GENERAL ELECTRIC CAPITAL CORP
Form 10-Q
May 04, 2015

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2015

OR

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

For the transition period from ___________to ___________

Commission file number 001-06461

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

Delaware	13-1500700
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
901 Main Avenue, Norwalk, CT	06851-1168
(Address of principal executive offices)	(Zip Code)

(Registrant's telephone number, including area code) (203) 840-6300

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

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

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

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

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

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

At May 1, 2015, 1,000 shares of voting common stock, which constitute all of the outstanding common equity, with a par value of $14 per share were outstanding.

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

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FORWARD LOOKING STATEMENTS

This document contains "forward-looking statements" – that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance and financial condition, and often contain words such as "expect," "anticipate," "intend," "plan," "believe," "seek," "see," "will," "would," or "target."

Forward-looking statements by their nature address matters that are, to different degrees, uncertain, such as statements about GE's announced plan to reduce the size of its financial services businesses, including expected cash and non-cash charges associated with this plan; expected income; revenues; net interest margin; cost structure; restructuring charges; cash flows; assets; return on capital or assets; capital structure, including Tier 1 common ratio; and dividends.

For us, particular uncertainties that could cause our actual results to be materially different than those expressed in our forward-looking statements include:

- obtaining (or the timing of obtaining) any required regulatory reviews or approvals or any other consents or approvals associated with GE's announced plan to reduce the size of its financial services businesses;
- our ability to complete incremental asset sales as part of this plan in a timely manner (or at all) and at the prices we have assumed;
- changes in law, economic and financial conditions, including interest and exchange rate volatility, commodity and equity prices and the value of financial assets, including the impact of these conditions on our ability to sell or the value of incremental assets to be sold as part of this plan as well as other aspects of this plan;
- the impact of conditions in the financial and credit markets on the availability and cost of GECC's funding, GECC's exposure to counterparties and GECC's ability to reduce asset levels as planned;
- the impact of conditions in the housing market and unemployment rates on the level of commercial and consumer credit defaults;
- pending and future mortgage loan repurchase claims and other litigation claims in connection with WMC, which may affect our estimates of liability, including possible loss estimates;
- our ability to maintain our current credit rating and the impact on our funding costs and competitive position if we do not do so;
- GECC's ability to pay dividends to GE at the planned level, which may be affected by GECC's cash flows and earnings, financial services regulation and oversight, and other factors;
- the level of demand and financial performance of the major industries and customers GE serves;
- the effectiveness of our risk management framework;
- the impact of regulation and regulatory, investigative and legal proceedings and legal compliance risks, including the impact of financial services regulation and litigation;
- adverse market conditions, timing of and ability to obtain required bank regulatory approvals, or other factors relating to GE or Synchrony Financial that could prevent GE from completing the Synchrony Financial split-off as planned;
- our success in completing, including obtaining regulatory approvals for, announced transactions, such as the proposed transactions with Real Estate;
- our success in integrating acquired businesses and operating joint ventures;
- the impact of potential information technology or data security breaches; and
- the other factors that are described in "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2014.

These or other uncertainties may cause our actual future results to be materially different than those expressed in our forward-looking statements. We do not undertake to update our forward-looking statements. This document includes certain forward-looking projected financial information that is based on current estimates and forecasts. Actual results could differ materially.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (MD&A)

PRESENTATION

Throughout this MD&A, unless otherwise indicated, we refer to captions such as revenues and earnings from continuing operations attributable to General Electric Capital Corporation (GE Capital or GECC) simply as "revenues" and "earnings." Similarly, discussion of other matters in our consolidated financial statements relates to continuing operations unless otherwise indicated.

We integrate acquisitions as quickly as possible. Only revenues and earnings from the date we complete the acquisition through the end of the following fourth quarter are attributed to such businesses.

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

NON-GAAP MEASURES

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

REFERENCES

The MD&A should be read in conjunction with the Financial Statements and Notes to the consolidated financial statements.

CORPORATE INFORMATION AND WEBSITES

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

CONSOLIDATED RESULTS

THE GE CAPITAL EXIT PLAN

On April 10, 2015, our parent company, General Electric Company (GE), announced a plan (the GE Capital Exit Plan) to reduce the size of its financial services businesses through the sale of most of our assets, over the next 24 months, and to focus on continued investment and growth in GE's industrial businesses. Under the GE Capital Exit Plan, which was approved on April 2, 2015 and aspects of which were approved on March 31, 2015, GE will retain certain GECC businesses, principally its vertical financing businesses—GE Capital Aviation Services (GECAS), Energy Financial Services and Healthcare Equipment Finance—that directly relate to GE's core industrial domain and other operations, including Working Capital Solutions and our run-off insurance activities. The assets planned for disposition include Real Estate, most of Commercial Lending and Leasing and all Consumer platforms (including all U.S. banking assets). GE expects to execute this strategy using an efficient approach for exiting non-vertical assets that works for GE's and GECC's debt holders and GE's shareowners. An element of this approach involves a merger of GECC into GE to assure compliance with debt covenants as GECC exits non-vertical assets, and the creation of a new intermediate holding company to hold GECC's businesses after the merger. GE has discussed the GE Capital Exit Plan, aspects of which are subject to regulatory review and approval, with its regulators and staff of the Financial Stability Oversight Council (FSOC) and will work closely with these bodies to take the actions necessary over time to terminate the FSOC's designation of GECC (and the new intermediate holding company, as applicable) as a nonbank systemically important financial institution (nonbank SIFI).

As part of the GE Capital Exit Plan, on April 10, 2015, GECC and The Blackstone Group (Blackstone) or certain of their affiliates entered into a Purchase and Sale Agreement (the Purchase and Sale Agreement) pursuant to which Blackstone will acquire approximately $22.5 billion of GECC's Real Estate debt and equity portfolio through a combination of asset sales and entity sales (the Transaction) for a purchase price of approximately $22.5 billion. At closing, Blackstone intends to sell approximately $10 billion of this portfolio to Wells Fargo & Company. The purchase price, which is payable in cash, is subject to customary price adjustments, and the Transaction is subject to customary closing conditions. In connection with the Transaction, GECC will provide approximately $3.5 billion of seller financing to Blackstone, which GECC intends to syndicate by mid-2016. The parties expect the Transaction to close in multiple closings before the end of 2015. The Purchase and Sale Agreement may be terminated under certain circumstances, including by either party if the initial debt and equity closings have not occurred on or before September 1, 2015 or December 31, 2015, respectively, except in certain circumstances, or by Blackstone upon payment of a customary termination fee.

GECC also has letters of intent with other buyers for the majority of its remaining commercial real estate assets, which, combined with the Blackstone deal, are valued at approximately $26.5 billion.

As part of the GE Capital Exit Plan, on April 10, 2015, GE and GECC entered into an amendment to their existing financial support agreement. Under this amendment (the Amendment), GE has provided a full and unconditional guarantee (the Guarantee) of the payment of principal and interest on all tradable senior and subordinated outstanding long-term debt securities and all commercial paper issued or guaranteed by GECC identified in the Amendment. In the aggregate, the Guarantee applied to approximately $210 billion of GECC debt as of April 10, 2015. The Guarantee replaced the requirement that GE make certain income maintenance payments to GECC in certain circumstances. GECC's U.S. public indentures were concurrently amended to provide the full and unconditional guarantee by GE set forth in the Guarantee.

In connection with the GE Capital Exit Plan, GE estimates it will incur approximately $23 billion in after-tax charges through 2016, approximately $6 billion of which are expected to result in future net cash expenditures. These charges are expected to relate to: business dispositions, including goodwill allocations (approximately $13 billion), tax expense related to expected repatriation of foreign earnings and write-off of deferred tax assets (approximately $7 billion), and restructuring and other charges (approximately $3 billion).

We recorded $16.1 billion of after-tax charges ($13.8 billion of which is attributable to continuing operations and $2.4 billion of which is attributable to discontinued operations) in the first quarter of 2015 related to the GE Capital Exit Plan. The first quarter charges recorded in continuing operations include tax expense related to expected repatriation of foreign earnings and write-off of deferred tax assets ($6.0 billion), asset impairments due to shortened hold periods ($5.0 billion), and charges on businesses held for sale ($2.8 billion), including goodwill allocation.

It is expected that as a result of the GE Capital Exit Plan, the GE Capital businesses that will remain with GE will account for about $90 billion in ending net investment (ENI), excluding liquidity, including about $40 billion in the U.S. ENI is a metric used to measure the total capital invested in the financial services businesses. GE Capital's ENI, excluding liquidity at March 31, 2015 was $303 billion.

REVENUES AND EARNINGS

Revenues decreased 39% in the three months ended March 31, 2015 primarily due to the effects of the GE Capital Exit Plan.

Earnings decreased unfavorably in the three months ended March 31, 2015 primarily due to charges associated with the GE Capital Exit Plan.

