GENERAL ELECTRIC CAPITAL CORP
Form 10-Q
July 30, 2012

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2012
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 (State or other jurisdiction of incorporation or organization)	13-1500700 (I.R.S. Employer Identification No.)
901 Main Avenue, Norwalk, Connecticut (Address of principal executive offices)	06851-1168 (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 þ No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þNo ¨

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 þ Smaller reporting company ¨

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

At July 26, 2012, 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.

The attached financial statements are marked as “drafts” and are being made available to you at this time in order to facilitate our drafting process as well as KPMG’s review process. As the word “draft” indicates, these documents are neither final nor complete. Rather, these draft documents are preliminary, incomplete and possibly incorrect in some places, reflecting the fact that they are works in progress. Accordingly, no inference or conclusion should be drawn from these draft documents with respect to the quality or effectiveness of GECS’ internal control over financial reporting or disclosure controls and procedures

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(1)

General Electric Capital Corporation

Forward-Looking Statements

This document contains "forward-looking statements" – that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance and financial condition, and often contain words such as "expect," "anticipate," "intend," "plan," "believe," "seek," "see," or "will. Forward-looking statements by their nature address matters that are, to different degrees, uncertain. For us, particular uncertainties that could cause our actual results to be materially different than those expressed in our forward-looking statements include: current economic and financial conditions, including volatility in interest and exchange rates, commodity and equity prices and the value of financial assets; potential market disruptions or other impacts arising in the United States or Europe from developments in the European sovereign debt situation; the impact of conditions in the financial and credit markets on the availability and cost of our funding and on our ability to reduce our asset levels as planned; the impact of conditions in the housing market and unemployment rates on the level of commercial and consumer credit defaults; changes in Japanese consumer behavior that may affect our estimates of liability for excess interest refund claims (GE Money Japan); pending and future mortgage securitization claims and litigation in connection with WMC, which may affect our estimates of liability, including possible loss estimates; our ability to maintain our current credit rating and the impact on our funding costs and competitive position if we do not do so; our ability to pay dividends to GE at the planned level; the level of demand and financial performance of the major industries we serve, including, without limitation, air transportation, real estate and healthcare; the impact of regulation and regulatory, investigative and legal proceedings and legal compliance risks, including the impact of financial services regulation; strategic actions, including acquisitions, joint ventures and dispositions and our success in completing announced transactions and integrating acquired businesses; the impact of potential information technology or data security breaches; and numerous other matters of national, regional and global scale, including those of a political, economic, business and competitive nature. These uncertainties may cause our actual future results to be materially different than those expressed in our forward-looking statements. We do not undertake to update our forward-looking statements.

(2)

Part I. Financial Information

Item 1. Financial Statements.

General Electric Capital Corporation and consolidated affiliates
Condensed Statement of Earnings
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
(In millions)	2012	2011	2012	2011
Revenues				
Revenues from services (a)	$ 11,464	$ 12,452	$ 22,908	$ 25,510
Other-than-temporary impairment on investment securities:				
Total other-than-temporary impairment on investment securities	(33)	(113)	(65)	(184)
Less: Portion of other-than-temporary impairment recognized in accumulated other comprehensive income	1	59	1	66
Net other-than-temporary impairment on investment securities recognized in earnings	(32)	(54)	(64)	(118)
Revenues from services (Note 9)	11,432	12,398	22,844	25,392
Sales of goods	26	42	56	84
Total revenues	11,458	12,440	22,900	25,476
Costs and expenses				
Interest	2,988	3,598	6,184	7,182
Operating and administrative	3,090	3,449	5,991	6,926
Cost of goods sold	23	38	48	78
Investment contracts, insurance losses and insurance annuity benefits	702	790	1,473	1,559
Provision for losses on financing receivables	743	792	1,606	1,932
Depreciation and amortization	1,674	1,792	3,369	3,568
Total costs and expenses	9,220	10,459	18,671	21,245
Earnings (loss) from continuing operations before income taxes	2,238	1,981	4,229	4,231
Benefit (provision) for income taxes	(102)	(346)	(289)	(775)
Earnings from continuing operations	2,136	1,635	3,940	3,456
Earnings from discontinued operations, net of taxes (Note 2)	(553)	195	(770)	230
Net earnings (loss)	1,583	1,830	3,170	3,686
Less net earnings (loss) attributable to noncontrolling interests	14	20	26	51
Net earnings (loss) attributable to GECC	$ 1,569	$ 1,810	$ 3,144	$ 3,635

Amounts attributable to GECC				
Earnings from continuing operations	$ 2,122	$ 1,615	$ 3,914	$ 3,405
Earnings (loss) from discontinued operations, net of taxes	(553)	195	(770)	230
Net earnings (loss) attributable to GECC	$ 1,569	$ 1,810	$ 3,144	$ 3,635

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

See accompanying notes.

(3)

General Electric Capital Corporation and consolidated affiliates
Condensed Statement of Comprehensive Income
(Unaudited)

(In millions)	Three months ended June 30, 2012	Three months ended June 30, 2011	Six months ended June 30, 2012	Six months ended June 30, 2011
Net earnings	$ 1,583	$ 1,830	$ 3,170	$ 3,686
Less: Net earnings (loss) attributable to noncontrolling interests	14	20	26	51
Net earnings attributable to GECC	$ 1,569	$ 1,810	$ 3,144	$ 3,635
Other comprehensive income (loss), net of tax				
Investment securities	$ 180	$ 390	$ 510	$ 202
Currency translation adjustments	(390)	983	(274)	2,540
Cash flow hedges	40	(190)	112	(262)
Benefit plans	19	–	(5)	(1)
Other comprehensive income (loss), net of tax	(151)	1,183	343	2,479
Less: Other comprehensive income (loss) attributable to noncontrolling interests	11	(11)	1	(9)
Other comprehensive income (loss) attributable to GECC	$ (162)	$ 1,194	$ 342	$ 2,488
Comprehensive income, net of tax	1,432	3,013	3,513	6,165
Less: Comprehensive income attributable to noncontrolling interests	25	9	27	42
Comprehensive income attributable to GECC	$ 1,407	$ 3,004	$ 3,486	$ 6,123

