equity method investments(a)	(466)	(153)
Long-lived assets, including real estate(b)	(1,126)	(623)
Total	$(1,953)	$(1,371)

(a) Includes fair value adjustments associated with private equity and real estate funds of $(10) million and $(33) million during 2013 and 2012, respectively.

(b) Includes impairments related to real estate equity properties and investments recorded in operating and administrative expenses of $108 million and $218 million during 2013 and 2012, respectively.

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Level 3 Measurements

The following table presents information relating to the significant unobservable inputs of our Level 3 recurring and non-recurring measurements.

December 31 (Dollars in millions) 2013	Fair value	Valuation technique	Unobservable inputs	Range (weighted average)
Recurring fair value measurements				
Investment securities				
Debt				
U.S. corporate	$ 898	Income approach	Discount rate(a)	1.5%-13.3% (6.5%)
Asset-backed	6,854	Income approach	Discount rate(a)	1.2%-10.5% (3.7%)
Corporate non-U.S.	819	Income approach	Discount rate(a)	1.4%-46.0% (15.1%)
Other financial assets	288	Income approach, Market comparables	Weighted average cost of capital	9.3%-9.3% (9.3%)
			Discount rate(a)	5.2%-5.3% (5.3%)
			EBITDA multiple	8.3X-12.5X (10.6X)
Non-recurring fair value measurements				
Financing receivables and loans held for sale	$ 1,937	Income approach, Business enterprise value	Capitalization rate(b)	5.5%-16.7% (8.0%)
			EBITDA multiple	4.3X-5.5X (4.8X)
			Discount rate(a)	6.6%-6.6% (6.6%)
Cost and equity method investments	100	Income approach, Market comparables	Discount rate(a)	5.7%-5.9% (5.8%)
			Capitalization rate(b)	8.5%-10.6% (10.0%)

			Weighted average cost of capital	9.3%-9.6% (9.4%)
			EBITDA multiple	7.1X-14.5X (11.3X)
			Revenue multiple	9.3X-12.6X (10.9X)
Long-lived assets, including real estate		691	Income approach	Capitalization rate(b)	5.4%-14.5% (7.8%)
				Discount rate(a)	4.0%-23.0% (8.8%)
2012 Recurring fair value measurements					
Investment securities					
Debt					
U.S. corporate	$	1,652	Income approach	Discount rate(a)	1.3%-29.9% (11.1%)
Asset-backed		4,977	Income approach	Discount rate(a)	2.1%-13.1% (3.8%)
Corporate non-U.S.		865	Income approach	Discount rate(a)	1.5%-25.0% (13.2%)
Other financial assets		360	Income approach	Weighted average cost of capital	8.7%-10.2% (8.7%)
Non-recurring fair value measurements					
Financing receivables and loans held for sale	$	2,835	Income approach, Business enterprise value	Capitalization rate(b)	3.8%-14.0% (8.0%)
				EBITDA multiple	2.0X-6.0X (4.8X)
Cost and equity method investments		72	Income approach	Capitalization rate(b)	9.2%-12.8% (12.0%)
Long-lived assets, including real estate		985	Income approach	Capitalization rate(b)	4.8%-14.6% (7.3%)

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

(b)

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

(120)

At December 31, 2013 and December 31, 2012, other Level 3 recurring fair value measurements of $2,813 million and $2,990 million, respectively, and non-recurring measurements of $1,426 million and $2,412 million, respectively, are valued using non-binding broker quotes or other third-party sources. For a description of our process to evaluate third-party pricing servicers, see Note 1. At December 31, 2013 and December 31, 2012, other recurring fair value measurements of $173 million and $233 million, respectively, and non-recurring fair value measurements of $566 million and $285 million, respectively, were individually insignificant and utilize a number of different unobservable inputs not subject to meaningful aggregation.

NOTE 15. FINANCIAL INSTRUMENTS

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

	2013			2012		
		Assets (liabilities)			Assets (liabilities)	
December 31 (In millions)	Notional amount	Carrying amount (net)	Estimated fair value	Notional amount	Carrying amount (net)	Estimated fair value
Assets						
Loans	$ (a)	$ 226,293	$ 230,792	$ (a)	$ 235,888	$ 238,254
Other commercial mortgages	(a)	2,270	2,281	(a)	2,222	2,249
Loans held for sale	(a)	512	512	(a)	1,180	1,181
Other financial instruments(b)	(a)	1,622	2,203	(a)	1,858	2,276
Liabilities						
Borrowings and bank deposits(c)(d)	(a)	(371,062)	(386,823)	(a)	(397,039)	(414,264)
Investment contract benefits	(a)	(3,144)	(3,644)	(a)	(3,321)	(4,150)
Guaranteed investment contracts	(a)	(1,471)	(1,459)	(a)	(1,644)	(1,674)
Insurance - credit life(e)	2,149	(108)	(94)	2,277	(120)	(104)

(a) These financial instruments do not have notional amounts.

(b) Principally cost method investments.

(c) See Note 8.

(d)

Fair values exclude interest rate and currency derivatives designated as hedges of borrowings. Had they been included, the fair value of borrowings at December 31, 2013 and 2012 would have been reduced by $2,284 million and $7,937 million, respectively.

(e) Net of reinsurance of $1,250 million and $2,000 million at December 31, 2013 and 2012, respectively.

A description of how we estimate fair values follows.

Loans

Based on a discounted future cash flows methodology, using current market interest rate data adjusted for inherent credit risk or quoted market prices and recent transactions, if available.

Borrowings and bank deposits

Based on valuation methodologies using current market interest rate data that are comparable to market quotes adjusted for our non-performance risk.

Investment contract benefits

Based on expected future cash flows, discounted at currently offered rates for immediate annuity contracts or the income approach for single premium deferred annuities.

(121)

Guaranteed investment contracts

Based on valuation methodologies using current market interest rate data, adjusted for our non-performance risk.

All other instruments

Based on observable market transactions and/or valuation methodologies using current market interest rate data adjusted for inherent credit risk.

Assets and liabilities that are reflected in the accompanying financial statements at fair value are not included in the above disclosures; such items include cash and equivalents, investment securities and derivative financial instruments.

Additional information about certain categories in the table above follows.

Insurance – credit life

Certain insurance affiliates, primarily in Consumer, issue credit life insurance designed to pay the balance due on a loan if the borrower dies before the loan is repaid. As part of our overall risk management process, we cede to third parties a portion of this associated risk, but are not relieved of our primary obligation to policyholders.

Loan Commitments

	Notional amount	
December 31 (In millions)	2013	2012
Ordinary course of business lending commitments(a)	$4,756	$3,708
Unused revolving credit lines(b)		
Commercial(c)	16,570	17,929
Consumer - principally credit cards	290,662	271,211

(a) Excluded investment commitments of $1,395 million and $1,276 million as of December 31, 2013 and 2012, respectively.

(b) Excluded inventory financing arrangements, which may be withdrawn at our option, of $13,502 million and $12,813 million as of December 31, 2013 and 2012, respectively.