SIGNIFICANT DEVELOPMENTS IN 2015

- The GE Capital Exit Plan – see above.
- Australia and New Zealand (ANZ) Consumer Lending - During the first quarter of 2015, we signed an agreement to sell our consumer finance business in Australia and New Zealand to a consortium including KKR, Varde Partners and Deutsche Bank for approximately 6.8 billion Australian dollars and 1.4 billion New Zealand dollars.
- Milestone Aviation Group – On January 30, 2015, GECAS acquired Milestone Aviation Group, a helicopter leasing business, for approximately $1.8 billion.
- Synchrony Financial – In connection with Synchrony Financial's planned separation from GE, Synchrony Financial filed the related application to the Federal Reserve Board on April 30, 2015. For a further discussion of the Synchrony Financial transaction, see the Synchrony Financial annual report on Form 10-K for the year ended December 31, 2014 and the quarterly report on Form 10-Q for the three months ended March 31, 2015.
- Dividends – GECC paid quarterly dividends of $0.5 billion to GE in the three months ended March 31, 2015.

OTHER CONSOLIDATED INFORMATION

INCOME TAXES

Income taxes have a significant effect on our net earnings. As a global commercial enterprise, our tax rates are affected by many factors, including our global mix of earnings, the extent to which those global earnings are indefinitely reinvested outside the United States, legislation, acquisitions, dispositions and tax characteristics of our income. Our tax rates are also affected by tax incentives introduced in the U.S. and other countries to encourage and support certain types of activity. Our tax returns are routinely audited and settlements of issues raised in these audits sometimes affect our tax provisions.

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

	Three months ended March 31	
(Dollars in billions)	2015	2014
(Benefit) provision for income taxes	$6.2	$0.3

COMMENTARY – THREE MONTHS ENDED MARCH 31, 2015 VERSUS 2014

The GECC income tax rate for the first quarter of 2015 is not meaningful. The negative first quarter tax rate of 97.6% is caused by comparing the positive tax expense of $6.2 billion with the pre-tax loss of $6.3 billion resulting in a negative tax rate. As discussed in Note 7 to the consolidated financial statements, during the first quarter of 2015 in conjunction with the GE Capital Exit Plan, we incurred tax expense of $6.0 billion related to expected repatriation of foreign earnings and write-off of deferred tax assets. The increase in the income tax expense from $0.3 billion for the first quarter of 2014 to $6.2 billion for the first quarter of 2015 is primarily due to the tax impacts, discussed in Note 7 to the consolidated financial statements, related to the GE Capital Exit Plan.

The effective tax rate in future periods is expected to increase as a result of changes in our income profile due to lower earnings as we execute on the GE Capital Exit Plan.

BENEFITS FROM GLOBAL OPERATIONS

Absent the effects of the GE Capital Exit Plan, our effective income tax rate is lower than the U.S. statutory rate primarily because of benefits from lower-taxed global operations, including the use of global funding structures. There is a tax benefit from global operations as non-U.S. income is subject to local country tax rates that are significantly below the 35% U.S. statutory rate. These non-U.S. earnings have been indefinitely reinvested outside the U.S. and are not subject to current U.S. income tax. The rate of tax on our indefinitely reinvested non-U.S. earnings is below the 35% U.S. statutory rate because we have significant business operations subject to tax in countries where the tax on that income is lower than the U.S. statutory rate and because GECC funds certain of its non-U.S. operations through foreign companies that are subject to low foreign taxes. Historically, the most significant portion of these benefits depends on the provision of U.S. law deferring the tax on active financial services income, which, as discussed below, is subject to expiration. A substantial portion of the remaining benefit related to business operations subject to tax in countries where the tax on that income is lower than the U.S. statutory rate is derived from our GECAS aircraft leasing operations located in Ireland. No other operation in any one country accounts for a material portion of the remaining balance of the benefit.

We expect our ability to benefit from non-U.S. income taxed at less than the U.S. rate to continue subject to changes in U.S. or foreign law, including the expiration of the U.S. tax law provision deferring tax on active financial services income. In addition, since this benefit depends on management's intention to indefinitely reinvest amounts outside the U.S., our tax provision will increase to the extent we no longer indefinitely reinvest foreign earnings.

SEGMENT OPERATIONS

Operating segments comprise our four segments focused on the broad markets they serve: Commercial Lending and Leasing (CLL), Consumer, Energy Financial Services and GECAS. The Chairman allocates resources to, and assesses the performance of, these four businesses. In addition to providing information on segments in their entirety, we have also provided supplemental information for the geographic regions within the CLL segment.

Corporate items and eliminations include unallocated Treasury and Tax operations; Trinity, a group of sponsored special purpose entities; certain consolidated liquidating securitization entities; the effects of eliminating transactions between operating segments; results of our run-off insurance operations remaining in continuing operations attributable to GECC; unallocated corporate costs; certain non-allocated amounts determined by the Chairman; and a variety of sundry items. Corporate items and eliminations is not an operating segment. Rather, it is added to operating segment totals to reconcile to consolidated totals on the financial statements.

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

Segment profit excludes results reported as discontinued operations, the portion of earnings attributable to noncontrolling interests of consolidated subsidiaries, GECC preferred stock dividends declared and accounting changes. Segment profit, which we sometimes refer to as "net earnings", includes interest and income taxes. GE allocates certain corporate costs to its segments based on an estimate of expected benefit to the respective segment relative to total GE. Factors considered in the determination of relative benefit include a segment's direct costs and number of employees compared to the total direct costs and number of employees for all segments.

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

SUMMARY OF OPERATING SEGMENTS

(In millions)	Three months ended March 31 2015	2014	V%
Revenues			
CLL	$1,556	$3,582	(57)%
Consumer	2,058	3,602	(43)%
Energy Financial Services	285	469	(39)%
GECAS	1,282	1,345	(5)%
Total segment revenues	5,181	8,998	(42)%
GECC corporate items and eliminations	801	887	(10)%
Total revenues	$5,982	$9,885	(39)%
Segment profit (loss)			
CLL	$(3,847)	$564	U
Consumer	(2,775)	786	U
Energy Financial Services	35	153	(77)%
GECAS	307	352	(13)%
Total segment profit (loss)	(6,280)	1,855	U
GECC corporate items and eliminations	(6,264)	(162)	U
Earnings (loss) from continuing operations attributable to GECC	(12,544)	1,693	U
Preferred stock dividends declared	-	-	-
Earnings (loss) from continuing operations attributable to GECC common shareowner	(12,544)	1,693	U
Earnings (loss) from discontinued operations, net of taxes	(2,201)	252	U
Net earnings (loss) attributable to GECC common shareowner	$(14,745)	$1,945	U

(In millions)	March 31, 2015	December 31, 2014	March 31, 2014
Assets			
CLL	$156,254	$172,380	$175,059
Consumer	123,022	135,987	131,720
Energy Financial Services	16,139	15,467	15,943
GECAS	46,902	42,625	45,118
GECC Corporate items and eliminations	134,143	134,946	143,997
Total assets	$476,460	$501,405	$511,837

ADDITIONAL INFORMATION - GEOGRAPHIC OPERATIONS OF CLL

(In millions)	Three months ended March 31 2015	2014
Revenues		
Americas	$1,133	$2,394
International	426	1,229
Other	(3)	(41)

Segment profit (loss)		
Americas	$(2,084)	$485
International	(1,722)	152
Other	(41)	(73)

(In millions)	March 31, 2015	December 31, 2014	March 31, 2014
Total assets			
Americas	$97,000	$103,884	$104,007
International	54,955	64,194	66,751
Other	4,299	4,302	4,301

COMMENTARY

COMMERCIAL LENDING AND LEASING

CLL 2015 revenues decreased 57% and net earnings decreased in the three months ended March 31, 2015. Revenues decreased primarily as a result of estimated losses on businesses classified as assets of businesses held for sale ($1.8 billion) and organic revenue declines ($0.1 billion). Net earnings decreased reflecting higher impairments ($3.2 billion) and higher provisions for losses on financing receivables ($1.2 billion). These decreases are primarily related to the reclassification of assets within CLL to assets of businesses held for sale, including goodwill allocation, and financing receivables held for sale recorded at the lower of cost or fair value, less cost to sell, and asset impairments due to shortened hold periods in connection with the GE Capital Exit Plan.

CONSUMER

Consumer 2015 revenues decreased by 43% and net earnings decreased in the three months ended March 31, 2015. Revenues decreased as a result of higher impairments ($1.4 billion). Net earnings decreased as a result of higher provisions for losses on financing receivables ($2.1 billion), higher impairments ($1.2 billion) and core decreases ($0.2 billion). These decreases are primarily related to the reclassification of assets within Consumer to financing receivables held-for-sale recorded at the lower of cost or fair value, less cost to sell, and asset impairments related to equity method investments in connection with the GE Capital Exit Plan.

ENERGY FINANCIAL SERVICES

Energy Financial Services 2015 revenues decreased 39% and net earnings decreased 77% in the three months ended March 31, 2015. Revenues decreased as a result of lower gains ($0.2 billion) and organic revenue declines ($0.1 billion), partially offset by lower impairments ($0.1 billion). Net earnings decreased as a result of lower gains ($0.1 billion) and core decreases ($0.1 billion), partially offset by lower impairments ($0.1 billion).