General Electric Capital Corporation and consolidated affiliates
Statement of Changes in Shareowners' Equity
(Unaudited)

(In millions)	Six months ended June 30, 2012	Six months ended June 30, 2011
Beginning balance	$ 77,110	$ 68,984
Dividends and other transactions with shareowners	(769)	1
Other comprehensive income (loss), net of tax	342	2,488
Increases from net earnings attributable to the company	3,144	3,635
Ending balance	79,827	75,108
Noncontrolling interests	759	1,201
Total equity	$ 80,586	$ 76,309

General Electric Capital Corporation and consolidated affiliates

Condensed Statement of Financial Position

(In millions, except share information)	June 30, 2012 (Unaudited)	December 31, 2011
Assets		
Cash and equivalents	$ 66,252	$ 76,702
Investment securities (Note 3)	47,906	47,359
Inventories	60	51
Financing receivables – net (Notes 4 and 12)	273,984	288,847
Other receivables	13,701	13,390
Property, plant and equipment, less accumulated amortization of $23,671 and $23,615	51,969	51,419
Goodwill (Note 5)	27,072	27,230
Other intangible assets – net (Note 5)	1,443	1,546
Other assets	71,897	75,612
Assets of businesses held for sale (Note 2)	3,039	711
Assets of discontinued operations (Note 2)	1,481	1,669
Total assets(a)	$ 558,804	$ 584,536
Liabilities and equity		
Short-term borrowings (Note 6)	$ 119,796	$ 136,333
Accounts payable	7,700	7,239
Non-recourse borrowings of consolidated securitization entities (Note 6)	30,696	29,258
Bank deposits (Note 6)	41,942	43,115
Long-term borrowings (Note 6)	225,539	234,391
Investment contracts, insurance liabilities and insurance annuity benefits	28,328	30,198
Other liabilities	14,759	17,334
Deferred income taxes	7,392	7,052
Liabilities of businesses held for sale (Note 2)	283	345
Liabilities of discontinued operations (Note 2)	1,783	1,471
Total liabilities(a)	478,218	506,736
Preferred stock, $0.01 par value (750,000 authorized at June 30, 2012 and 22,500 issued and outstanding at June 30, 2012)	–	–
Common stock, $14 par value (4,166,000 shares authorized at both June 30, 2012 and December 31, 2011 and 1,000 shares issued and outstanding at both June 30, 2012 and December 31, 2011)	–	–
Accumulated other comprehensive income – net(b)		

Investment securities	476	(33)
Currency translation adjustments	(673)	(399)
Cash flow hedges	(989)	(1,101)
Benefit plans	(568)	(563)
Additional paid-in capital	29,859	27,628
Retained earnings	51,722	51,578
Total GECC shareowners' equity	79,827	77,110
Noncontrolling interests(c)(Note 8)	759	690
Total equity	80,586	77,800
Total liabilities and equity	$ 558,804	$ 584,536

(a) Our consolidated assets at June 30, 2012 include total assets of $47,499 million of certain variable interest entities (VIEs) that can only be used to settle the liabilities of those VIEs. These assets include net financing receivables of $38,554 million and investment securities of $4,874 million. Our consolidated liabilities at June 30, 2012 include liabilities of certain VIEs for which the VIE creditors do not have recourse to GECC. These liabilities include non-recourse borrowings of consolidated securitization entities (CSEs) of $29,796 million. See Note 13.

(b) The sum of accumulated other comprehensive income – net was $(1,754) million and $(2,096) million at June 30, 2012 and December 31, 2011, respectively.

(c) Included accumulated other comprehensive income – net attributable to noncontrolling interests of $(142) million and $(141) million at June 30, 2012 and December 31, 2011, respectively.

See accompanying notes.

(5)

General Electric Capital Corporation and consolidated affiliates
Condensed Statement of Cash Flows
(Unaudited)

	Six months ended June 30,	
(In millions)	2012	2011
Cash flows – operating activities		
Net earnings	$ 3,170	$ 3,686
Less net earnings (loss) attributable to noncontrolling interests	26	51
Net earnings attributable to GECC	3,144	3,635
(Earnings) loss from discontinued operations	770	(230)
Adjustments to reconcile net earnings attributable to GECC to cash provided from operating activities		
Depreciation and amortization of property, plant and equipment	3,369	3,568
Increase (decrease) in accounts payable	201	885
Provision for losses on financing receivables	1,606	1,932
All other operating activities	1,734	(83)
Cash from (used for) operating activities – continuing operations	10,824	9,707
Cash from (used for) operating activities – discontinued operations	(45)	674
Cash from (used for) operating activities	10,779	10,381
Cash flows – investing activities		
Additions to property, plant and equipment	(5,514)	(5,118)
Dispositions of property, plant and equipment	2,726	3,505
Increase in loans to customers	(148,817)	(153,746)
Principal collections from customers – loans	154,149	166,493
Investment in equipment for financing leases	(4,349)	(4,386)
Principal collections from customers – financing leases	5,993	6,813
Net change in credit card receivables	(1,178)	1,575
Proceeds from sale of discontinued operations	–	4,371
Proceeds from principal business dispositions	88	2,077
Payments for principal businesses purchased	–	(93)
All other investing activities	3,779	3,659
Cash from (used for) investing activities – continuing operations	6,877	25,150
Cash from (used for) investing activities – discontinued operations	37	(614)
Cash from (used for) investing activities	6,914	24,536
Cash flows – financing activities		
Net increase (decrease) in borrowings (maturities of 90 days or less)	(621)	(2,857)