(c) Included commitments of $11,629 million and $12,923 million as of December 31, 2013 and 2012, respectively, associated with secured financing arrangements that could have increased to a maximum of $14,590 million and $15,731 million at December 31, 2013 and 2012, respectively, based on asset volume under the arrangement.

Securities Repurchase and Reverse Repurchase Arrangements

Our issuances of securities repurchase agreements are insignificant and are limited to activities at certain of our foreign banks primarily for purposes of liquidity management. At December 31, 2013, we were party to repurchase agreements totaling $126 million, which were reported in short-term borrowings on the financial statements. We have had no repurchase agreements that were accounted for as off-book financing and we do not engage in securities lending transactions.

We also enter into reverse securities repurchase agreements primarily for short-term investment with maturities of 90 days or less. At December 31, 2013, we were party to reverse repurchase agreements totaling $20.8 billion, which were reported in cash and equivalents on the financial statements. Under these reverse securities repurchase agreements, we typically lend available cash at a specified rate of interest and hold U.S. or highly-rated European government securities as collateral during the term of the agreement. Collateral value is in excess of amounts loaned under the agreements.

(122)

Derivatives and hedging

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

The notional amounts of derivative contracts represent the basis upon which interest and other payments are calculated and are reported gross, except for offsetting foreign currency forward contracts that are executed in order to manage our currency risk of net investment in foreign subsidiaries. Of the outstanding notional amount of $286,000 million, approximately 97%, or $277,000 million, is associated with reducing or eliminating the interest rate, currency or market risk between financial assets and liabilities in our financial services businesses. The instruments used in these activities are designated as hedges when practicable. When we are not able to apply hedge accounting, or when the derivative and the hedged item are both recorded in earnings concurrently, the derivatives are deemed economic hedges and hedge accounting is not applied. This most frequently occurs when we hedge a recognized foreign currency transaction (e.g., a receivable or payable) with a derivative. Since the effects of changes in exchange rates are reflected concurrently in earnings for both the derivative and the transaction, the economic hedge does not require hedge accounting.

The following table provides information about the fair value of our derivatives by contract type, separating those accounted for as hedges and those that are not.

(123)

December 31 (In millions)	2013 Fair value Assets	2013 Fair value Liabilities	2012 Fair value Assets	2012 Fair value Liabilities
Derivatives accounted for as hedges				
Interest rate contracts	$3,837	$1,989	$8,443	$719
Currency exchange contracts	1,746	958	827	1,762
Other contracts	-	-	-	-
	5,583	2,947	9,270	2,481
Derivatives not accounted for as hedges				
Interest rate contracts	270	175	452	195
Currency exchange contracts	1,753	1,765	1,457	358
Other contracts	57	22	35	26
	2,080	1,962	1,944	579
Gross derivatives recognized in statement of financial position				
Gross derivatives	7,663	4,909	11,214	3,060
Gross accrued interest	1,227	241	1,683	14
	8,890	5,150	12,897	3,074
Amounts offset in statement of financial position				
Netting adjustments(a)	(3,927)	(3,920)	(2,532)	(2,517)
Cash collateral(b)	(2,619)	(242)	(5,125)	(391)
	(6,546)	(4,162)	(7,657)	(2,908)
Net derivatives recognized in statement of financial position				
Net derivatives	2,344	988	5,240	166
Amounts not offset in statement of financial position				
Securities held as collateral(c)	(1,838)	-	(5,060)	-
Net amount	$506	$988	$180	$166

Derivatives are classified in the captions “Other assets” and “Other liabilities” and the related accrued interest is classified in “Other receivables” and “Other liabilities” in our financial statements.

(a) The netting of derivative receivables and payables is permitted when a legally enforceable master netting agreement exists. Amounts included fair value adjustments related to our own and counterparty non-performance risk. At December 31, 2013 and 2012, the cumulative adjustment for non-performance risk was a gain (loss) of $(7) million and $(15) million, respectively.

(b) Excludes excess cash collateral received and posted of $160 million and $37 million at December 31, 2013, respectively, and $42 million and $10 million at December 31, 2012, respectively.

(c) Excludes excess securities collateral received of $286 million and $359 million at December 31, 2013 and 2012, respectively.

(124)

Fair value hedges

We use interest rate and currency exchange derivatives to hedge the fair value effects of interest rate and currency exchange rate changes on local and non-functional currency denominated fixed-rate debt. For relationships designated as fair value hedges, changes in fair value of the derivatives are recorded in earnings within interest along with offsetting adjustments to the carrying amount of the hedged debt. The following table provides information about the earnings effects of our fair value hedging relationships for the years ended December 31, 2013 and 2012, respectively.

	2013		2012	
(In millions)	Gain (loss) on hedging derivatives	Gain (loss) on hedged items	Gain (loss) on hedging derivatives	Gain (loss) on hedged items
Interest rate contracts	$(5,253)	$5,180	$708	$(1,041)
Currency exchange contracts	(7)	6	(68)	98

Fair value hedges resulted in $(74) million and $(303) million of ineffectiveness in 2013 and 2012, respectively. In both 2013 and 2012, there were insignificant amounts excluded from the assessment of effectiveness.

Cash flow hedges

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

The following table provides information about the amounts recorded in AOCI, as well as the gain (loss) recorded in earnings, primarily in revenue from services and interest, when reclassified out of AOCI, for the years ended December 31, 2013 and 2012 , respectively. See Note 11 for additional information about reclassifications out of AOCI.

	Gain (loss) recognized in AOCI		Gain (loss) reclassified from AOCI into earnings	
(In millions)	2013	2012	2013	2012
Interest rate contracts	$(26)	$(158)	$(364)	$(494)
Currency exchange contracts	704	1,046	588	824
Total	$678	$888	$224	$330

The total pre-tax amount in AOCI related to cash flow hedges of forecasted transactions was a $291 million loss at December 31, 2013. We expect to transfer $241 million to earnings as an expense in the next 12 months contemporaneously with the earnings effects of the related forecasted transactions. In 2013, we recognized

insignificant gains and losses related to hedged forecasted transactions and firm commitments that did not occur by the end of the originally specified period. At December 31, 2013 and 2012, the maximum term of derivative instruments that hedge forecasted transactions was 19 years and 20 years, respectively.

For cash flow hedges, the amount of ineffectiveness in the hedging relationship and amount of the changes in fair value of the derivatives that are not included in the measurement of ineffectiveness are both reflected in earnings each reporting period. These amounts are primarily reported in revenues from services and totaled $1 million and $4 million for the years ended December 31, 2013 and 2012, respectively.

(125)

Net investment hedges in foreign operations

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

The following table provides information about the amounts recorded in AOCI for the years ended December 31, 2013 and 2012, as well as the gain (loss) recorded in revenues from services when reclassified out of AOCI.

	Gain (loss) recognized in CTA		Gain (loss) reclassified from CTA	
(In millions)	2013	2012	2013	2012
Currency exchange contracts	$2,322	$(2,905)	$(1,525)	$27

The amounts related to the change in the fair value of the forward points that are excluded from the measure of effectiveness were $(678) million and $(874) million for the years ended December 31, 2013 and 2012, respectively, and are recorded in interest.