GECAS

GECAS 2015 revenues decreased 5% and net earnings decreased 13% in the three months ended March 31, 2015. Revenues decreased as a result of organic revenue declines ($0.1 billion), partially offset by the effects of acquisitions ($0.1 billion) and lower impairments. Net earnings decreased as a result of core decreases ($0.1 billion), partially offset by lower impairments and the effects of acquisitions.

GECC CORPORATE ITEMS AND ELIMINATIONS

Corporate items and eliminations included $0.1 billion of Treasury operation income for both the three months ended March 31, 2015 and 2014, respectively, which were primarily related to derivative activities that reduce or eliminate interest rate, currency or market risk between financial assets and liabilities.

Corporate items and eliminations included $6.0 billion of net unallocated tax expenses in the three months ended March 31, 2015, primarily related to tax expenses on expected repatriation of foreign earnings and write-off of deferred tax assets related to the GE Capital Exit Plan.

Corporate items and eliminations included $0.1 billion of corporate headquarters expenses for both the three months ended March 31, 2015 and 2014, respectively, encompassing executive staff and functional support to our businesses.

Certain amounts included in corporate items and eliminations are not allocated to the four operating businesses because they are excluded from the measurement of their operating performance for internal purposes. Unallocated costs included $0.1 billion and an insignificant amount in both the three months ended March 31, 2015 and 2014, respectively, primarily related to restructuring, rationalization and other charges.

DISCONTINUED OPERATIONS

Discontinued operations primarily comprises our Real Estate business and our U.S. mortgage business (WMC). Results of operations, financial position and cash flows for these businesses are separately reported as discontinued operations for all periods presented.

FINANCIAL INFORMATION FOR DISCONTINUED OPERATIONS

	Three months ended March 31	
(In millions)	2015	2014
Earnings (loss) from discontinued operations, net of taxes	$(2,201)	$252

The first quarter 2015 loss from discontinued operations, net of taxes, primarily reflected the following:
· $2.3 billion after-tax loss at our Real Estate business (including a $2.4 billion loss on the planned disposal).

The first quarter 2014 earnings from discontinued operations, net of taxes, primarily reflected the following:
· $0.2 billion after-tax earnings at our Real Estate business.

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

STATEMENT OF FINANCIAL POSITION

MAJOR CHANGES IN OUR FINANCIAL POSITION FOR THE THREE MONTHS ENDED MARCH 31, 2015:

- Financing receivables-net decreased $139.3 billion. See the following Financing Receivables section for additional information.
- Financing receivables held for sale increased $91.1 billion. See the following Financing Receivables Held for Sale section for additional information.
- Assets of businesses held for sale increased $50.1 billion, primarily as a result of the GE Capital Exit Plan, decreasing balances of our major asset categories, including: Investment securities; Financing receivables; Property, plant and equipment and Goodwill.
- Borrowings decreased $13.0 billion. GECC had net repayments on borrowings of $3.9 billion, along with a $10.1 billion reduction in the balances driven by the strengthening of the U.S. dollar against all major currencies.
- Accumulated other comprehensive income (loss) – currency translation adjustments decreased $1.8 billion driven by the strengthening U.S. dollar against all major currencies at March 31, 2015 compared with December 31, 2014. This decrease coincides with general decreases in balances of our major asset and liability categories, including: Financing receivables; Property, plant and equipment; Goodwill; Short-term borrowings and Long-term borrowings.

FINANCING RECEIVABLES

Financing receivables held for investment are those that we have the intent and ability to hold for the foreseeable future and are measured at the principal amount outstanding, net of the allowance for losses, write-offs, unamortized discounts and premiums, and net deferred loan fees or costs.

At March 31, 2015, our financing receivables portfolio primarily relates to GECAS, Energy Financial Services, Healthcare Equipment Finance (that directly relate to GE's core industrial businesses), Working Capital Solutions, a business that purchases GE customer receivables, and Synchrony Financial, our U.S. consumer business. The portfolios in our GECAS and Energy Financial Services businesses are collateralized by commercial aircraft and operating assets in the global energy and water industries, respectively. Our Healthcare Equipment Finance portfolio is collateralized by equipment used in the healthcare industry and the Working Capital Solutions portfolio is substantially recourse to GE or insured. Both the Healthcare Equipment Finance and Working Capital Solutions portfolios are reported in the CLL segment. Substantially all of the Synchrony Financial portfolio consists of U.S. consumer credit card and sales finance receivables.

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

Further information on the determination of the allowance for losses on financing receivables and the credit quality and categorization of our financing receivables is provided in Notes 4 and 13 to the consolidated financial statements.

FINANCING RECEIVABLES AND ALLOWANCE FOR LOSSES

(In millions)	Financing receivables at March 31, 2015	Financing receivables at December 31, 2014		Nonaccrual receivables at March 31, 2015		Nonaccrual receivables at December 31, 2014		Allowance for losses at(a) March 31, 2015	Allowance for losses at(a) December 31, 2014	
Commercial										
CLL	$12,555	$110,503		$25		$ 2,000		$35	$ 831	
Energy Financial Services	2,666	2,580		63		68		17	26	
GECAS	7,817	8,263		255		419		42	46	
Other	127	130		-		-		-	-	
Total Commercial	23,165	121,476		343		2,487		94	903	
Consumer	58,248	100,820	(b)	2	(d)	1,484	(b)	3,255	4,011	(b)
Total	$81,413	$222,296		$345	(c)	$ 3,971		$3,349	$ 4,914	

(a) Write-offs to net realizable value are recognized against the allowance for losses primarily in the reporting period in which management has deemed all or a portion of the financing receivable to be uncollectible, but not later than 360 days after initial recognition of a specific reserve for a collateral dependent loan.

(b) Included financing receivables of $10,564 million, nonaccrual receivables of $546 million and allowance for losses of $136 million at December 31, 2014, respectively, primarily related to loans, net of credit insurance, whose terms permitted repayments that are less than the repayments for fully amortizing loans and high loan-to-value ratios at inception (greater than 90%). At origination, we underwrite loans with an adjustable rate to the reset value. Of these loans at December 31, 2014, about 85% are in our U.K. and France portfolios, which have a delinquency rate of 10%, have a loan-to-value ratio at origination of 82% and have re-indexed loan-to-value ratios of 77% and 62%, respectively. Re-indexed loan-to-value ratios may not reflect actual realizable values of future repossessions. At December 31, 2014, 13% (based on dollar values) of these loans in our U.K. and France portfolios have been restructured.

(c) Substantially all of our $0.3 billion of nonaccrual loans at March 31, 2015 are currently paying in accordance with the contractual terms.

(d) We continue to accrue interest on consumer credit cards until the accounts are written off in the period the account becomes 180 days past due.

Financing receivables, before allowance for losses, decreased $140.9 billion from December 31, 2014, primarily as a result of reclassifications to financing receivables held for sale or assets of businesses held for sale (primarily CLL and Consumer) ($123.1 billion), the stronger U.S. dollar ($7.7 billion), write-offs ($6.2 billion) and collections (which includes sales) exceeding originations ($3.7 billion).

Nonaccrual receivables decreased $3.6 billion from December 31, 2014, primarily due to reclassifications to financing receivables held for sale (including write-offs) or assets of businesses held for sale (primarily CLL and Consumer).

Allowance for losses decreased $1.6 billion from December 31, 2014, primarily as a result of write-offs on financing receivables reclassified to financing receivables held for sale and the transfer of that portion of the allowance for losses related to financing receivables reclassified to assets of businesses held for sale. The allowance for losses as a percent of total financing receivables increased from 2.2% at December 31, 2014 to 4.1% at March 31, 2015 reflecting decreases in both the allowance for losses and the overall financing receivables balance related to the financing receivables reclassified to financing receivables held for sale and assets of businesses held for sale as part of the GE Capital Exit Plan.

SELECTED RATIOS RELATED TO NONACCRUAL FINANCING RECEIVABLES AND THE ALLOWANCES FOR LOSSES

	Nonaccrual financing receivables as a percent of total financing receivables at		Allowance for losses as a percent of nonaccrual financing receivables at		Allowance for losses as a percent of total financing receivables at	
	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014
Commercial						
CLL	0.2 %	1.8 %	140.0 %	41.6 %	0.3 %	0.8 %
Energy Financial Services	2.4	2.6	27.0	38.2	0.6	1.0
GECAS	3.3	5.1	16.5	11.0	0.5	0.6
Total Commercial	1.5	2.1	27.4	36.3	0.4	0.7
Consumer	- (d)	1.5 (a)	(c)	270.3 (a)	5.6 (b)	4.0 (a)
Total	0.4	1.8	(c)	123.8	4.1	2.2

(a) Included nonaccrual financing receivables as a percent of financing receivables of 5.2%, allowance for losses as a percent of nonaccrual receivables of 24.8% and allowance for losses as a percent of total financing receivables of and 1.3% at 2014, respectively, primarily related to loans, net of credit insurance, whose terms permitted repayments that are less than the repayments for fully amortizing loans and high loan-to-value ratios at inception (greater than 90%). Compared to the overall Non-U.S. residential mortgage loan portfolio, the ratio of allowance for losses as a percent of nonaccrual financing receivables for these loans is lower, driven primarily by the higher mix of such products in the U.K. and France portfolios and as a result of the better performance and collateral realization experience in these markets.