Net increase (decrease) in bank deposits		(890)		2,464
Newly issued debt (maturities longer than 90 days)				
Short-term (91 to 365 days)		40		10
Long-term (longer than one year)		29,618		26,954
Non-recourse, leveraged lease		–		–
Repayments and other debt reductions (maturities longer than 90 days)				
Short-term (91 to 365 days)		(50,546)		(44,380)
Long-term (longer than one year)		(1,988)		(273)
Non-recourse, leveraged lease		(310)		(520)
Proceeds from issuance of preferred stock		2,227		–
Dividends paid to shareowner		(3,000)		–
All other financing activities		(2,354)		(936)
Cash from (used for) financing activities – continuing operations		(27,824)		(19,538)
Cash from (used for) financing activities – discontinued operations		–		(42)
Cash from (used for) financing activities		(27,824)		(19,580)
Effect of currency exchange rate changes on cash and equivalents		(327)		2,407
Increase (decrease) in cash and equivalents		(10,458)		17,744
Cash and equivalents at beginning of year		76,823		60,398
Cash and equivalents at June 30		66,365		78,142
Less cash and equivalents of discontinued operations at June 30		113		159
Cash and equivalents of continuing operations at June 30	$	66,252	$	77,983

See accompanying notes.

(6)

General Electric Capital Corporation and consolidated affiliates
Summary of Operating Segments

	Three months ended June 30, (Unaudited)		Six months ended June 30, (Unaudited)	
(In millions)	2012	2011	2012	2011
Revenues				
CLL	$ 4,141	$ 4,666	$ 8,583	$ 9,274
Consumer	3,812	4,172	7,689	8,995
Real Estate	876	992	1,712	1,899
Energy Financial Services	446	365	685	710
GECAS	1,317	1,327	2,648	2,652
Total segment revenues	10,592	11,522	21,317	23,530
Corporate items and eliminations	866	918	1,583	1,946
Total revenues in GECC	$ 11,458	$ 12,440	$ 22,900	$ 25,476
Segment profit				
CLL	$ 626	$ 701	$ 1,311	$ 1,255
Consumer	907	1,042	1,736	2,283
Real Estate	221	(335)	277	(693)
Energy Financial Services	122	139	193	251
GECAS	308	321	626	627
Total segment profit	2,184	1,868	4,143	3,723
Corporate items and eliminations	(62)	(253)	(229)	(318)
Earnings from continuing operations attributable to GECC	2,122	1,615	3,914	3,405
Earnings (loss) from discontinued operations, net of taxes, attributable to GECC	(553)	195	(770)	230
Total net earnings attributable to GECC	$ 1,569	$ 1,810	$ 3,144	$ 3,635

See accompanying notes.

(7)

Notes to Condensed Financial Statements (Unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, 2011 (2011 consolidated financial statements), which discusses our consolidation and financial statement presentation. GECC includes Commercial Lending and Leasing (CLL), Consumer, Real Estate, Energy Financial Services and GE Capital Aviation Services (GECAS).

On February 22, 2012, our former parent, General Electric Capital Services, Inc. (GECS), merged with and into GECC. The merger simplified GE's corporate structure by consolidating financial services entities and assets within our organization and simplifying Securities and Exchange Commission and regulatory reporting. Upon completion of the merger, (i) all outstanding shares of GECC common stock were cancelled, (ii) all outstanding shares of common stock of GECS and all outstanding shares of preferred stock of GECS held by GE were converted into an aggregate of 1,000 shares of common stock of GECC and (iii) all treasury shares of GECS and all outstanding shares of preferred stock of GECS held by GECC were cancelled. As a result of the merger, GECC became the surviving corporation, assumed all of GECS' rights and obligations and became wholly-owned directly by GE.

Because both GECS and GECC were wholly-owned either directly or indirectly by GE, the merger was accounted for as a transfer of assets between entities under common control. Transfers of net assets or exchanges of shares between entities under common control are accounted for at historical value, and as if the transfer occurred at the beginning of the period. Prior period results are retrospectively adjusted to furnish comparative information. GECC's continuing operations now include the run-off insurance operations previously held and managed in our former parent, GECS, and which are reported in corporate items and eliminations. The operating businesses that are reported as segments, including CLL, Consumer, Real Estate, Energy Financial Services and GECAS, are not affected by the merger. Unless otherwise indicated, references to GECC and the GE Capital segment in this Form 10-Q Report relate to the entity or segment as they exist subsequent to the February 22, 2012 merger. In addition, during the first quarter of 2012, we announced the planned disposition of the Consumer mortgage lending business in Ireland (Consumer Ireland). This disposition is reported as a discontinued operation, which requires retrospective restatement of prior periods to classify the assets, liabilities and results of operations as discontinued operations.

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

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

Accounting Changes

On January 1, 2012, we adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2011-05, an amendment to Accounting Standards Codification (ASC) 220, Comprehensive Income. ASU 2011-05 introduces a new statement, the Consolidated Statement of Comprehensive Income, which begins with net earnings and adds or deducts other recognized changes in assets and liabilities that are not included in net earnings, but are reported directly to equity, under GAAP. For example, unrealized changes in currency translation adjustments are included in the measure of comprehensive income but are excluded from net earnings. The amendments became effective for the first quarter 2012 financial statements. The amendments affect only the display of those components of equity categorized as other comprehensive income and do not change existing recognition and measurement requirements that determine net earnings.