Free-standing derivatives

Changes in the fair value of derivatives that are not designated as hedges are recorded in earnings each period. As discussed above, these derivatives are typically entered into as economic hedges of changes in interest rates, currency exchange rates, commodity prices and other risks. Gains or losses related to the derivative are typically recorded in revenues from services, based on our accounting policy. In general, the earnings effects of the item that represent the economic risk exposure are recorded in the same caption as the derivative. Losses for the year ended December 31, 2013 on derivatives not designated as hedges were $(802) million composed of amounts related to interest rate contracts of $(103) million, currency exchange contracts of $(733) million, and other derivatives of $34 million. These losses were more than offset by the earnings effects from the underlying items that were economically hedged. Losses for the year ended December 31, 2012 on derivatives not designated as hedges were $(185) million composed of amounts related to interest rate contracts of $(291) million, currency exchange contracts of $113 million, and other derivatives of $(7) million. These losses were more than offset by the earnings effects from the underlying items that were economically hedged.

Counterparty credit risk

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

As discussed above, we have provisions in certain of our master agreements that require counterparties to post collateral (typically, cash or U.S. Treasury securities) when our receivable due from the counterparty, measured at current market value, exceeds a specified limit. The fair value of such collateral was $4,457 million, of which $2,619 million was cash and $1,838 million was in the form of securities held by a custodian for our benefit. Under certain of these same agreements, we post collateral to our counterparties for our derivative obligations, the fair value of which was $242 million at December 31, 2013. At December 31, 2013, our exposure to counterparties (including accrued interest), net of collateral we hold, was $455 million. This excludes exposure related to embedded derivatives.

(126)

Additionally, our master agreements typically contain mutual downgrade provisions that provide the ability of each party to require termination if the long-term credit rating of the counterparty were to fall below A-/A3. In certain of these master agreements, each party also has the ability to require termination if the short-term rating of the counterparty were to fall below A-1/P-1. Our master agreements also typically contain provisions that provide termination rights upon the occurrence of certain other events, such as a bankruptcy or events of default by one of the parties. If an agreement was terminated under any of these circumstances, the termination amount payable would be determined on a net basis and could also take into account any collateral posted. The net amount of our derivative liability, after consideration of collateral posted by us and outstanding interest payments was $963 million at December 31, 2013. This excludes embedded derivatives.

NOTE 16. VARIABLE INTEREST ENTITIES

We use variable interest entities primarily to securitize financial assets and arrange other forms of asset-backed financing in the ordinary course of business. Except as noted below, investors in these entities only have recourse to the assets owned by the entity and not to our general credit. We do not have implicit support arrangements with any VIE. We did not provide non-contractual support for previously transferred financing receivables to any VIE in 2013 or 2012.

In evaluating whether we have the power to direct the activities of a VIE that most significantly impact its economic performance, we consider the purpose for which the VIE was created, the importance of each of the activities in which it is engaged and our decision-making role, if any, in those activities that significantly determine the entity’s economic performance as compared to other economic interest holders. This evaluation requires consideration of all facts and circumstances relevant to decision-making that affects the entity’s future performance and the exercise of professional judgment in deciding which decision-making rights are most important.

In determining whether we have the right to receive benefits or the obligation to absorb losses that could potentially be significant to the VIE, we evaluate all of our economic interests in the entity, regardless of form (debt, equity, management and servicing fees, and other contractual arrangements). This evaluation considers all relevant factors of the entity’s design, including: the entity’s capital structure, contractual rights to earnings (losses), subordination of our interests relative to those of other investors, contingent payments, as well as other contractual arrangements that have the potential to be economically significant. The evaluation of each of these factors in reaching a conclusion about the potential significance of our economic interests is a matter that requires the exercise of professional judgment.

(127)

Consolidated Variable Interest Entities

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

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

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

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

- Other remaining assets and liabilities of consolidated VIEs relate primarily to three categories of entities: (1) joint ventures that lease equipment of $1,539 million of assets and $727 million of liabilities; (2) other entities that are involved in power generating and leasing activities of $762 million of assets and no liabilities; and (3) insurance entities that, among other lines of business, provide property and casualty and workers' compensation coverage for GE of $1,209 million of assets and $566 million of liabilities.

(128)

The table below summarizes the assets and liabilities of consolidated VIEs described above.

Consolidated Securitization Entities

December 31 (In millions)	Trinity(a)	Credit cards(b)	Equipment(b)	Trade receivables	Other	Total
2013						
Assets(c)						
Financing receivables, net	$ –	$ 24,766	$ 12,928	$ 2,509	$ 2,044	$ 42,247
Investment securities	2,786	–	–	–	1,044	3,830
Other assets	213	20	557	1	1,563	2,354
Total	$ 2,999	$ 24,786	$ 13,485	$ 2,510	$ 4,651	$ 48,431
Liabilities(c)						
Borrowings	$ –	$ –	$ –	$ –	$ 597	$ 597
Non-recourse borrowings	–	15,363	10,982	2,180	49	28,574
Other liabilities	1,482	228	248	25	1,235	3,218
Total	$ 1,482	$ 15,591	$ 11,230	$ 2,205	$ 1,881	$ 32,389
2012						
Assets(c)						
Financing receivables, net	$ –	$ 24,169	$ 12,456	$ 2,339	$ 1,952	$ 40,916
Investment securities	3,435	–	–	–	1,051	4,486
Other assets	217	29	360	–	1,873	2,479
Total	$ 3,652	$ 24,198	$ 12,816	$ 2,339	$ 4,876	$ 47,881
Liabilities(c)						
Borrowings	$ –	$ –	$ –	$ –	$ 707	$ 707
Non-recourse borrowings	–	17,208	9,811	2,050	54	29,123
Other liabilities	1,656	146	11	8	1,315	3,136
Total	$ 1,656	$ 17,354	$ 9,822	$ 2,058	$ 2,076	$ 32,966

(a) Excludes intercompany advances from GECC to Trinity, which are eliminated in consolidation of $1,837 million and $2,441 million at December 31, 2013 and 2012, respectively.

(b) We provide servicing to the CSEs and are contractually permitted to commingle cash collected from customers on financing receivables sold to CSE investors with our own cash prior to payment to a CSE, provided our short-term credit rating does not fall below A-1/P-1. These CSEs also owe us amounts for purchased financial assets and scheduled interest and principal payments. At December 31, 2013 and 2012, the amounts of commingled cash owed to the CSEs were $6,314 million and $6,225 million, respectively, and the amounts owed to us by CSEs were

$5,540 million and $6,143 million, respectively.

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

Revenues from services from our consolidated VIEs were $6,776 million, $6,638 million and $6,162 million in 2013, 2012 and 2011, respectively. Related expenses consisted primarily of provisions for losses of $1,247 million, $1,171 million and $1,146 million in 2013, 2012 and 2011, respectively, and interest of $353 million, $541 million and $593 million in 2013, 2012 and 2011, respectively. These amounts do not include intercompany revenues and costs, principally fees and interest between GECC and the VIEs, which are eliminated in consolidation.