(b) The ratio of allowance for losses as a percent of financing receivables increased from 4.0% at December 31, 2014 to 5.6% at March 31, 2015, reflecting a decrease in the overall financing receivables balance in our U.S. portfolio, while the allowance for losses remained relatively flat.

(c) Not meaningful.

(d) We continue to accrue interest on consumer credit cards until the accounts are written off in the period the account becomes 180 days past due.

FINANCING RECEIVABLES HELD FOR SALE

Financing receivables held for sale are recorded at the lower of cost or fair value, less cost to sell, and represent those financing receivables that management does not intend to hold for the foreseeable future. Subsequent declines in fair value are recognized in the period in which they occur. Valuations are primarily performed on a portfolio basis, except for commercial financing receivables which may be performed on an individual financing receivable basis. Interest income on financing receivables held for sale is accrued and subject to the nonaccrual policies described above. Because financing receivables held for sale are recognized at the lower of cost or fair value, less cost to sell, the allowance for losses and write-off policies do not apply to these financing receivables.

During the three months ended March 31, 2015, we transferred most of our CLL and all non-U.S. Consumer financing receivables to financing receivables held for sale or assets of businesses held for sale as a result of the GE Capital Exit Plan and the signing of an agreement to sell our consumer finance business in ANZ. Also, in connection with the GE Capital Exit Plan, we announced the planned disposition of our Real Estate business, which is classified as discontinued operations for all years presented.

The transfer of financing receivables to financing receivables held for sale and assets of businesses held for sale totaled $93.1 billion and $30.0 billion, respectively. Prior to transferring the financing receivables to financing receivables held for sale we recognized a pre-tax provision for losses on financing receivables of $4.0 billion ($3.3 billion after-tax), to reduce the carrying value of the financing receivables to the lower of cost or fair value, less cost to sell, and wrote-off the associated balance of the allowance for losses of $5.1 billion to establish a new cost basis of the financing receivables held for sale at March 31, 2015.

For businesses held for sale, financing receivable balances of $30.0 billion and the related allowance for loan losses of $0.4 billion were reclassified to assets of businesses held for sale. The businesses held for sale were recorded at the lower of cost or fair value, less cost to sell, at March 31, 2015. The charge of $1.8 billion related to measuring the businesses held for sale, including goodwill allocation, at the lower of cost or fair value, less cost to sell, is recorded in other revenues.

A majority of the provision for losses on financing receivables recognized upon the transfer of financing receivables to financing receivables held for sale during the three months ended March 31, 2015 relates to our Consumer non-U.S. residential mortgage portfolios in the U.K., France, Poland and Spain, which primarily comprise variable rate mortgages with a remaining weighted average maturity of more than ten years. We estimate that the effect on the provision for losses is largely attributable to credit loss exposures that are not incurred losses recognizable under GAAP but nevertheless affect fair value that would be determined by a market participant when pricing the portfolio.

As a result of the GE Capital Exit Plan and transfer of financing receivables to financing receivables held for sale or assets of businesses held for sale, nonaccrual receivables and impaired loan balances at December 31, 2014 were reduced by $3.1 billion and $3.4 billion, respectively. Loans held for sale are not reported as impaired, as these loans are recorded at lower of cost or fair value, less cost to sell.

Further information on financing receivables held for sale is provided in Note 2 to the consolidated financial statements.

FINANCIAL RESOURCES AND LIQUIDITY

LIQUIDITY AND BORROWINGS

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

Our liquidity and borrowing plans are established within the context of our annual financial and strategic planning processes. Our liquidity and funding plans take into account the liquidity necessary to fund our operating commitments. We also take into account our capital allocation and growth objectives, including paying dividends.

Our liquidity position is targeted to meet our obligations under both normal and stressed conditions. We establish a funding plan annually that is based on the projected asset size and cash needs of the business, which, over the past few years, has incorporated our strategy to reduce our ending net investment. In connection with the GE Capital Exit Plan, we do not intend to issue any incremental unsecured term debt in the next five years. We expect to maintain an elevated liquidity position as we generate cash from asset sales, returning to more normalized levels in 2019. While we maintain elevated liquidity levels, we may engage in liability management actions, such as buying back debt, based on market and economic conditions. We rely on a diversified source of funding, including the unsecured term debt markets, the global commercial paper markets, deposits, secured funding, retail funding products, bank borrowings and securitizations to fund our balance sheet. We also rely on cash generated through collection of principal, interest and other payments on our existing portfolio of loans and leases to fund our operating and interest expense costs.

Our 2015 funding plan anticipates repayment of principal on outstanding short-term borrowings, including the current portion of long-term debt ($37.7 billion at December 31, 2014), principally through dispositions, asset sales and cash on hand. Long-term maturities and early redemptions were $15.3 billion in the first quarter of 2015. Interest on borrowings is primarily repaid through interest earned on existing financing receivables, a trend we expect to change as GECC executes the GE Capital Exit Plan. During the first quarter of 2015, we earned interest income on financing receivables of $4.1 billion, which more than offset interest expense of $1.7 billion.

We maintain a detailed liquidity policy that requires us to maintain a contingency funding plan. The liquidity policy defines our liquidity risk tolerance under different stress scenarios based on our liquidity sources and also establishes procedures to escalate potential issues. We actively monitor our access to funding markets and our liquidity profile through tracking external indicators and testing various stress scenarios. The contingency funding plan provides a framework for handling market disruptions and establishes escalation procedures in the event that such events or circumstances arise. We will continue to evaluate the need to modify the existing contingency funding plan due to the GE Capital Exit Plan.

On April 10, 2015, Moody's Investors Service (Moody's) downgraded the senior unsecured debt rating for GE to A1 from Aa3 following GE's April 10^{th} announcement of the GE Capital Exit Plan. GE's P-1 short-term rating was affirmed. Moody's affirmed GECC's A1/P-1 ratings. The rating outlook for GE and GECC remains stable. On April

10, 2015, Standard & Poor's Rating Services (S&P) affirmed GE's AA+/A-1+ ratings and GECC's AA+/A-1+ ratings each with a stable outlook.

LIQUIDITY SOURCES

We maintain liquidity sources that consist of cash and equivalents of $73.6 billion, committed unused credit lines of $45.4 billion and high-quality, liquid investments of $2.7billion.

CASH AND EQUIVALENTS

(In billions)	March 31, 2015	
U.S.	$34.7	
Non-U.S.	38.9	(a)
Total consolidated	$73.6	(b)

(a) Of this amount at March 31, 2015, no cash was considered indefinitely reinvested. Indefinitely reinvested cash held outside of the U.S. is available to fund operations and other growth of non-U.S. subsidiaries; it is also available to fund our needs in the U.S. on a short-term basis through short-term loans, without being subject to U.S. tax. Under the Internal Revenue Code, these loans are permitted to be outstanding for 30 days or less and the total of all such loans is required to be outstanding for less than 60 days during the year. If we were to repatriate indefinitely reinvested cash held outside the U.S., we would be subject to additional U.S. income taxes and foreign withholding taxes.

(b) At March 31, 2015, cash and cash equivalents of about $18.6 billion were in regulated banks and insurance entities and were subject to regulatory restrictions.

COMMITTED UNUSED CREDIT LINES

(In billions)	March 31, 2015
Revolving credit agreements (exceeding one year)	$25.1
Revolving credit agreements (364-day line)(a)	20.3
Total(b)	$45.4

(a) Contain a term-out feature that allows us to extend borrowings for two years from the date on which such borrowings would otherwise be due.

(b) Total committed, unused credit lines were extended to us by 49 financial institutions. GECC can borrow up to $45.4 billion under all of these credit lines. GE can borrow up to $14.3 billion under certain of these credit lines.

FUNDING PLAN

GE reduced its GE Capital ENI*, excluding liquidity, to $303 billion at March 31, 2015.

During the first three months of 2015, we completed issuances of $8.1 billion of senior unsecured debt (excluding securitizations described below) with maturities up to 10 years. In February 2015, Synchrony Financial issued an additional $1.0 billion of senior unsecured debt maturing in 2020.

COMMERCIAL PAPER

(In billions)

Average commercial paper borrowings during the first quarter of 2015	$25.1
Maximum commercial paper borrowings outstanding during the first quarter of 2015	25.2

Our commercial paper maturities have historically been funded principally through new commercial paper issuances. As announced on April 10, 2015, we are targeting to reduce the outstanding commercial paper to approximately $5 billion by the end of 2015.

We securitize financial assets as an alternative source of funding. During the first three months of 2015, we completed $1.3 billion of non-recourse issuances and $2.2 billion of non-recourse borrowings matured. At March 31, 2015, consolidated non-recourse securitization borrowings were $29.0 billion.