(8)

On January 1, 2012, we adopted FASB ASU 2011-04, an amendment to ASC 820, Fair Value Measurements. ASU 2011-04 clarifies or changes the application of existing fair value measurements, including: that the highest and best use valuation premise in a fair value measurement is relevant only when measuring the fair value of nonfinancial assets; that a reporting entity should measure the fair value of its own equity instrument from the perspective of a market participant that holds that instrument as an asset; to permit an entity to measure the fair value of certain financial instruments on a net basis rather than based on its gross exposure when the reporting entity manages its financial instruments on the basis of such net exposure; that in the absence of a Level 1 input, a reporting entity should apply premiums and discounts when market participants would do so when pricing the asset or liability consistent with the unit of account; and that premiums and discounts related to size as a characteristic of the reporting entity's holding are not permitted in a fair value measurement. Adopting these amendments had no effect on the financial statements. For a description of how we estimate fair value and our process for reviewing fair value measurements classified as Level 3 in the fair value hierarchy, see Note 1 in our 2011 consolidated financial statements.

See Note 1 in our 2011 consolidated financial statements for a summary of our significant accounting policies.

Interim Period Presentation

The condensed, consolidated financial statements and notes thereto are unaudited. These statements include all adjustments (consisting of normal recurring accruals) that we considered necessary to present a fair statement of our results of operations, financial position and cash flows. The results reported in these condensed, consolidated financial statements should not be regarded as necessarily indicative of results that may be expected for the entire year. It is suggested that these condensed, consolidated financial statements be read in conjunction with the financial statements and notes thereto included in our 2011 consolidated financial statements. We label our quarterly information using a calendar convention, that is, first quarter is labeled as ending on March 31, second quarter as ending on June 30, and third quarter as ending on September 30. It is our longstanding practice to establish interim quarterly closing dates using a fiscal calendar, which requires our businesses to close their books on either a Saturday or Sunday, depending on the business. The effects of this practice are modest and only exist within a reporting year. The fiscal closing calendar from 1993 through 2013 is available on our website, www.ge.com/secreports.

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

Assets and Liabilities of Businesses Held for Sale

In the second quarter of 2012, we committed to sell a portion of our Business Properties portfolio (Business Property) in Real Estate, including certain commercial loans, the origination and servicing platforms and the servicing rights on loans previously securitized by GECC. Upon closing, we will also expect to deconsolidate substantially all Real Estate securitization entities as servicing rights related to these entities will be transferred to the buyer.

In the second quarter of 2011, we committed to sell our Consumer business banking operations in Latvia.

Summarized financial information for businesses held for sale is shown below.

(In millions)	June 30, 2012	December 31, 2011
Assets		
Cash and equivalents	$ 135	$ 149
Financing receivables – net	2,794	412

Property, plant and equipment – net		56		81
All other		54		69
Assets of businesses held for sale	$	3,039	$	711
Liabilities				
Short-term borrowings	$	223	$	252
All other		60		93
Liabilities of businesses held for sale	$	283	$	345

(9)

Discontinued Operations

Discontinued operations primarily comprised GE Money Japan (our Japanese personal loan business, Lake, and our Japanese mortgage and card businesses, excluding our investment in GE Nissen Credit Co., Ltd.), our U.S. mortgage business (WMC), our U.S. recreational vehicle and marine equipment financing business (Consumer RV Marine), Consumer Mexico, Consumer Singapore, our Consumer home lending operations in Australia and New Zealand (Australian Home Lending) and Consumer Ireland. Associated results of operations, financial position and cash flows are separately reported as discontinued operations for all periods presented.

Summarized financial information for discontinued operations is shown below.

(In millions)	Three months ended June 30, 2012	Three months ended June 30, 2011	Six months ended June 30, 2012	Six months ended June 30, 2011
Operations				
Total revenues	$ (349)	$ 124	$ (350)	$ 331
Earnings (loss) from discontinued operations before income taxes	$ (380)	$ (38)	$ (438)	$ (38)
Benefit (provision) for income taxes	121	37	127	33
Earnings (loss) from discontinued operations, net of taxes	$ (259)	$ (1)	$ (311)	$ (5)
Disposal				
Gain (loss) on disposal before income taxes	$ (308)	$ (52)	$ (502)	$ (41)
Benefit (provision) for income taxes	14	248	43	276
Gain (loss) on disposal, net of taxes	$ (294)	$ 196	$ (459)	$ 235
Earnings (loss) from discontinued operations, net of taxes	$ (553)	$ 195	$ (770)	$ 230

(In millions)	June 30, 2012	December 31, 2011
Assets		
Cash and equivalents	$ 113	$ 121
Financing receivables - net	234	521
Other	1,134	1,027
Assets of discontinued operations	$ 1,481	$ 1,669
Liabilities		
Deferred income taxes	$ 231	$ 207
Other	1,552	1,264
Liabilities of discontinued operations	$ 1,783	$ 1,471

Assets at June 30, 2012 and December 31, 2011 primarily comprised cash, financing receivables and a deferred tax asset for a loss carryforward, which expires principally in 2017 and in part in 2019, related to the sale of our GE Money Japan business.

GE Money Japan

During the third quarter of 2007, we committed to a plan to sell our Japanese personal loan business, Lake, upon determining that, despite restructuring, Japanese regulatory limits for interest charges on unsecured personal loans did not permit us to earn an acceptable return. During the third quarter of 2008, we completed the sale of GE Money Japan, which included Lake, along with our Japanese mortgage and card businesses, excluding our investment in GE Nissen Credit Co., Ltd. In connection with the sale, we reduced the proceeds from the sale for estimated interest refund claims in excess of the statutory interest rate. Proceeds from the sale were to be increased or decreased based on the actual claims experienced in accordance with loss-sharing terms specified in the sale agreement, with all claims in excess of 258 billion Japanese yen (approximately $3,000 million) remaining our responsibility. The underlying portfolio to which this obligation relates is in runoff and interest rates were capped for all designated accounts by mid-2009. In the third quarter of 2010, we began making reimbursements under this arrangement.