(129)

Investments in Unconsolidated Variable Interest Entities

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

Our largest exposure to any single unconsolidated VIE at December 31, 2013 is an investment in asset-backed securities issued by the Senior Secured Loan Program (SSLP), a fund that invests in high-quality senior secured debt of various middle-market companies ($6,996 million). Other significant unconsolidated VIEs include investments in real estate entities ($2,369 million), which generally consist of passive limited partnership investments in tax-advantaged, multi-family real estate and investments in various European real estate entities; and exposures to joint ventures that purchase factored receivables ($2,624 million).

The classification of our variable interests in these entities in our financial statements is based on the nature of the entity and the type of investment we hold. Variable interests in partnerships and corporate entities are classified as either equity method or cost method investments. In the ordinary course of business, we also make investments in entities in which we are not the primary beneficiary but may hold a variable interest such as limited partner interests or mezzanine debt investments. These investments are classified in two captions in our financial statements: “Other assets” for investments accounted for under the equity method, and “Financing receivables – net” for debt financing provided to these entities. Our investments in unconsolidated VIEs at December 31, 2013 and December 31, 2012 follow.

December 31 (In millions)	2013	2012
Other assets and investment securities	$9,089	$10,386
Financing receivables – net	3,344	2,654
Total investments	12,433	13,040
Contractual obligations to fund investments or guarantees	2,731	2,602
Revolving lines of credit	31	41
Total	$15,195	$15,683

As previously reported, during 2012, Penske Truck Leasing Co., L.P. (PTL) effected a recapitalization and subsequently acquired third-party financing in order to repay outstanding debt owed to GECC. In the first quarter of 2013, PTL had repaid all outstanding debt owed and terminated its borrowing arrangement with GECC. During the second quarter of 2013, PTL ceased to be a VIE as a result of a principal in PTL retiring from the GE Board. Therefore, our investment in PTL ($899 million at December 31, 2013) is not reported in the December 31, 2013 balance in the table above. As co-issuer and co-guarantor of the $700 million of debt raised by the funding entity related to PTL, GECC reports this amount, which is also our loss exposure and excluded from the table above, as debt of GECC in its financial statements. GECC has been indemnified by the other limited partners of PTL for their proportionate share of the debt obligation.

In addition to the entities included in the table above, we also hold passive investments in RMBS, CMBS and ABS issued by VIEs. Such investments were, by design, investment grade at issuance and held by a diverse group of

investors. Further information about such investments is provided in Note 3.

(130)

NOTE 17. COMMITMENTS AND GUARANTEES

Commitments

GECAS had placed multiple-year orders for various Boeing, Airbus and other aircraft with list prices approximating $29,405 million and secondary orders with airlines for used aircraft of approximately $816 million at December 31, 2013.

Guarantees

Our guarantees are provided in the ordinary course of business. We underwrite these guarantees considering economic, liquidity and credit risk of the counterparty. We believe that the likelihood is remote that any such arrangements could have a significant adverse effect on our financial position, results of operations or liquidity. We record liabilities for guarantees at estimated fair value, generally the amount of the premium received, or if we do not receive a premium, the amount based on appraisal, observed market values or discounted cash flows. Any associated expected recoveries from third parties are recorded as other receivables, not netted against the liabilities.

At December 31, 2013, we were committed under the following guarantee arrangements beyond those provided on behalf of VIEs. See Note 16.

- Credit Support. We have provided $2,351 million of credit support on behalf of certain customers or associated companies, predominantly joint ventures and partnerships, using arrangements such as standby letters of credit and performance guarantees. These arrangements enable these customers and associated companies to execute transactions or obtain desired financing arrangements with third parties. Should the customer or associated company fail to perform under the terms of the transaction or financing arrangement, we would be required to perform on their behalf. Under most such arrangements, our guarantee is secured, usually by the asset being purchased or financed, or possibly by certain other assets of the customer or associated company. The length of these credit support arrangements parallels the length of the related financing arrangements or transactions. The liability for such credit support was $23 million at December 31, 2013.

- Indemnification Agreements. At December 31, 2013, we had $828 million of other indemnification commitments, substantially all of which relate to representations and warranties in sales of businesses or assets.

- Contingent Consideration. These are agreements to provide additional consideration to a buyer or seller in a business combination if contractually specified conditions related to the acquisition or disposition are achieved.

NOTE 18. SUPPLEMENTAL CASH FLOWS INFORMATION

Changes in operating assets and liabilities are net of acquisitions and dispositions of principal businesses.

Amounts reported in the “Proceeds from sales of discontinued operations” and “Proceeds from principal business dispositions” lines in the Statement of Cash Flows are net of cash disposed and included certain deal-related costs. Amounts reported in the “Net cash from (payments for) principal businesses purchased” line is net of cash acquired and included certain deal-related costs and debt assumed and immediately repaid in acquisitions.

Amounts reported in the “All other operating activities” line in the Statement of Cash Flows consist primarily of adjustments to current and noncurrent accruals, deferrals of costs and expenses and adjustments to assets. GECC had non-cash transactions related to foreclosed properties and repossessed assets totaling $482 million, $839 million and

$859 million in 2013, 2012 and 2011, respectively.

(131)

Certain supplemental information related to our cash flows is shown below.

For the years ended December 31 (In millions)	2013	2012	2011
All other operating activities			
Amortization of intangible assets	$425	$447	$562
Net realized losses on investment securities	523	34	197
Cash collateral on derivative contracts	(2,271)	2,900	1,247
Increase (decrease) in other liabilities	2,334	560	(1,344)
Other	(912)	1,477	2,465
	$99	$5,418	$3,127
Net decrease (increase) in financing receivables			
Increase in loans to customers	$(311,860)	$(308,156)	$(322,270)
Principal collections from customers - loans	307,849	307,250	332,100
Investment in equipment for financing leases	(8,652)	(9,192)	(9,610)
Principal collections from customers - financing leases	9,646	10,976	12,431
Net change in credit card receivables	(8,058)	(8,030)	(6,243)
Sales of financing receivables	14,664	12,642	8,117
	$3,589	$5,490	$14,525
All other investing activities			
Purchases of investment securities	$(16,422)	$(15,666)	$(20,816)
Dispositions and maturities of investment securities	18,139	17,010	19,535
Decrease (increase) in other assets - investments	1,089	4,338	2,672
Proceeds from sales of real estate properties	10,680	3,381	3,152
Other	1,486	2,731	3,190
	$14,972	$11,794	$7,733
Newly issued debt (maturities longer than 90 days)			
Short-term (91 to 365 days)	$55	$59	$10
Long-term (longer than one year)	44,833	55,782	43,257
	$44,888	$55,841	$43,267
Repayments and other debt reductions (maturities longer than 90 days)			
Short-term (91 to 365 days)	$(52,553)	$(94,114)	$(81,918)
Long-term (longer than one year)	(3,291)	(9,368)	(2,786)
Principal payments - non-recourse, leveraged leases	(585)	(426)	(732)
	$(56,429)	$(103,908)	$(85,436)
All other financing activities			
Proceeds from sales of investment contracts	$491	$2,697	$4,396
Redemption of investment contracts	(980)	(5,515)	(6,230)
Other	(420)	(49)	42
	$(909)	$(2,867)	$(1,792)

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NOTE 19. OPERATING SEGMENTS

Basis for presentation

Our operating businesses are organized based on the nature of markets and customers. Segment accounting policies are the same as described in Note 1. Segment results include an allocation for a portion of corporate overhead costs, which include such items as employee compensation and benefits. Segment results reflect the discrete tax effect of transactions, but the intraperiod tax allocation is reflected outside of the segment unless otherwise noted in segment results.