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

ALTERNATIVE FUNDING

(In billions)

Total alternative funding at December 31, 2014	$117.3
Total alternative funding at March 31, 2015	112.9
Bank deposits	62.7
Non-recourse securitization borrowings	29.0
Funding secured by real estate, aircraft and other collateral	5.6
GE Interest Plus notes (including $0.1 billion of current long-term debt)	5.5
Bank unsecured	10.1

As a matter of general practice, we routinely evaluate the economic impact of calling debt instruments where we have the right to exercise a call. In determining whether to call debt, we consider the economic benefit to GECC of calling debt, the effect of calling debt on our liquidity profile and other factors. During the first three months of 2015, we did not call any long-term debt.

*Non-GAAP Financial Measure

INCOME MAINTENANCE AGREEMENT AND GE GUARANTEE OF CERTAIN GECC DEBT

GE provides implicit and explicit support to GECC through commitments, capital contributions and operating support. As part of the GE Capital Exit Plan, on April 10, 2015, GE and GECC entered into an amendment to their existing financial support agreement. Under this amendment (the Amendment), GE has provided a full and unconditional guarantee (the Guarantee) of the payment of principal and interest on all tradable senior and subordinated outstanding long-term debt securities and all commercial paper issued or guaranteed by GECC identified in the Amendment. In the aggregate, the Guarantee applied to approximately $210 billion of GECC debt as of April 10, 2015. The Guarantee replaced the requirement that GE make certain income maintenance payments to GECC in certain circumstances. GECC's U.S. public indentures were concurrently amended to provide the full and unconditional guarantee by GE set forth in the Guarantee.

STATEMENT OF CASH FLOWS

Our business uses a variety of financial resources to meet its capital needs. Cash for our business activities is primarily provided from the issuance of term debt and commercial paper in public and private markets and deposits, as well as financing receivables collections, sales and securitizations.

CASH FLOWS

	Three months ended March 31	
(In billions)	2015	2014
Cash from operating activities	$2.5	$2.8
Cash from investing activities	7.7	6.2
Cash used for financing activates	(6.5)	(8.8)

2015 – 2014 COMMENTARY:

GECC cash from operating activities decreased $0.3 billion primarily due to the following:
- A decrease in net cash collateral activity with counterparties on derivative contracts of $0.4 billion.

GECC cash from investing activities increased $1.5 billion primarily due to the following:
- A net increase in financing receivables activity of $1.8 billion driven by higher net collections (which includes sales) of financing receivables.
- The 2014 payment of our obligation to the buyer of GE Money Japan for $1.7 billion.
- These increases were partially offset by the 2015 acquisition of Milestone Aviation Group, resulting in net cash paid of $1.7 billion.

GECC cash used for financing activities decreased $2.3 billion primarily due to the following:
- Lower net repayments of borrowings of $2.7 billion driven primarily by issuances of senior unsecured notes.

EXPOSURES

GECC SELECTED EUROPEAN EXPOSURES

At March 31, 2015, we had $54.8 billion in financing receivables to consumer and commercial customers in Europe including, $49.0 billion classified as either financing receivables held for sale or assets of businesses held for sale. The GECC financing receivables portfolio in Europe is well diversified across European geographies and customers. Approximately 92% of the portfolio is secured by collateral. Several European countries, including Spain, Portugal, Ireland, Italy, Greece and Hungary (focus countries), have been subject to credit deterioration due to weaknesses in their economic and fiscal situations. The carrying value of GECC funded exposures in these focus countries and in the rest of Europe comprised the following at March 31, 2015.

March 31, 2015 (In millions)	Spain	Portugal	Ireland	Italy	Greece	Hungary	Rest of Europe	Total Europe
Financing receivables, net(a)(d)(j)	$426	$ 91	$271	$1,451	$ 2	$ 2,169	$7,638	$12,048
Financing receivables held for sale	593	89	46	3,281	-	7	38,737	42,753
Investments(b)(c)	2	-	-	65	-	-	1,327	1,394
Cost and equity method investments(d)	-	-	422	49	27	-	1,570	2,068
Derivatives, net of collateral(b)(e)	2	-	-	49	-	-	391	442
Equipment leased to others (ELTO)(f)(j)	468	198	496	668	252	228	10,044	12,354
Total funded exposures(g)(h)	$1,491	$ 378	$1,235	$5,563	$ 281	$ 2,404	$59,707	$71,059
Unfunded commitments(i)	$56	$ 8	$96	$184	$ 4	$ 660	$3,844	$4,852

(a) Financing receivable amounts are classified based on the location or nature of the related obligor.
(b) Investments and derivatives are classified based on the location of the parent of the obligor or issuer.
(c) Included $0.2 billion related to financial institutions, $0.1 billion related to non-financial institutions and $1.0 billion related to sovereign issuers. Sovereign issuances totaled $0.1 billion related to Italy. We held no investments issued by sovereign entities in the other focus countries.
(d) Substantially all is non-sovereign.
(e) Net of cash collateral; entire amount is non-sovereign.
(f) These assets are held under long-term investment and operating strategies, and our ELTO strategies contemplate an ability to redeploy assets under lease should default by the lessee occur. The values of these assets could be subject to decline or impairment in the current environment.
(g) Excluded $28.1 billion of cash and equivalents, which is composed of $19.4 billion of cash on short-term placement with highly rated global financial institutions based in Europe, sovereign central banks and agencies or supranational entities, of which $0.7 billion is in focus countries, and $8.7 billion of cash and equivalents placed with highly rated European financial institutions on a short-term basis, secured by U.S. Treasury securities ($5.8 billion) and sovereign bonds of non-focus countries ($3.0 billion), where the value of our collateral exceeds the amount of our cash exposure.
(h) Rest of Europe included $1.8 billion and $0.1 billion of exposure for Russia and Ukraine, respectively, substantially all ELTO and financing receivables related to commercial aircraft in our GECAS portfolio.
(i) Includes ordinary course of business lending commitments, commercial and consumer unused revolving credit lines, inventory financing arrangements and investment commitments.
(j) Includes financing receivables of $6.2 billion and ELTO of $2.2 billion classified as assets of businesses held for sale.

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

CRITICAL ACCOUNTING ESTIMATES

We utilized significant estimates in the preparation of the first quarter financial statements.

In addition to the discussion below on estimates used to determine the fair value of businesses and assets held for sale, please refer to the Critical Accounting Estimates section within MD&A and Note 1, Basis of Presentation and Summary of Significant Accounting Policies, to the consolidated financial statements of our 2014 Form 10-K Report for a discussion of our accounting policies and the critical accounting estimates we use to: assess the recoverability of assets such as financing receivables and goodwill; determine the fair value of financial assets; and determine our provision for income taxes and recoverability of deferred tax assets.

BUSINESSES AND ASSETS HELD FOR SALE

Businesses held for sale represent components that meet the accounting requirements to be classified as held for sale and are presented as single asset and liability amounts in our financial statements with a valuation allowance, if necessary, to recognize the net carrying amount at the lower of cost or fair value, less cost to sell. Financing receivables that no longer qualify to be presented as held for investment must be classified as held for sale and recognized in our financial statements at the lower of cost or fair value, less cost to sell, with that amount representing a new cost basis at the date of transfer.

As previously discussed, as a result of the GE Capital Exit Plan, management has committed to a plan to reduce the size of its financial services businesses through the sale of most of the assets of GECC over the next 24 months. As a result of the GE Capital Exit Plan, certain GECC businesses met the criteria to be classified as businesses held for sale and certain financing receivables were required to be recognized as held for sale at March 31, 2015.

The determination of fair value for businesses and portfolios of financing receivables involves significant judgments and assumptions. Development of estimates of fair values in this circumstance is complex and is dependent upon, among other factors, the nature of the potential sales transaction (for example, asset sale versus sale of legal entity), composition of assets and/or businesses in the disposal group, the comparability of the disposal group to market transactions, negotiations with third party purchasers, etc. Such factors bear directly on the range of potential fair values and the selection of the best estimates. Key assumptions were developed based on market observable data and, in the absence of such data, internal information that is consistent with what market participants would use in a hypothetical transaction as of March 31, 2015.

We will review all businesses and assets held for sale each reporting period to determine whether the existing carrying amounts are fully recoverable in comparison to estimated fair values.

Further information is provided in Notes 2 and 10 to the consolidated financial statements of this Form 10-Q Report.

OTHER ITEMS

NEW ACCOUNTING STANDARDS

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in GAAP when it becomes effective. The new standard is currently effective on January 1, 2017, subject to an additional one-year deferral as proposed by the FASB. Early application is not permitted. The standard permits the use of either the retrospective or modified retrospective (cumulative effect) transition method. We are evaluating the effect that ASU 2014-09 will have on our consolidated financial statements and related disclosures. We have not yet selected a transition method nor have we determined the effect of the standard on our ongoing financial reporting.