Our overall claims experience developed unfavorably through 2010. We believe that the level of excess interest refund claims was impacted by the challenging global economic conditions, in addition to Japanese legislative and regulatory changes. In September 2010, a large independent personal loan company in Japan filed for bankruptcy, which precipitated a significant amount of publicity surrounding excess interest refund claims in the Japanese marketplace, along with substantial legal advertising. We observed an increase in claims during the latter part of 2010 and the first two months of 2011. Since February and through the end of 2011, we experienced substantial declines in the rate of incoming claims, though the overall rate of reduction was slower than we expected. The September 2010 bankruptcy filing referenced above had a significant effect on the pace of incoming claim declines and it is difficult to predict the pace and pattern at which claims will continue to decelerate. During the first half of 2012, we recorded increases to our reserve of $336 million to reflect an excess of claims activity over our previous estimates and, based on recent experience, revisions to our assumptions about the level of future claim activity. We continue to closely monitor and evaluate claims activity. At June 30, 2012, our reserve for reimbursement of claims in excess of the statutory interest rate was $695 million.

The amount of these reserves is based on analyses of recent and historical claims experience, pending and estimated future excess interest refund requests, the estimated percentage of customers who present valid requests, and our estimated payments related to those requests. Our estimated liability for excess interest refund claims at June 30, 2012 assumes the pace of incoming claims will continue to decelerate, average exposure per claim remains consistent with recent experience, and we continue to see the impact of loss mitigation efforts. Estimating the pace and pattern of decline in incoming claims has a significant effect on the total amount of our liability. While the pace of incoming claims continues to decline, it is highly variable and difficult to predict. Holding all other assumptions constant, for example, adverse changes of 20% and 50% in assumed incoming daily claim rate reduction would result in an increase to our reserves of approximately $100 million and $350 million, respectively.

Uncertainties about the likelihood of consumers to present valid claims, the runoff status of the underlying book of business, the financial status of other personal lending companies in Japan, challenging economic conditions and the impact of laws and regulations make it difficult to develop a meaningful estimate of the aggregate possible claims exposure. Additionally, the Japanese government is currently considering the introduction of proposed legislation to develop a framework for collective legal action proceedings. Recent trends, including the effect of consumer activity, market activity regarding other personal loan companies, higher claims severity and potential Japanese legislative actions, may continue to have an adverse effect on claims development.

GE Money Japan losses from discontinued operations, net of taxes, were $327 million and an insignificant amount in the three months ended June 30, 2012 and 2011, respectively, and $354 million and $1 million in the six months ended June 30, 2012 and 2011, respectively.

WMC

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

Pending repurchase claims based upon representations and warranties made in connection with loan sales were $2,731 million at June 30, 2012, $705 million at December 31, 2011 and $347 million at December 31, 2010. Pending claims represent those active repurchase claims that identify the specific loans tendered for repurchase and, for each loan, the alleged breach of a representation or warranty. The amounts reported reflect the purchase price or unpaid principal balances of the loans 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. Historically, a small percentage of the total loans WMC originated and sold has been tendered for repurchase, and of those loans tendered, only a limited amount has qualified as "validly tendered," meaning the loans sold did not satisfy contractual obligations. The increase in loan repurchase claims in the second quarter was driven by an increase in activity by securitization trustees and certain investors in residential mortgage-backed securities issued beginning in the second quarter of 2006, and, we believe, may reflect applicable statutes of limitations considerations.

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WMC is a party to nine lawsuits involving repurchase claims on loans included in six private-label securitizations. Seven of these actions were commenced in the second quarter of 2012, one was commenced in July 2012 and one began in the third quarter of 2011. Five of the actions were initiated by WMC. Adverse to WMC in these cases are affiliates of either Deutsche Bank National Trust Company (Deutsche Bank) or US Bank National Association, solely in their capacity as trustees for the securitization trusts at issue in the cases. In two actions commenced by Deutsche Bank, it purports to assert approximately $850 million of claims beyond those included in WMC's previously discussed pending claims at June 30, 2012, based on loan sampling. WMC intends to defend itself vigorously.

Reserves related to contractual representations and warranties were $491 million and $140 million at June 30, 2012 and March 31, 2012, respectively, and reflect an increase to reserves in the second quarter of 2012 of $351 million due to higher pending claims and an increase in estimated future loan repurchase requests. The amount of these reserves is based upon pending and estimated future loan repurchase requests, the estimated percentage of loans validly tendered for repurchase, and WMC's historical loss rates on loans repurchased. Assuming a 10% increase in our estimated loss rate and 50% increases to our estimates of future loan repurchase requests and estimated percentage of loans repurchased would result in an increase to our reserves of approximately $500 million. Our reserve reflects our judgment, based on currently available information, and a number of assumptions, including economic conditions, claim activity, pending and threatened litigation and indemnification demands, and other activity in the mortgage industry.

Uncertainties surrounding economic conditions, the ability and propensity of mortgage holders to present valid claims, governmental actions, pending and threatened litigation against WMC, including increased activity by securitization trustees, indemnification demands and other activity in the mortgage industry make it difficult to develop a meaningful estimate of aggregate possible claims exposure. Actual losses could exceed the reserve amount if actual claim rates, governmental actions, litigation and indemnification activity, or losses WMC incurs on repurchased loans differ from our assumptions.

WMC revenues (loss) from discontinued operations were $(351) million and an insignificant amount in the three months ended June 30, 2012 and 2011, respectively, and $(358) million and an insignificant amount in the six months ended June 30, 2012 and 2011, respectively. In total, WMC's losses from discontinued operations, net of taxes, were $227 million and $1 million in the three months ended June 30, 2012 and 2011, respectively, and $236 million and $3 million in the six months ended June 30, 2012 and 2011, respectively.