Effects of transactions between related companies are made on an arms-length basis and are eliminated. As a wholly-owned subsidiary, GECC enters into various operating and financing arrangements with GE. These arrangements are made on an arms-length basis but are related party transactions and therefore require the following disclosures. At December 31, 2013 and 2012, financing receivables included $8,582 million and $7,131 million, respectively, of receivables from GE customers. At December 31, 2013 and 2012, other receivables included $7,076 million and $5,274 million, respectively, of receivables from GE. Property, plant and equipment included $1,011 million and $1,015 million, respectively, of property, plant and equipment leased to GE, net of accumulated depreciation. Borrowings included $1,220 million and $1,061 million, respectively, of amounts held by GE.

On February 22, 2012, our parent, General Electric Capital Services, Inc. (GE Capital Services or GECS) was merged with and into, GECC. GECC's continuing operations now include the run-off insurance operations previously held and managed in GECS, and which are reported in corporate items and eliminations. Unless otherwise indicated, references to GECC and the GE Capital segment in this Form 10-K Report relate to the entity or segment as they exist subsequent to the February 22, 2012 merger.

A description of our operating segments as of December 31, 2013, can be found below, and details of segment profit by operating segment can be found in the Summary of Operating Segments table in Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations."

CLL has particular mid-market expertise, and primarily offers secured commercial loans, equipment financing and other financial services to companies across a wide range of industries including construction, retail, manufacturing, transportation, media, communications, technology and healthcare. Equipment financing activities include industrial, medical, fleet vehicles, corporate aircraft, construction, office imaging and many other equipment types.

Consumer offers a full range of financial products including private-label credit cards; personal loans; bank cards; auto loans and leases; mortgages; debt consolidation; home equity loans; deposit and other savings products; and small and medium enterprise lending on a global basis.

Real Estate offers a comprehensive range of capital and investment solutions and finances, with both equity and loan structures, the acquisition, refinancing and renovation of office buildings, apartment buildings, retail facilities, hotels and industrial properties.

Energy Financial Services offers financial products to the global energy industry including structured equity, debt, leasing, partnership financing, product finance, and broad-based commercial finance.

GECAS, our commercial aircraft financing and leasing business, offers a wide range of aircraft types and financing options, including operating leases and secured debt financing, and also provides productivity solutions including spare engine leasing, airport and airline consulting services, and spare parts financing and management.

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Revenues

	Total revenues			Intersegment revenues(a)			External revenues		
(In millions)	2013	2012	2011	2013	2012	2011	2013	2012	2011
CLL	$14,316	$16,458	$17,714	$31	$47	$78	$14,285	$16,411	$17,636
Consumer	15,741	15,303	16,487	15	3	10	15,726	15,300	16,477
Real Estate	3,915	3,654	3,712	20	22	17	3,895	3,632	3,695
Energy Financial Services	1,526	1,508	1,223	-	-	-	1,526	1,508	1,223
GECAS	5,346	5,294	5,262	-	-	-	5,346	5,294	5,262
GECC corporate items and eliminations	3,223	3,147	3,926	(66)	(72)	(105)	3,289	3,219	4,031
Total	$44,067	$45,364	$48,324	$-	$-	$-	$44,067	$45,364	$48,324

(a) Sales from one component to another generally are priced at equivalent commercial selling prices.

Revenues from customers located in the United States were $25,633 million, $26,403 million and $25,996 million in 2013, 2012 and 2011, respectively. Revenues from customers located outside the United States were $18,434 million, $18,961 million and $22,328 million in 2013, 2012 and 2011, respectively.

	Depreciation and amortization			Provision (benefit) for income taxes		
(In millions)	2013	2012	2011	2013	2012	2011
CLL	$ 4,225	$ 4,262	$ 4,339	$ 143	$ 742	$ 745
Consumer	242	228	259	(7)	1,141	1,350
Real Estate	452	639	707	(472)	(562)	(730)
Energy Financial Services	66	64	48	(141)	(186)	(115)
GECAS	2,655	2,065	2,045	(106)	5	96
GECC corporate items and eliminations	98	90	82	(409)	(619)	(440)
Total	$ 7,738	$ 7,348	$ 7,480	$ (992)	$ 521	$ 906

	Interest on loans(a)			Interest expense(b)		
(In millions)	2013	2012	2011	2013	2012	2011
CLL	$ 4,510	$ 5,121	$ 5,628	$ 3,558	$ 4,515	$ 5,051
Consumer	11,855	11,631	11,727	2,669	3,294	3,948
Real Estate	1,036	1,494	1,822	1,278	1,883	2,407
Energy Financial Services	125	136	169	577	675	662
GECAS	344	398	364	1,406	1,520	1,504

GECC corporate items and eliminations	81	63	108	(221)	(291)	188
Total	$ 17,951	$ 18,843	$ 19,818	$ 9,267	$ 11,596	$ 13,760

(a) Represents one component of Revenues from services, see Note 12.

(b) Represents total interest expense, see Statement of Earnings.

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	Assets(a)(b)(c) At December 31,			Property, plant and equipment additions For the years ended December 31,		
(In millions)	2013	2012	2011	2013	2012	2011
CLL	$174,357	$181,375	$192,646	$6,673	$6,830	$6,732
Consumer	132,236	138,002	137,599	62	76	76
Real Estate	38,744	46,247	60,873	-	3	4
Energy Financial Services	16,203	19,185	18,357	-	-	1
GECAS	45,876	49,420	48,821	3,223	4,944	3,029
GECC corporate items and eliminations	109,413	105,122	126,347	20	26	29
Total	$516,829	$539,351	$584,643	$9,978	$11,879	$9,871

(a) Assets of discontinued operations are included in GECC corporate items and eliminations for all periods presented.

(b) Total assets of the CLL, Consumer, Energy Financial Services and GECAS operating segments at December 31, 2013, include investment in and advances to associated companies of $4,549 million, $5,152 million, $7,233 million and $414 million, respectively. Investments in and advances to associated companies contributed approximately $324 million, $1,009 million, $339 million and $137 million, respectively, to segment pre-tax income of the CLL, Consumer, Energy Financial Services and GECAS operating segments, respectively, for the year ended December 31, 2013.

(c) Aggregate summarized financial information for significant associated companies assuming a 100% ownership interest included total assets at December 31, 2013 and 2012 of $84,305 million and $110,695 million, respectively. Assets were primarily financing receivables of $46,655 million and $66,878 million at December 31, 2013 and 2012, respectively. Total liabilities at December 31, 2013 and 2012 were $59,559 million and $81,784 million, respectively, comprised primarily of bank deposits of $5,876 million and $26,386 million at December 31, 2013 and 2012, respectively, and debt of $39,034 million and $42,664 million at December 31, 2013 and 2012, respectively. Revenues for 2013, 2012 and 2011 totaled $16,193 million, $17,592 million and $15,898 million, respectively, and net earnings for 2013, 2012 and 2011 totaled $2,444 million, $2,861 million and $2,178 million, respectively.