In February 2015, the FASB issued ASU 2015-02, Amendments to the Consolidation Analysis. The ASU amends the consolidation guidance for VIEs and general partners' investments in limited partnerships and modifies the evaluation of whether limited partnerships and similar legal entities are VIEs or voting interest entities. The ASU is effective for interim and annual reporting periods beginning after December 15, 2015, with early adoption permitted. We are currently evaluating the effect of the ASU on our consolidated financial statements and related disclosures.

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 our disclosure controls and procedures were effective as of March 31, 2015.

On April 10, 2015 we announced that, as part of the GE Capital Exit Plan, we plan to dispose of a substantial portion of GE Capital's operations over the 2015-2017 timeframe. This plan will affect the operation of GE Capital's framework of internal controls over financial reporting as dispositions and other restructuring activities are executed. During the transition period, we have put in place enhanced procedures and controls to monitor and maintain our system of internal controls over financial reporting. We will continue to assess the effect of the plan on GE Capital's control environment and will make adjustments as appropriate.

REGULATIONS AND SUPERVISION

We are a regulated savings and loan holding company and in 2011 became subject to Federal Reserve Board (FRB) supervision under the Dodd-Frank Wall Street Reform and Consumer Protection Act (DFA). In 2013, the U.S. Financial Stability Oversight Council (FSOC) designated GECC as a nonbank systemically important financial institution (nonbank SIFI) under the DFA. As a result of this change in supervision and designation, stricter prudential regulatory standards and supervision apply to GECC. On November 25, 2014 the FRB proposed for comment enhanced prudential standards that would apply to GECC as a nonbank SIFI. This proposal would, among other items, require GECC to comply with rules on capital and liquidity adequacy that apply to large bank holding companies, market terms requirements for intercompany transactions and enhanced risk management and governance requirements. The proposed standards would also apply stress testing and capital planning requirements to GECC under the FRB's comprehensive capital analysis and review (CCAR) regulations. The comment period for the proposed standards closed on February 2, 2015, and the exact application of the proposed standards will not be known until after the final rule is published. We submitted comments on the proposed standards on February 2, 2015 and plan to submit additional comments conveying our views on the potential implications of the GE Capital Exit Plan for the proposed standards.

While the proposed enhanced prudential standards do not subject GECC to the Federal Reserve's capital plan rule applicable to large bank holding companies until the capital planning cycle beginning January 1, 2016, we do undertake an annual review of our capital adequacy prior to establishing a plan for dividends to our parent. This review is based on a forward-looking assessment of our material enterprise risks and involves the consideration of a number of factors. This analysis also includes an assessment of our capital and liquidity levels, as well as incorporating risk management and governance considerations. The most recent capital adequacy review was approved by the GECC board of directors and the GE Board of Directors Risk Committee in 2014. While a savings and loan holding company and nonbank SIFI like GECC is currently not required to obtain FRB approval to pay a dividend, it may not, under FRB regulations, conduct its operations in an unsafe or unsound manner. The FRB has articulated factors that it expects boards of directors of bank holding companies and savings and loan holding companies to consider in determining whether to pay a dividend.

In addition to the proposed enhanced prudential standards, as a nonbank SIFI GECC is also required to submit an annual resolution plan to the FRB and Federal Deposit Insurance Corporation (FDIC). GECC submitted its first resolution plan to the FRB and FDIC on June 30, 2014. Our resolution plan describes how GECC could be resolved under existing insolvency regimes in a manner that mitigates potential disruption to the U.S. financial system and the global financial markets without the use of government support or taxpayer funds. If the FRB and FDIC determine that our resolution plan is deficient, the Dodd-Frank Act authorizes the FRB and FDIC to impose more stringent capital, leverage or liquidity requirements on us or restrict our growth or activities until we submit a plan remedying the deficiencies. If the FRB and FDIC ultimately determine that we have not adequately addressed the deficiencies, they could order us to divest assets or operations in order to facilitate our orderly resolution in the event of our failure.

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

As discussed in Management's Discussion and Analysis, on April 10, 2015, our parent company, General Electric Company (GE), announced a plan (the GE Capital Exit Plan) to reduce the size of its financial services businesses. GE has discussed the GE Capital Exit Plan, aspects of which are subject to regulatory review and approval, with its regulators and staff of the Financial Stability Oversight Council (FSOC) and will work closely with these bodies to take the actions necessary over time to terminate the FSOC's designation of GECC (and the new intermediate holding company, as applicable) as a nonbank systemically important financial institution (nonbank SIFI).

LEGAL PROCEEDINGS

The following information supplements and amends our discussion set forth under "Legal Proceedings" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014.

There are 15 lawsuits relating to pending mortgage loan repurchase claims in which WMC, our U.S. mortgage business that we sold in 2007, is a party. The adverse parties in these cases are securitization trustees or parties claiming to act on their behalf. While the alleged claims for relief vary from case to case, the complaints and counterclaims in these actions generally assert claims for breach of contract, indemnification, and/or declaratory judgment, and seek specific performance (repurchase) and/or monetary damages. Beginning in the fourth quarter 2013, WMC entered into settlements that reduced its exposure on claims asserted in certain securitizations, and the claim amounts reported herein reflect the effect of these settlements.

Five WMC cases are pending in the United States District Court for the District of Connecticut. Four of these cases were initiated in 2012, and one was initiated in the third quarter 2013. Deutsche Bank National Trust Company (Deutsche Bank) is the adverse party in four cases, and Law Debenture Trust Company of New York (Law Debenture) is the adverse party in one case. The Deutsche Bank complaints assert claims on approximately $4,300 million of mortgage loans and seek to recover damages in excess of approximately $1,800 million. The Law Debenture complaint asserts claims on approximately $800 million of mortgage loans, and alleges losses on these loans in excess of approximately $425 million. On March 31, 2014, the District Court denied WMC's motions to dismiss these cases.

Four WMC cases are pending in the United States District Court for the District of Minnesota against US Bank National Association (US Bank), one of which was initiated by WMC seeking declaratory judgment. Three of these cases were filed in 2012, and one was filed in 2011. The Minnesota cases involve claims on approximately $800 million of mortgage loans and do not specify the amount of damages sought. In September 2013, the District Court granted in part and denied in part WMC's motions to dismiss or for summary judgment in these cases. On September 8, 2014, US Bank filed a petition for instructions in the administration of trusts in Minnesota state court seeking authorization and instruction for US Bank to implement the terms of a settlement agreement reached with WMC to compromise, settle, and release all claims arising out of the securitizations at issue in these four lawsuits. In February 2015, two bondholders filed to objections to the proposed settlement, and in response the court has scheduled an evidentiary hearing for June 2015. In light of the state court action seeking approval of the proposed settlement, the District Court entered orders in April 2015 staying further proceedings in the four cases until August 2015.

Four cases are pending against WMC in New York State Supreme Court, all of which were initiated by securitization trustees or securities administrators. These cases involve, in the aggregate, claims involving approximately $4,559 million of mortgage loans. One of these lawsuits was initiated by Deutsche Bank in the second quarter 2013 and names as defendants WMC and Barclays Bank PLC. It involves claims against WMC on approximately $1,000 million of mortgage loans and does not specify the amount of damages sought. The second case, in which the plaintiff is The Bank of New York Mellon (BNY), was initiated in the fourth quarter 2012 and names as defendants WMC, J.P. Morgan Mortgage Acquisition Corporation and JPMorgan Chase Bank, N.A. BNY asserts claims on approximately $1,300 million of mortgage loans, and seeks to recover damages in excess of $650 million. The third case was initiated by BNY in November 2013 and names as defendants WMC, J.P. Morgan Mortgage Acquisition Corporation and JPMorgan Chase Bank, N.A. In this case, BNY asserts claims on approximately $1,300 million of mortgage loans, and seeks to recover damages in excess of $600 million. The fourth case was filed in October 2014 and names as defendants WMC, J.P. Morgan Mortgage Acquisition Corporation and JPMorgan Chase Bank, N.A. The plaintiff, BNY, asserts claims on approximately $959 million of mortgage loans and seeks to recover damages in excess of $475 million.

Two cases are pending against WMC in the United States District Court for the Southern District of New York. One case, in which the plaintiff is BNY, was filed in the third quarter 2012. In the second quarter 2013, BNY filed an amended complaint in which it asserts claims on approximately $900 million of mortgage loans, and seeks to recover damages in excess of $378 million. In September 2013, the District Court denied WMC's motion to dismiss. On September 18, 2014, the District Court issued an order directing the parties to participate in settlement discussions before a private mediator or the assigned magistrate judge. Following this mediation, the parties reached a settlement in principle on the claims arising from a portion of the loans held in the trust (the "Group1" loans), and, as a result, on February 9, 2015 the District Court stayed the case as to these claims. The second case was initiated by the Federal Housing Finance Agency (FHFA), which filed a summons with notice in the fourth quarter 2012. In the second quarter 2013, Deutsche Bank, in its role as securitization trustee of the trust at issue in the case, intervened as a plaintiff and filed a complaint relating to approximately $1,300 million of loans and alleging losses in excess of approximately $100 million. In December 2013, the District Court issued an order denying WMC's motion to dismiss. In February 2015, the District Court on its own motion requested that the parties re-brief several issues raised by WMC's motion to dismiss.