Other

In the first quarter of 2012, we announced the planned disposition of Consumer Ireland and classified the business as discontinued operations. Consumer Ireland revenues from discontinued operations were $2 million and $4 million in the three months ended June 30, 2012 and 2011, respectively, and $6 million and $8 million in the six months ended June 30, 2012 and 2011, respectively. Consumer Ireland earnings (loss) from discontinued operations, net of taxes, were $2 million and $(23) million in the three months ended June 30, 2012 and 2011, respectively, and $(186) million (including a $131 million loss on disposal) and $(44) million in the six months ended June 30, 2012 and 2011, respectively.

In the second quarter of 2011, we entered into an agreement to sell our Australian Home Lending operations and classified it as discontinued operations. As a result, we recognized an after-tax loss of $148 million in 2011. We completed the sale in the third quarter of 2011 for proceeds of approximately $4,577 million. Australian Home Lending revenues from discontinued operations were an insignificant amount and $101 million in the three months ended June 30, 2012 and 2011, respectively, and $1 million and $215 million in the six months ended June 30, 2012 and 2011, respectively. Australian Home Lending earnings (loss) from discontinued operations, net of taxes, were an insignificant amount and $(117) million in the three months ended June 30, 2012 and 2011, respectively, and $2 million and $ (80) million in the six months ended June 30, 2012 and 2011, respectively.

In the first quarter of 2011, we entered into an agreement to sell our Consumer Singapore business for $692 million. The sale was completed in the second quarter of 2011 and resulted in the recognition of a gain on disposal, net of taxes, of $319 million. Consumer Singapore revenues from discontinued operations were $1 million and $2 million in the three months ended June 30, 2012 and 2011, respectively, and $1 million and $31 million in the six months ended June 30, 2012 and 2011, respectively. Consumer Singapore earnings from discontinued operations, net of taxes, were $1 million and $319 million in the three months ended June 30, 2012 and 2011, respectively, and $1 million and $326 million in the six months ended June 30, 2012 and 2011, respectively.

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In the fourth quarter of 2010, we entered into agreements to sell our Consumer RV Marine portfolio and Consumer Mexico business. The Consumer RV Marine and Consumer Mexico dispositions were completed during the first quarter and the second quarter of 2011, respectively, for proceeds of $2,365 million and $1,943 million, respectively. Consumer RV Marine revenues from discontinued operations were an insignificant amount and $6 million in the three months ended June 30, 2012 and 2011, respectively, and an insignificant amount and $11 million in the six months ended June 30, 2012 and 2011, respectively. Consumer RV Marine earnings from discontinued operations, net of taxes, were $1 million and $2 million in the three months ended June 30, 2012 and 2011, respectively, and an insignificant amount and $2 million in the six months ended June 30, 2012 and 2011, respectively. Consumer Mexico revenues (losses) from discontinued operations were $(1) million and $12 million in the three months ended June 30, 2012 and 2011, respectively, and an insignificant amount and $67 million in the six months ended June 30, 2012 and 2011, respectively. Consumer Mexico earnings (loss) from discontinued operations, net of taxes, were $(2) million and $17 million in the three months ended June 30, 2012 and 2011, respectively, and $(4) million and $33 million in the six months ended June 30, 2012 and 2011, respectively.

3. INVESTMENT SECURITIES

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

	June 30, 2012				December 31, 2011			
(In millions)	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Debt								
U.S. corporate	$ 20,994	$ 4,003	$ (327)	$ 24,670	$ 20,748	$ 3,432	$ (410)	$ 23,770
State and municipal	3,436	463	(130)	3,769	3,027	350	(143)	3,234
Residential mortgage-backed(a)	2,440	195	(198)	2,437	2,711	184	(286)	2,609
Commercial mortgage-backed	3,060	171	(180)	3,051	2,913	162	(247)	2,828
Asset-backed	5,269	8	(148)	5,129	5,102	32	(164)	4,970
Corporate – non-U.S.	2,592	140	(168)	2,564	2,414	126	(207)	2,333
Government – non-U.S.	1,792	137	(30)	1,899	2,488	129	(86)	2,531
U.S. government and federal agency	3,412	90	–	3,502	3,974	84	–	4,058
Retained interests	28	3	–	31	25	10	–	35
Equity								
Available-for-sale	502	98	(6)	594	713	75	(38)	750
Trading	260	–	–	260	241	–	–	241
Total	$ 43,785	$ 5,308	$ (1,187)	$ 47,906	$ 44,356	$ 4,584	$ (1,581)	$ 47,359

(a) Substantially collateralized by U.S. mortgages. Of our total residential mortgage-backed securities (RMBS) portfolio at June 30, 2012, $1,626 million relates to securities issued by government-sponsored entities and $811 million relates to securities of private label issuers. Securities issued by private label issuers are collateralized primarily by pools of individual direct mortgage loans of financial institutions.

The fair value of investment securities increased to $47,906 million at June 30, 2012, from $47,359 million at December 31, 2011, primarily due to the impact of lower interest rates and additional purchases in our CLL business of investments collateralized by senior secured loans of high-quality, middle-market companies in a variety of industries.

The following tables present the estimated fair values and gross unrealized losses of our available-for-sale investment securities.