Property, plant and equipment – net associated with operations based in the United States were $11,655 million, $11,207 million and $11,292 million at year-end 2013, 2012 and 2011, respectively. Property, plant and equipment – net associated with operations based outside the United States were $39,952 million, $41,760 million and $39,252 million at year-end 2013, 2012 and 2011, respectively.

NOTE 20. QUARTERLY INFORMATION (UNAUDITED)

	First quarter		Second quarter		Third quarter		Fourth quarter	
(In millions)	2013	2012	2013	2012	2013	2012	2013	2012
Total revenues	$11,468	$11,267	$10,916	$11,285	$10,606	$11,207	$11,077	$11,605
Earnings (loss) from continuing operations before								

income taxes	2,033	1,985	1,954	2,228	1,916	1,768	1,416	1,948
Benefit (provision) for income taxes	(84)	(213)	(13)	(102)	(3)	(80)	1,092	(126)
Earnings from continuing operations	1,949	1,772	1,941	2,126	1,913	1,688	2,508	1,822
Earnings (loss) from discontinued operations, net of taxes	(120)	(185)	(123)	(543)	(91)	(100)	(1,720)	(302)
Net earnings (loss)	1,829	1,587	1,818	1,583	1,822	1,588	788	1,520
Less net earnings (loss) attributable to noncontrolling interests	11	12	17	14	10	20	15	17
Net earnings (loss) attributable to GECC	$1,818	$1,575	$1,801	$1,569	$1,812	$1,568	$773	$1,503

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Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

Not applicable.

Item 9A. Controls and Procedures.

Under the direction of our Chief Executive Officer and Chief Financial Officer, we evaluated our disclosure controls and procedures and internal control over financial reporting and concluded that (i) our disclosure controls and procedures were effective as of December 31, 2013, and (ii) no change in internal control over financial reporting occurred during the quarter ended December 31, 2013, that has materially affected, or is reasonably likely to materially affect, such internal control over financial reporting.

Management's annual report on internal control over financial reporting and the report of our independent registered public accounting firm appears in Part II, Item 8. "Financial Statements and Supplementary Data" of this Form 10-K Report.

Item 9B. Other Information.

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Not required by this form.

Item 11. Executive Compensation.

Not required by this form.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Not required by this form.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

Not required by this form.

Item 14. Principal Accounting Fees and Services.

The aggregate fees billed for professional services by KPMG LLP, in 2013 and 2012 were:

(In millions)	2013	2012
Type of fees		
Audit fees	$30.1	$31.2
Audit-related fees	5.7	4.3
Tax fees	1.3	4.6

Total	$37.1	$40.1

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In the above table, in accordance with the Securities and Exchange Commission's definitions and rules, "Audit fees" are fees we paid KPMG for professional services for the audit of our annual financial statements included in the Form 10-K and review of financial statements included in the Form 10-Qs; for the audit of our internal control over financial reporting with the objective of obtaining reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects; and for services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements. "Audit-related fees" are fees for assurance and related services that are reasonably related to the performance of the audit or the review of our financial statements and internal control over financial reporting, including services in connection with assisting the company in its compliance with its obligations under Section 404 of the Sarbanes-Oxley Act and related regulations. "Audit-related fees" also include merger and acquisition due diligence and audit services and employee benefit plan audits. "Tax fees" are fees for tax compliance, tax advice and tax planning.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) 1. Financial Statements

Included in Part II of this report:

Report of Independent Registered Public Accounting Firm
Management's Annual Report on Internal Control over Financial Reporting
Statement of Earnings for each of the years in the three-year period ended December 31, 2013
Statement of Comprehensive Income for each of the years in the three-year period ended
December 31, 2013
Statement of Changes in Shareowners' Equity for each of the years in the three-year period
ended December 31, 2013
Statement of Financial Position at December 31, 2013 and 2012
Statement of Cash Flows for each of the years in the three-year period ended December 31, 2013
Notes to Consolidated Financial Statements

Incorporated by reference:

The consolidated financial statements of General Electric Company, set forth in the Annual Report on Form 10-K of General Electric Company (S.E.C. File No. 001-00035) for the year ended December 31, 2013 (pages 26 through 192), Exhibit 12(a) (Computation of Ratio of Earnings to Fixed Charges) and Exhibit 12(b) (Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends) of General Electric Company.

(a) 2. Financial Statement Schedules

Schedule I Condensed financial information of registrant.

All other schedules listed in Reg. 210.5-04 have been omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

(a) 3. Exhibit Index

The exhibits listed below, as part of Form 10-K, are numbered in conformity with the numbering used in Item 601 of Regulation S-K of the U.S. Securities and Exchange Commission.

Exhibit Number	Description
2(a)	Agreement and Plan of Merger dated June 25, 2001, between GECC and GECS Merger Sub, Inc. (Incorporated by reference to Exhibit 2.1 of GECC's Current Report on Form 8-K dated as of July 3, 2001 (Commission file number 001-06461)).

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3(i)	A complete copy of the Certificate of Incorporation of GECC consisting of the Restated Certificate of Incorporation of GECC as filed with the Office of the Secretary of State, State of Delaware on April 1, 2008, as amended by the Certificates of Designations of GECC with respect to the Series A, B and Series C Preferred Stock as filed with the Office of the Secretary of State, State of Delaware on June 8, 2012, July 25, 2012, and May 30, 2013, respectively (Incorporated by reference to Exhibit 3(i) to GECC's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2013 (Commission file number 001-06461)).
3(ii)	A complete copy of the Amended and Restated By-Laws of GECC as last amended on February 21, 2008, and currently in effect (Incorporated by reference to Exhibit 3(ii) of GECC's Form 10-Q Report for the quarterly period ended March 31, 2008 (Commission file number 001-06461)).
4(a)	Form of Certificate representing the Series A Preferred Stock (Incorporated by reference to Exhibit 4.1 of GECC's Current Report on Form 8-K dated as of June 8, 2012 (Commission file number 001-06461)).
4(b)	Form of Certificate representing the Series B Preferred Stock (Incorporated by reference to Exhibit 4.1 of GECC's Current Report on Form 8-K dated as of July 25, 2012 (Commission file number 001-06461)).
4(c)	Form of Certificate representing the Series C Preferred Stock (Incorporated by reference to Exhibit 4.1 of GECC's Current Report on Form 8-K dated as of June 3, 2013 (Commission filed number 001-06461)).
4(d)	Amended and Restated General Electric Capital Corporation (GECC) Standard Global Multiple Series Indenture Provisions dated as of February 27, 1997 (Incorporated by reference to Exhibit 4(a) to GECC's Registration Statement on Form S-3, File No. 333-59707 (Commission file number 001-06461)).
4(e)	Third Amended and Restated Indenture dated as of February 27, 1997, between GECC and The Bank of New York Mellon, as successor trustee (Incorporated by reference to Exhibit 4(c) to GECC's Registration Statement on Form S-3, File No. 333-59707 (Commission file number 001-06461)).
4(f)	First Supplemental Indenture dated as of May 3, 1999, supplemental to Third Amended and Restated Indenture dated as of February 27, 1997 (Incorporated by reference to Exhibit