The amounts of the claims at issue in these cases (discussed above) reflect the purchase price or unpaid principal balances of the mortgage loans at issue at the time of purchase and do not give effect to pay downs, accrued interest or fees, or potential recoveries based upon the underlying collateral. All of the mortgage loans involved in these lawsuits are included in WMC's reported claims at March 31, 2015. See Note 2 to the consolidated financial statements for additional information.

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FINANCIAL STATEMENTS

GENERAL ELECTRIC CAPITAL CORPORATION AND CONSOLIDATED AFFILIATES
STATEMENT OF EARNINGS (LOSS)
(UNAUDITED)

	Three months ended March 31	
(In millions)	2015	2014
Revenues		
Revenues from services(a)	$5,964	$9,864
Other-than-temporary impairment on investment securities:		
Total other-than-temporary impairment on investment securities	(3)	(10)
Less other-than-temporary impairment recognized in accumulated other comprehensive income	-	4
Net other-than-temporary impairment on investment securities recognized in earnings	(3)	(6)
Revenues from services (Note 9)	5,961	9,858
Sales of goods	21	27
Total revenues	5,982	9,885
Costs and expenses		
Interest	1,651	1,887
Operating and administrative	3,194	2,811
Cost of goods sold	18	25
Investment contracts, insurance losses and insurance annuity benefits	644	643
Provision for losses on financing receivables (Note 4)	4,859	984
Depreciation and amortization	1,917	1,530
Total costs and expenses	12,283	7,880
Earnings (loss) from continuing operations before income taxes	(6,301)	2,005
Benefit (provision) for income taxes	(6,152)	(301)
Earnings (loss) from continuing operations	(12,453)	1,704
Earnings (loss) from discontinued operations, net of taxes (Note 2)	(2,201)	252
Net earnings (loss)	(14,654)	1,956
Less net earnings (loss) attributable to noncontrolling interests	91	11
Net earnings (loss) attributable to GECC	(14,745)	1,945
Preferred stock dividends declared	-	-
Net earnings (loss) attributable to GECC common shareowner	$(14,745)	$1,945
Amounts attributable to GECC common shareowner:		
Earnings (loss) from continuing operations	$(12,453)	$1,704
Less net earnings (loss) attributable to noncontrolling interests	91	11
Earnings (loss) from continuing operations attributable to GECC	(12,544)	1,693
Preferred stock dividends declared	-	-
Earnings (loss) from continuing operations attributable to GECC common shareowner	(12,544)	1,693
Earnings (loss) from discontinued operations, net of taxes	(2,201)	252
Net earnings (loss) attributable to GECC common shareowner	$(14,745)	$1,945

(a)Excluding net other-than-temporary impairment on investment securities.

See accompanying notes.

GENERAL ELECTRIC CAPITAL CORPORATION AND CONSOLIDATED AFFILIATES
STATEMENT OF COMPREHENSIVE INCOME (LOSS)
(UNAUDITED)

	Three months ended March 31	
(In millions)	2015	2014
Net earnings (loss)	$(14,654)	$1,956
Less net earnings (loss) attributable to noncontrolling interests	91	11
Net earnings (loss) attributable to GECC	$(14,745)	$1,945
Other comprehensive income (loss)		
Investment securities	$197	$484
Currency translation adjustments	(1,847)	(84)
Cash flow hedges	10	68
Benefit plans	10	(18)
Other comprehensive income (loss)	(1,630)	450
Less other comprehensive income (loss) attributable to noncontrolling interests	(32)	2
Other comprehensive income (loss) attributable to GECC	$(1,598)	$448
Comprehensive income (loss)	$(16,284)	$2,406
Less comprehensive income (loss) attributable to noncontrolling interests	59	13
Comprehensive income (loss) attributable to GECC	$(16,343)	$2,393

Amounts presented net of taxes. See Note 8 for further information about other comprehensive income (loss) and noncontrolling interests.

See accompanying notes.

GENERAL ELECTRIC CAPITAL CORPORATION AND CONSOLIDATED AFFILIATES
STATEMENT OF CHANGES IN SHAREOWNERS' EQUITY
(UNAUDITED)

	Three months ended March 31	
(In millions)	2015	2014
GECC shareowners' equity balance at January 1	$87,499	$82,694
Increases (decreases) from net earnings (loss) attributable to GECC	(14,745)	1,945
Dividends and other transactions with shareowners	(450)	(500)
Other comprehensive income (loss) attributable to GECC	(1,598)	448
Changes in additional paid-in capital	6	-
Ending balance at March 31	70,712	84,587
Noncontrolling interests	2,987	440
Total equity balance at March 31	$73,699	$85,027

See Note 8 for further information about changes in shareowners' equity.

See accompanying notes.

GENERAL ELECTRIC CAPITAL CORPORATION AND CONSOLIDATED AFFILIATES
STATEMENT OF FINANCIAL POSITION

(In millions, except share amounts)	March 31, 2015 (Unaudited)	December 31, 2014
Assets		
Cash and equivalents	$ 73,632	$ 74,105
Investment securities (Note 3)	41,853	47,478
Inventories	49	50
Financing receivables – net (Notes 4 and 13)	78,064	217,382
Other receivables	14,149	16,278
Property, plant and equipment, less accumulated amortization of $22,363 and $27,606	45,130	49,429
Goodwill (Note 5)	19,639	24,489
Other intangible assets – net (Note 5)	1,116	1,067
Other assets	25,019	29,038
Financing receivables held for sale (Note 2)	92,959	1,830
Assets of businesses held for sale (Note 2)	53,598	3,474
Assets of discontinued operations (Note 2)	31,252	36,785
Total assets(a)	$ 476,460	$ 501,405
Liabilities and equity		
Short-term borrowings (Note 6)	$ 66,178	$ 68,515
Accounts payable	4,960	5,632
Non-recourse borrowings of consolidated securitization entities (Note 6)	29,035	29,938
Bank deposits (Note 6)	62,691	62,839
Long-term borrowings (Note 6)	178,037	187,749
Investment contracts, insurance liabilities and insurance annuity benefits	28,222	28,027
Other liabilities	14,292	16,315
Deferred income taxes	11,061	7,419
Liabilities of businesses held for sale (Note 2)	6,334	2,434
Liabilities of discontinued operations (Note 2)	1,951	2,139
Total liabilities(a)	402,761	411,007
Preferred stock, $0.01 par value (750,000 shares authorized at both March 31, 2015 and December 31, 2014,and 50,000 shares issued and outstanding at both March 31, 2015 and December 31, 2014)	-	-
Common stock, $14 par value (4,166,000 shares authorized at both March 31, 2015 and December 31, 2014 and 1,000 shares issued and outstanding at both March 31, 2015 and December 31, 2014)	-	-
Accumulated other comprehensive income (loss) – net(b)		
Investment securities	1,207	1,010
Currency translation adjustments	(2,653)	(838)
Cash flow hedges	(162)	(172)
Benefit plans	(567)	(577)
Additional paid-in capital	33,005	32,999
Retained earnings	39,882	55,077
Total GECC shareowners' equity	70,712	87,499
Noncontrolling interests(c)(Note 8)	2,987	2,899
Total equity	73,699	90,398

Total liabilities and equity	$ 476,460	$ 501,405

(a) Our consolidated assets at March 31, 2015 included total assets of $48,303 million of certain variable interest entities (VIEs) that can only be used to settle the liabilities of those VIEs. These assets included net financing receivables of $27,831 million, financing receivables held for sale of $14,171 million and investment securities of $3,290 million. Our consolidated liabilities at March 31, 2015 included liabilities of certain VIEs for which the VIE creditors do not have recourse to GECC. These liabilities included non-recourse borrowings of consolidated securitization entities (CSEs) of $27,561 million. See Note 12.

(b) The sum of accumulated other comprehensive income (loss) (AOCI) attributable to GECC was $(2,175) million and $(577) million at March 31, 2015 and December 31, 2014, respectively.

(c) Included AOCI attributable to noncontrolling interests of $(187) million and $(154) million at March 31, 2015 and December 31, 2014, respectively.

See accompanying notes.