	In loss position for			
	Less than 12 months		12 months or more	
(In millions)	Estimated fair value	Gross unrealized losses(a)	Estimated fair value	Gross unrealized losses(a)
June 30, 2012				
Debt				
U.S. corporate	$ 365	$ (16)	$ 1,121	$ (311)
State and municipal	71	(1)	233	(129)
Residential mortgage-backed	26	–	752	(198)
Commercial mortgage-backed	268	(7)	1,057	(173)
Asset-backed	4,136	(27)	792	(121)
Corporate – non-U.S.	488	(31)	571	(137)
Government – non-U.S.	196	(1)	171	(29)
U.S. government and federal agency	–	–	–	–
Retained interests	2	–	–	–
Equity	64	(5)	7	(1)
Total	$ 5,616	$ (88)	$ 4,704	$ (1,099)
December 31, 2011				
Debt				
U.S. corporate	$ 1,435	$ (241)	$ 836	$ (169)
State and municipal	87	(1)	307	(142)
Residential mortgage-backed	219	(9)	825	(277)
Commercial mortgage-backed	244	(23)	1,320	(224)
Asset-backed	100	(7)	850	(157)
Corporate – non-U.S.	330	(28)	607	(179)
Government – non-U.S.	906	(5)	203	(81)
U.S. government and federal agency	502	–	–	–
Retained interests	–	–	–	–
Equity	440	(38)	–	–
Total	$ 4,263	$ (352)	$ 4,948	$ (1,229)

(a) Includes gross unrealized losses at June 30, 2012 of $(200) million related to securities that had other-than-temporary impairments previously recognized.

We regularly review investment securities for impairment using both qualitative and quantitative criteria. We presently do not intend to sell the vast majority of our debt securities that are in an unrealized loss position and believe that it is not more likely than not that we will be required to sell these securities before recovery of our amortized cost. We believe that the unrealized loss associated with our equity securities will be recovered within the foreseeable future. The methodologies and significant inputs used to measure the amount of credit loss for our investment securities during the six months ended June 30, 2012 have not changed from those described in our 2011 consolidated financial statements. See Note 3 in our 2011 consolidated financial statements for additional information regarding these methodologies and inputs.

During the second quarter of 2012, we recorded pre-tax, other-than-temporary impairments of $33 million, of which $32 million was recorded through earnings ($16 million relates to equity securities) and $1 million was recorded in accumulated other comprehensive income (AOCI). At April 1, 2012, cumulative impairments recognized in earnings associated with debt securities still held were $434 million. During the second quarter, we recognized first-time impairments of $3 million and incremental charges on previously impaired securities of $6 million. These amounts included $33 million related to securities that were subsequently sold.

During the second quarter of 2011, we recorded pre-tax, other-than-temporary impairments of $113 million, of which $54 million was recorded through earnings ($5 million relates to equity securities) and $59 million was recorded in AOCI. At April 1, 2011, cumulative impairments recognized in earnings associated with debt securities still held were $388 million. During the second quarter of 2011, we recognized first-time impairments of $19 million and incremental charges on previously impaired securities of $24 million. These amounts included $18 million related to securities that were subsequently sold.

During the six months ended June 30, 2012, we recorded pre-tax, other-than-temporary impairments of $65 million, of which $64 million was recorded through earnings ($23 million relates to equity securities) and $1 million was recorded in AOCI. At January 1, 2012, cumulative impairments recognized in earnings associated with debt securities still held were $558 million. During the six months ended June 30, 2012, we recognized first-time impairments of $10 million and incremental charges on previously impaired securities of $11 million. These amounts included $169 million related to securities that were subsequently sold.

During the six months ended June 30, 2011, we recorded pre-tax, other-than-temporary impairments of $184 million, of which $118 million was recorded through earnings ($10 million relates to equity securities) and $66 million was recorded in AOCI. At January 1, 2011, cumulative impairments recognized in earnings associated with debt securities still held were $332 million. During the six months ended June 30, 2011, we recognized first-time impairments of $20 million and incremental charges on previously impaired securities of $81 million. These amounts included $21 million related to securities that were subsequently sold.

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

(In millions)	Amortized cost	Estimated fair value
Due in		
2012	$ 2,082	$ 2,112
2013-2016	7,450	7,447
2017-2021	9,080	10,591
2022 and later	13,607	16,247

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

Supplemental information about gross realized gains and losses on available-for-sale investment securities follows.

	Three months ended June 30,		Six months ended June 30,	
(In millions)	2012	2011	2012	2011
Gains	$ 21	$ 45	$ 59	$ 161
Losses, including impairments	(34)	(56)	(104)	(127)
Net	$ (13)	$ (11)	$ (45)	$ 34

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

Proceeds from investment securities sales and early redemptions by issuers totaled $2,742 million and $4,833 million in the second quarters of 2012 and 2011, respectively, and $6,504 million and $9,972 million in the six months ended

June 30, 2012 and 2011, respectively, principally from the sales of short-term securities in our bank subsidiaries and treasury operations.

We recognized pre-tax gains on trading securities of $13 million and $52 million in the second quarters of 2012 and 2011, respectively, and $36 million and $55 million in the six months ended June 30, 2012 and 2011, respectively.

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4. FINANCING RECEIVABLES AND ALLOWANCE FOR LOSSES ON FINANCING RECEIVABLES

(In millions)	June 30, 2012	December 31, 2011
Loans, net of deferred income(a)	$243,625	$256,895
Investment in financing leases, net of deferred income	35,564	38,142
	279,189	295,037
Less allowance for losses	(5,205)	(6,190)
Financing receivables – net(b)	$273,984	$288,847

(a) Deferred income was $2,197 million and $2,329 million at June 30, 2012 and December 31, 2011, respectively.

(b) Financing receivables at June 30, 2012 and December 31, 2011 included $895 million and $1,062 million, respectively, of loans that were acquired in a transfer but have been subject to credit deterioration since origination per ASC 310, Receivables.

The following tables provide additional information about our financing receivables and related activity in the allowance for losses for our Commercial, Real Estate and Consumer portfolios.

Financing Receivables – net

(In millions)	June 30, 2012	December 31, 2011
Commercial		
CLL		
Americas	$ 77,241	$ 80,505
Europe	34,722	36,899
Asia	11,313	11,635
Other	711	436
Total CLL	123,987	129,475
Energy Financial Services	5,159	5,912
GECAS	12,046	11,901
Other	587	1,282
Total Commercial financing receivables	141,779	148,570
Real Estate		

Debt	22,409	24,501
Business Properties	5,301	8,248
Total Real Estate financing receivables	27,710	32,749
Consumer		
Non-U.S. residential mortgages	33,826	35,550
Non-U.S. installment and revolving credit	17,960	18,544
U.S. installment and revolving credit	45,531	46,689
Non-U.S. auto	4,740	5,691
Other	7,643	7,244
Total Consumer financing receivables	109,700	113,718
Total financing receivables	279,189	295,037
Less allowance for losses	(5,205)	(6,190)
Total financing receivables – net	$ 273,984	$ 288,847

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Allowance for Losses on Financing Receivables

(In millions)	Balance at January 1, 2012	Provision charged to operations	Other(a)	Gross write-offs(b)	Recoveries(b)	Balance at June 30, 2012
Commercial						
CLL						
Americas	$ 889	$ 57	$ (30)	$ (306)	$ 52	$ 662
Europe	400	158	(15)	(95)	36	484
Asia	157	13	(3)	(89)	9	87
Other	4	–	(1)	(2)	–	1
Total CLL	1,450	228	(49)	(492)	97	1,234
Energy Financial Services	26	10	–	(24)	–	12
GECAS	17	26	–	(11)	–	32
Other	37	5	(20)	(10)	–	12
Total Commercial	1,530	269	(69)	(537)	97	1,290
Real Estate						
Debt	949	17	(8)	(281)	5	682
Business Properties	140	28	(7)	(58)	2	105
Total Real Estate	1,089	45	(15)	(339)	7	787
Consumer						
Non-U.S. residential mortgages	546	65	(2)	(165)	37	481
Non-U.S. installment and revolving credit	717	220	(8)	(543)	279	665
U.S. installment and revolving credit	2,008	937	(5)	(1,488)	272	1,724
Non-U.S. auto	101	15	(9)	(77)	49	79
Other	199	55	8	(124)	41	179
Total Consumer	3,571	1,292	(16)	(2,397)	678	3,128
Total	$ 6,190	$ 1,606	$ (100)	$ (3,273)	$ 782	$ 5,205

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

(b) Net write-offs (gross write-offs less recoveries) in certain portfolios may exceed the beginning allowance for losses as our revolving credit portfolios turn over more than once per year or, in all portfolios, can reflect losses that are incurred subsequent to the beginning of the fiscal year due to information becoming available during the current year, which may identify further deterioration on existing financing receivables.

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(In millions)	Balance at January 1, 2011	Provision charged to operations	Other(a)	Gross write-offs(b)	Recoveries(b)	Balance at June 30, 2011
Commercial						
CLL						
Americas	$ 1,288	$ 219	$ (72)	$ (366)	$ 55	$ 1,124
Europe	429	73	30	(133)	34	433
Asia	222	77	10	(147)	18	180
Other	6	–	–	–	–	6
Total CLL	1,945	369	(32)	(646)	107	1,743
Energy Financial Services	22	11	(1)	(4)	7	35
GECAS	20	(2)	–	(3)	–	15
Other	58	11	1	(17)	1	54
Total Commercial	2,045	389	(32)	(670)	115	1,847
Real Estate						
Debt	1,292	122	9	(341)	10	1,092
Business Properties	196	54	1	(70)	3	184
Total Real Estate	1,488	176	10	(411)	13	1,276
Consumer						
Non-U.S. residential mortgages	689	30	32	(112)	28	667
Non-U.S. installment and revolving credit	937	311	64	(664)	286	934
U.S. installment and revolving credit	2,333	941	1	(1,688)	259	1,846
Non-U.S. auto	168	26	12	(126)	63	143
Other	259	59	4	(152)	48	218
Total Consumer	4,386	1,367	113	(2,742)	684	3,808
Total	$ 7,919	$ 1,932	$ 91	$ (3,823)	$ 812	$ 6,931

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

(b) Net write-offs (gross write-offs less recoveries) in certain portfolios may exceed the beginning allowance for losses as our revolving credit portfolios turn over more than once per year or, in all portfolios, can reflect losses that are incurred subsequent to the beginning of the fiscal year due to information becoming available during the current year, which may identify further deterioration on existing financing receivables.

See Note 12 for supplemental information about the credit quality of financing receivables and allowance for losses on financing receivables.

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5. GOODWILL AND OTHER INTANGIBLE ASSETS

(In millions)	June 30, 2012	December 31, 2011
Goodwill	$ 27,072	$ 27,230
Other intangible assets - net		
Intangible assets subject to amortization	$ 1,443	$ 1,546

Changes in goodwill balances follow.

(In millions)	Balance at January 1, 2012	Acquisitions	Dispositions, currency exchange and other	Balance at June 30, 2012
CLL	$ 13,745	$ –	$ (109)	$ 13,636
Consumer	10,775	–	(18)	10,757
Real Estate	1,001	–	(31)	970
Energy Financial Services	1,562	–	–	1,562
GECAS	147	–	–	147
Total	$ 27,230	$ –	$ (158)	$ 27,072

Goodwill balances decreased $158 million during the six months ended June 30, 2012, primarily as a result of currency exchange effects of a stronger U.S. dollar ($145 million). Our reporting units and related goodwill balances are CLL ($13,636 million), Consumer ($10,757 million), Real Estate ($970 million), Energy Financial Services ($1,562 million) and GECAS ($147 million) at June 30, 2012.

Intangible Assets Subject to Amortization

	June 30, 2012		December 31, 2011
	Gross carrying	Accumulated	Gross