	4(dd) to GECC's Post-Effective Amendment No. 1 to Registration Statement on Form S-3, File No. 333-76479 (Commission file number 001-06461)).
4(g)	Second Supplemental Indenture dated as of July 2, 2001, supplemental to Third Amended and Restated Indenture dated as of February 27, 1997 (Incorporated by reference to Exhibit 4(f) to GECC's Post-Effective Amendment No. 1 to Registration Statement on Form S-3, File No. 333-40880 (Commission file number 001-06461)).
4(h)	Third Supplemental Indenture dated as of November 22, 2002, supplemental to Third Amended and Restated Indenture dated as of February 27, 1997 (Incorporated by reference to Exhibit 4(cc) to GECC's Post-Effective Amendment No. 1 to Registration Statement on Form S-3, File No. 333-100527 (Commission file number 001-06461)).
4(i)	Fourth Supplemental Indenture dated as of August 24, 2007, supplemental to Third Amended and Restated Indenture dated as of February 27, 1997 (Incorporated by reference to Exhibit 4(g) to GECC's Registration Statement on Form S-3, File No. 333-156929 (Commission file number 001-06461)).
4(j)	Twelfth Amended and Restated Fiscal and Paying Agency Agreement among GECC, GE Capital Australia Funding Pty Ltd., GE Capital European Funding, GE Capital U.K. Funding and The Bank of New York Mellon and The Bank of New York Mellon (Luxembourg) S.A., as fiscal and paying agents, dated as of April 5, 2013.*

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4(k)	Letter from the Senior Vice President and Chief Financial Officer of General Electric Company to General Electric Capital Corporation (GECC) dated September 15, 2006, with respect to returning dividends, distributions or other payments to GECC in certain circumstances described in the Indenture for Subordinated Debentures dated September 1, 2006, between GECC and the Bank of New York, as successor trustee (Incorporated by reference to Exhibit 4(c) to GECC's Post-Effective Amendment No. 2 to Registration Statement on Form S-3, File No. 333-132807 (Commission file number 001-06461)).
4(l)	Agreement to furnish to the Securities and Exchange Commission upon request a copy of instruments defining the rights of holders of certain long-term debt of the registrant and consolidated subsidiaries.*
10	Amended and Restated Income Maintenance Agreement, dated October 29, 2009, between General Electric Company and General Electric Capital Corporation (Incorporated by reference to Exhibit 10 of GECC's Form 10-Q Report for the quarterly period ended September 30, 2009 (Commission file number 001-06461)).
12(a)	Computation of Ratio of Earnings to Fixed Charges.*
12(b)	Computation of Ratio of Earnings to Fixed Charges and Preferred Stock Dividends.*
23	Consent of Independent Registered Public Accounting Firm.*
24	Power of Attorney.*
31(a)	Certification Pursuant to Rules 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as amended.*
31(b)	Certification Pursuant to Rules 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as amended.*
32	Certification Pursuant to 18 U.S.C. Section 1350.*
99(a)	The consolidated financial statements of General Electric Company, set forth in the Annual Report on Form 10-K of General Electric Company (S.E.C. File No. 001-00035) for the year ended December 31, 2013, (pages 26 through 192) and Exhibit 12(a) (Ratio of Earnings to Fixed Charges) and 12(b) (Ratio of Earnings to Fixed Charges and Preferred Stock Dividends) of General Electric Company.

101	The following materials from General Electric Capital Corporation's Annual Report on Form 10-K for the year ended December 31, 2013, formatted in XBRL (eXtensible Business Reporting Language); (i) Statement of Earnings for the years ended December 31, 2013, 2012 and 2011, (ii) Statement of Comprehensive Income for the years ended December 31, 2013, 2012 and 2011, (iii) Statement of Changes in Shareowners' Equity for the years ended December 31, 2013, 2012 and 2011, (iv) Statement of Financial Position at December 31, 2013 and 2012, (v) Statement of Cash Flows for the years ended December 31, 2013, 2012 and 2011, and (vi) the Notes to Consolidated Financial Statements*

* Filed electronically herewith.

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General Electric Capital Corporation and consolidated affiliates

Schedule I – Condensed Financial Information of Registrant

General Electric Capital Corporation

Condensed Statement of Current and Retained Earnings

For the years ended December 31 (In millions)	2013	2012	2011
Revenues	$6,211	$5,736	$9,740
Expenses			
Interest	2,501	3,383	4,344
Operating and administrative	5,270	5,878	3,148
Provision for losses on financing receivables	216	40	109
Depreciation and amortization	150	242	192
Total expenses	8,137	9,543	7,793
Loss before income taxes and equity in earnings of affiliates	(1,926)	(3,807)	1,947
Income tax benefit	3,828	1,723	2,230
Equity in earnings of affiliates	4,302	8,299	2,333
Net earnings	6,204	6,215	6,510
Preferred stock dividends declared	(298)	(123)	–
Net earnings attributable to common shareowner	5,906	6,092	6,510
Net earnings	6,204	6,215	6,510
Dividends and other	(6,283)	(6,549)	–
Retained earnings at January 1	51,244	51,578	45,068
Retained earnings at December 31	$51,165	$51,244	$51,578

See accompanying notes.

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General Electric Capital Corporation and consolidated affiliates

Schedule I – Condensed Financial Information of Registrant – (Continued)

General Electric Capital Corporation

Condensed Statement of Financial Position

At December 31 (In millions, except share amounts)	2013	2012
Assets		
Cash and equivalents	$17,878	$16,892
Investment securities	7,633	8,938
Financing receivables - net	36,673	42,420
Investment in and advances to affiliates	207,458	222,867
Property, plant and equipment - net	834	884
Other assets(a)	12,418	18,261
Total assets	$282,894	$310,262
Liabilities and equity		
Borrowings	$191,938	$218,969
Other liabilities	8,262	6,886
Deferred income taxes	–	2,517
Total liabilities	200,200	228,372
Preferred stock, $0.01 par value (750,0000 shares authorized at December 31, 2013 and 2012 and 50,000 shares and 40,000 shares issued and outstanding at December 31, 2013 and 2012, respectively)	-	-
Common stock, $14 par value (4,166,000 shares authorized at December 31, 2013 and 2012 and 1,000 shares issued and outstanding at December 31, 2013 and 2012)	-	-
Accumulated other comprehensive income attributable to GECC(b)		
Investment securities	309	673
Currency translation adjustments	(687)	(131)
Cash flow hedges	(293)	(746)
Benefit plans	(363)	(736)
Additional paid-in capital	32,563	31,586
Retained earnings	51,165	51,244
Total shareowners' equity	82,694	81,890
Total liabilities and equity	$282,894	$310,262

(a) Included deferred tax assets of $331 million at December 31, 2013.