GENERAL ELECTRIC CAPITAL CORPORATION AND CONSOLIDATED AFFILIATES
STATEMENT OF CASH FLOWS
(UNAUDITED)

	Three months ending March 31	
(In millions)	2015	2014
Cash flows – operating activities		
Net earnings (loss)	$(14,654)	$1,956
Less net earnings (loss) attributable to noncontrolling interests	91	11
Net earnings (loss) attributable to GECC	(14,745)	1,945
(Earnings) loss from discontinued operations	2,201	(252)
Adjustments to reconcile net earnings (loss) attributable to GECC to cash provided from operating activities		
Depreciation and amortization of property, plant and equipment	1,917	1,530
Deferred income taxes	2,080	(1,688)
Increase (decrease) in accounts payable	562	851
Provision for losses on financing receivables	4,859	984
All other operating activities	5,600	(567)
Cash from (used for) operating activities – continuing operations	2,474	2,803
Cash from (used for) operating activities – discontinued operations	1,088	352
Cash from (used for) operating activities	3,562	3,155
Cash flows – investing activities		
Additions to property, plant and equipment	(2,202)	(2,361)
Dispositions of property, plant and equipment	948	1,192
Increase in loans to customers	(66,369)	(69,418)
Principal collections from customers – loans	69,041	70,946
Investment in equipment for financing leases	(1,307)	(1,861)
Principal collections from customers – financing leases	1,826	2,312
Net change in credit card receivables	2,905	2,323
Proceeds from sale of discontinued operations	-	232
Net cash from (payments for) principal businesses purchased	(1,677)	-
All other investing activities	4,548	2,847
Cash from (used for) investing activities – continuing operations	7,713	6,212
Cash from (used for) investing activities – discontinued operations	(885)	(247)
Cash from (used for) investing activities	6,828	5,965
Cash flows – financing activities		
Net increase (decrease) in borrowings (maturities of 90 days or less)	287	(3,750)
Net increase (decrease) in bank deposits	1,042	1,175
Newly issued debt (maturities longer than 90 days)	11,945	5,743
Repayments and other debt reductions (maturities longer than 90 days)	(19,020)	(11,489)
Dividends paid to shareowners	(450)	(500)
All other financing activities	(283)	29
Cash from (used for) financing activities – continuing operations	(6,479)	(8,792)
Cash used for financing activities – discontinued operations	(264)	(103)
Cash from (used for) financing activities	(6,743)	(8,895)
Effect of currency exchange rate changes on cash and equivalents	(3,297)	92

Increase (decrease) in cash and equivalents	350	317
Cash and equivalents at beginning of year	75,101	75,105
Cash and equivalents at March 31	75,451	75,422
Less cash and equivalents of discontinued operations at March 31	259	378
Cash and equivalents of continuing operations at March 31	$75,192	$75,044

See accompanying notes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

General Electric Company (GE Company or GE) owns all of the common stock of General Electric Capital Corporation (GECC). Our financial statements consolidate all of our affiliates – companies that we control and in which we hold a majority voting interest. We also consolidate the economic interests we hold in certain businesses within companies in which we hold a voting equity interest and are majority owned by our parent, but which we have agreed to actively manage and control. See Note 1 to the consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 (2014 consolidated financial statements), which discusses our consolidation and financial statement presentation. GECC includes Commercial Lending and Leasing (CLL), Consumer, Energy Financial Services and GE Capital Aviation Services (GECAS).

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

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

THE GE CAPITAL EXIT PLAN

On April 10, 2015, our parent company, General Electric Company (GE), announced a plan (the GE Capital Exit Plan) to reduce the size of its financial services businesses through the sale of most of our assets, over the next 24 months, and to focus on continued investment and growth in GE's industrial businesses. Under the GE Capital Exit Plan which was approved on April 2, 2015 and aspects of which were approved on March 31, 2015, GE will retain certain GECC businesses, principally its vertical financing businesses – GECAS, Energy Financial Services and Healthcare Equipment Finance – that directly relate to GE's core industrial domain and other operations including Working Capital Solutions and our run-off insurance activities. The assets planned for disposition include Real Estate, most of CLL and all Consumer platforms (including all U.S. banking assets).

As part of the GE Capital Exit Plan, GE and GECC entered into an amendment to their existing financial support agreement. Under this amendment (the Amendment), GE has provided a full and unconditional guarantee (the Guarantee) of the payment of principal and interest on all tradable senior and subordinated outstanding long-term debt securities and all commercial paper issued or guaranteed by GECC identified in the Amendment. In the aggregate, the Guarantee applied to $210,107 million of GECC debt as of April 10, 2015. See Note 6. The Guarantee replaced the requirement that GE make certain income maintenance payments to GECC in certain circumstances. GECC's U.S. public indentures were concurrently amended to provide the full and unconditional guarantee by GE set forth in the Guarantee.

We recorded $16,118 million of after-tax charges ($13,764 million of which is attributable to continuing operations and $2,354 million of which is attributable to discontinued operations) in the first quarter of 2015 related to the GE Capital Exit Plan. The first quarter charges recorded in continuing operations include tax expense related to expected repatriation of foreign earnings and write-off of deferred tax assets ($5,980 million), asset impairments due to shortened hold periods ($4,962 million), and charges on businesses held for sale ($2,822 million), including goodwill allocation.

See Notes 2 and 5 to the consolidated financial statements for additional information.

INTERIM PERIOD PRESENTATION

The consolidated financial statements and notes thereto are unaudited. These statements include all adjustments (consisting of normal recurring accruals) that we considered necessary to present a fair statement of our results of operations, financial position and cash flows. The results reported in these consolidated financial statements should not be regarded as necessarily indicative of results that may be expected for the entire year. It is suggested that these consolidated financial statements be read in conjunction with the financial statements and notes thereto included in our 2014 consolidated financial statements. Effective for the first quarter of 2015, the Company is following a calendar quarter. Previously, we established interim quarterly closing dates using a fiscal calendar, which required our businesses to close their books on either a Saturday or Sunday, depending on the business. We label our quarterly information using a calendar convention, that is, first quarter is labeled as ending on March 31, second quarter as ending on June 30, and third quarter as ending on September 30.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

We utilized significant estimates in the preparation of the first quarter financial statements.

In addition to the discussion below on estimates used to determine the fair value of businesses and assets held for sale, please refer to the Critical Accounting Estimates section within MD&A and Note 1, Basis of Presentation and Summary of Significant Accounting Policies, to the consolidated financial statements of our 2014 Form 10-K Report for a summary of our significant accounting policies and the critical accounting estimates we use to: assess the recoverability of assets such as financing receivables and goodwill; determine the fair value of financial assets; and determine our provision for income taxes and recoverability of deferred tax assets.

BUSINESSES AND ASSETS HELD FOR SALE

Businesses held for sale represent components that meet accounting requirements to be classified as held for sale and are presented as single asset and liability amounts in our financial statements with a valuation allowance, if necessary, to recognize the net carrying amount at the lower of cost or fair value, less cost to sell. Financing receivables that no longer qualify to be presented as held for investment must be classified as held for sale and recognized in our financial statements at the lower of cost or fair value, less cost to sell, with that amount representing a new cost basis at the date of transfer.

As a result of the GE Capital Exit Plan, certain GECC businesses met the criteria to be classified as businesses held for sale and certain financing receivables were required to be recognized as held for sale at March 31, 2015.

The determination of fair value for businesses and portfolios of financing receivables involves significant judgments and assumptions. Development of estimates of fair values in this circumstance is complex and is dependent upon, among other factors, the nature of the potential sales transaction (for example, asset sale versus sale of legal entity), composition of assets and/or businesses in the disposal group, the comparability of the disposal group to market transactions, negotiations with third party purchasers, etc. Such factors bear directly on the range of potential fair values and the selection of the best estimates. Key assumptions were developed based on market observable data and, in the absence of such data, internal information that is consistent with what market participants would use in a hypothetical transaction as of March 31, 2015.

We will review all businesses and assets held for sale each reporting period to determine whether the existing carrying amounts are fully recoverable in comparison to estimated fair values.

NOTE 2. BUSINESSES HELD FOR SALE, FINANCING RECEIVABLES HELD FOR SALE AND DISCONTINUED OPERATIONS

ASSETS AND LIABILITIES OF BUSINESSES HELD FOR SALE

In the first quarter of 2015, in connection with the GE Capital Exit Plan, we committed to sell certain businesses within our CLL business, with assets of $44,398 million and liabilities of $3,871 million. Upon classification as held for sale, we recorded an estimated loss on disposal of $1,845 million ($2,822 million after tax) in revenues. In addition, we signed an agreement to sell our consumer finance business in Australia and New Zealand (ANZ Consumer Lending), with assets of $6,093 million and liabilities of $286 million, to a consortium including KKR, Varde Partners and Deutsche Bank for approximately 6,800 million Australian dollars and 1,400 million New Zealand dollars, respectively, and is targeted to close in 2015. The transactions remain subject to customary closing conditions and regulatory approvals.

In the fourth quarter of 2014, we signed an agreement to sell our consumer finance business Budapest Bank with assets of $3,107 million and liabilities of $2,177 million to Hungary's government. The transaction remains subject to customary closing conditions and regulatory approvals, and is targeted to close in 2015.

FINANCIAL INFORMATION FOR ASSETS AND LIABILITIES OF BUSINESSES HELD FOR SALE

(In millions)	March 31, 2015	December 31, 2014
Assets		
Cash and equivalents	$1,560	$ 676
Investment securities	7,720	448
Financing receivables – net	31,318	2,144
Property, plant and equipment – net	7,130	37
Goodwill	4,973	106
Other intangible assets – net	145	13
Other	2,597	50
Valuation allowance on disposal group classified as held for sale	(1,845)	-
Assets of businesses held for sale	$53,598	$ 3,474
Liabilities		
Short-term borrowings	$836	$ 435
Accounts payable	747	4
Other current liabilities	919	3
Bank deposits	1,711	1,931
Long-term borrowings		