(b) The sum of accumulated gains (losses) on investment securities, currency translation adjustments, cash flow hedges and benefit plans constitutes “Accumulated other comprehensive income,” and was $(1,034) million and $(940) million at December 31, 2013 and 2012, respectively.

See accompanying notes.

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General Electric Capital Corporation and consolidated affiliates

Schedule I – Condensed Financial Information of Registrant – (Continued)

General Electric Capital Corporation

Condensed Statement of Cash Flows

For the years ended December 31 (In millions)	2013	2012	2011
Cash from (used for) operating activities	$3,402	$(1,519)	$5,386
Cash flows - investing activities			
Increase in loans to customers	(39,396)	(63,881)	(71,863)
Principal collections from customers - loans	42,341	69,620	78,261
Investment in equipment for financing leases	(871)	(1,012)	(696)
Principal collections from customers - financing leases	3,110	1,883	3,576
Net change in credit card receivables	1	1	(28)
Additions to property, plant and equipment	(275)	(658)	(892)
Dispositions of property, plant and equipment	654	979	811
Payments for principal businesses purchased	–	–	(50)
Proceeds from principal business dispositions	–	2,863	2,623
Decrease in investment in and advances to affiliates	24,076	40,557	3,258
All other investing activities	(4,384)	5,818	1,399
Cash from (used for) investing activities	25,256	56,170	16,399
Cash flows - financing activities			
Net decrease in borrowings (maturities of 90 days or less)	(8,329)	(1,722)	371
Newly issued debt			
Long-term (longer than one year)	20,689	25,760	23,049
Repayments and other debt reductions:			
Short-term (91-365 days)	(32,871)	(67,725)	(42,693)
Long-term (longer than one year)	(1,785)	(4,802)	(1,671)
Non-recourse, leveraged leases	(83)	(163)	(206)
Proceeds from issuance of preferred stock	990	3,960	–
Dividends paid to shareowners	(6,283)	(6,549)	–
Cash from (used for) financing activities	(27,672)	(51,241)	(21,150)
Increase (decrease) in cash and equivalents during year	986	3,410	635
Cash and equivalents at beginning of year	16,892	13,482	12,847
Cash and equivalents at end of year	$17,878	$16,892	$13,482

See accompanying notes.

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General Electric Capital Corporation and consolidated affiliates

Schedule I – Condensed Financial Information of Registrant – (Concluded)

General Electric Capital Corporation

Notes to Condensed Financial Statements

Financial statements presentation

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

Borrowings

Borrowings at December 31, 2013 and 2012 included short-term borrowings of $54,409 and $73,812, respectively, and long-term borrowings of $137,529 and $145,157, respectively. Total long-term borrowings at December 31, 2013 and 2012, are shown below.

December 31 (Dollars in millions)	2013 Average rate(a)	Maturities	2013	2012
Senior unsecured notes	3.27	2015-2054	$119,231	$128,809
Subordinated notes(b)	3.67	2021-2037	4,804	4,947
Subordinated debentures(c)	5.64	2066-2067	7,462	7,286
Other			6,032	4,115
			$137,529	$145,157

(a) Based on year-end balances and year-end local currency interest rates, including the effects from hedging.

(b) Included $300 million of subordinated notes guaranteed by GE at December 31, 2013 and 2012.

(c) Subordinated debentures receive rating agency equity credit and were hedged at issuance to U.S. dollar equivalent of $7,725 million.

At December 31, 2013, maturities of long-term borrowings during the next five years, including the current portion of long-term debt, are $20,800 million in 2014, $24,926 million in 2015, $19,698 million in 2016, $15,709 million in 2017 and $11,038 million in 2018.

Interest rate and currency risk is managed through the direct issuance of debt or use of derivatives. We mitigate interest rate and currency risk by seeking to ensure that the characteristics of the debt match the assets they are funding. We use a variety of instruments, including interest rate and currency swaps and currency forwards, to achieve our interest rate objectives.

Interest expense on the Condensed Statement of Current and Retained Earnings is presented net of interest income on loans and advances to majority owned affiliates of $3,916 million, $5,647 million and $5,473 million and interest expense on loans and advances from majority owned affiliates of $1,348 million, $2,817 million and $2,625 million for 2013, 2012 and 2011, respectively.

Income taxes

General Electric Company files a consolidated U.S. federal income tax return that includes General Electric Capital Corporation. Income tax benefit (expense) includes our effect on the consolidated return.

Shareowners’ Equity

During 2013, we issued 10,000 shares of non-cumulative perpetual preferred stock with a $0.01 par value for proceeds of $990 million. The preferred shares bear an initial fixed interest rate of 5.25% through June 15, 2023, bear a floating rate equal to three-month LIBOR plus 2.967% thereafter and are callable on June 15, 2023. Dividends on the GECC preferred stock are payable semi-annually, in June and December, with the first payment on this issuance made in December 2013.

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During 2012, we issued 40,000 shares of non-cumulative perpetual preferred stock with a $0.01 par value for proceeds of $3,960 million. Of these shares, 22,500 bear an initial fixed interest rate of 7.125% through June 15, 2022, bear a floating rate equal to three-month LIBOR plus 5.296% thereafter and are callable on June 15, 2022, and 17,500 shares bear an initial fixed interest rate of 6.25% through December 15, 2022, bear a floating rate equal to three-month LIBOR plus 4.704% thereafter and are callable on December 15, 2022. Dividends on the preferred stock are payable semi-annually, in June and December, with the first payment on these issuances made in December 2012.

During 2013 and 2012, we paid preferred stock dividends of $298 million and $123 million, respectively. During 2013 and 2012, we paid quarterly dividends of $1,930 million and $1,926 million, respectively, and special dividends of $4,055 million and $4,500 million, respectively, to GE. No dividends were paid during 2011.

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Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this annual report on Form 10-K for the fiscal year ended December 31, 2013, to be signed on its behalf by the undersigned, and in the capacity indicated, thereunto duly authorized in the City of Norwalk and State of Connecticut on the 27th day of February 2014.

General Electric Capital Corporation

February 27, 2014

By: /s/ Keith S. Sherin
Keith S. Sherin
Chief Executive Officer

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Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Keith S. Sherin Keith S. Sherin	Chief Executive Officer (Principal Executive Officer)	February 27, 2014
/s/ Robert C. Green Robert C. Green	Chief Financial Officer (Principal Financial Officer)	February 27, 2014
/s/ Walter Ielusic Walter Ielusic	Senior Vice President and Controller (Principal Accounting Officer)	February 27, 2014
JEFFREY S. BORNSTEIN*	Director	
WILLIAM H. CARY*	Director	
BRACKETT B. DENNISTON III*	Director	
ROBERT C. GREEN*	Director	
JEFFREY R. IMMELT*	Director	
KEITH S. SHERIN*	Director	
RYAN A. ZANIN*	Director	

A MAJORITY OF THE BOARD OF DIRECTORS

*By: /s/ Walter Ielusic
Walter Ielusic
Attorney-in-fact

February 27, 2014

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Explanation of Responses: