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September 26, 1996

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MAIL ROOM

VIA OVERNIGHT DELIVERY

Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
101 East Gaines Street
Tallahassee, Florida 32399

Re: **Application of GE Capital Communication Services Corporation, d/b/a GE EXCHANGE®, d/b/a GE Residential Communications, d/b/a GE Commercial Shopping Network and d/b/a GE Capital Commercial Direct for Authority to Provide Alternative Local Exchange Service Within the State of Florida**

Dear Ms. Bayo:

Enclosed herewith is an original and six (6) copies of an Application Form for Authority to Provide Alternative Local Exchange Service Within the State of Florida to be filed on behalf of GE Capital Communication Services Corporation d/b/a GE EXCHANGE®, d/b/a GE EXCHANGE®, d/b/a GE Residential Communications, d/b/a GE Commercial Shopping Network and d/b/a GE Capital Commercial Direct. Please date-stamp the extra copy and return it in the enclosed, self-addressed stamped envelope.

Also enclosed is a check in the amount of $250.00 made payable to the "Florida Public Service Commission" to cover the filing fee, and a 3.5" diskette (high-density) containing the Application in WordPerfect format for the Windows 3.1 operating system.

If you have any questions concerning this filing, please do not hesitate to contact us.

Very truly yours,

Katherine A. Rolph

Margaret M. Charles
Katherine A. Rolph

Counsel for GE Capital Communication Services Corporation

ACK
AFA
APP Check received with filing and
CAF forwarded to Fiscal for deposit.
Fiscal to forward a copy of check
CMU to RAR with proof of deposit.
CTR Initials of person who forwarded check:
EAG A.G.
LEG
LIN
OPC
RCH
SEC
WAS
OTH

Enclosures

cc: Meredith H. Gifford

DOCUMENT NUMBER-DATE

10412 SEP 27 96

FPSC-RECORDS/REPORTING

ORIGINAL FILE COPY

FLORIDA PUBLIC SERVICE COMMISSION
CAPITAL CIRCLE OFFICE CENTER - 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

APPLICATION FORM
for

AUTHORITY TO PROVIDE ALTERNATIVE LOCAL EXCHANGE SERVICE WITHIN THE STATE OF FLORIDA

INSTRUCTIONS

1. This form is used for an original application for a certificate and for approval of sale, assignment or transfer of an existing alternative local exchange certificate. In case of a sale, assignment or transfer, the information provided shall be for the purchaser, assignee or transferee.

2. Respond to each item requested in the application and appendices. If an item is not applicable, please explain why.

3. Use a separate sheet for each answer which will not fit the allotted space.

4. If you have questions about completing the form, contact:

Florida Public Service Commission
Division of Communications, Certification & Compliance Section
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0866
(904) 413-6600

5. Once completed, submit the original and six (6) copies of this form along with a non-refundable application fee of $250 made payable to the Florida Public Service Commission at the above address.

FORM PSC/CMU 8 (07/95)
Required by Chapter 364.337 F.S.

1. This is an application for (check one):

(X) **Original authority** (new company)

( ) **Approval of transfer** (to another certificated company)
Example, a certificated company purchases an existing company and desires to retain the original certificate authority.

( ) **Approval of assignment of existing certificate** (to a non-certificated company)
Example, a non-certificated company purchases an existing company and desires to retain the certificate of authority rather than apply for a new certificate.

( ) **Approval for transfer of control** (to another certificated company)
Example, a company purchases 51% of a certificated company. The Commission must approve the new controlling entity.

2. Name of applicant:

GE Capital Communication Services Corporation d/b/a GE EXCHANGE® ("GECCS" or "Applicant").

3. A. National mailing address including street name, number, post office box, city, state, zip code, and phone number.

GE Capital Communication Services Corporation
6540 Powers Ferry Road
Atlanta, GA 30339
(770) 644-7774

B. Florida mailing address including street name, number, post office box, city, state, zip code, and phone number.
GECCS does not have a mailing address in Florida.

C. Physical address of alternative local exchange service in Florida including street name, number, post office box, city, zip code and phone number. **GECCS does not have an office in Florida. GECCS's registered agent in Florida is:**

CT Corporation
c/o CT Corporation System
1200 South Pine Island Road
Plantation, FL 33324

( ) Individual
(X) Foreign corporation
( ) General Partnership
( ) Joint Venture
( ) Corporation
( ) Foreign Partnership
( ) Limited Partnership
( ) Other, Please explain ______________

5. If incorporated, please provide proof from the Florida Secretary of State that the applicant has authority to operate in Florida.
   Corporate charter number(s): F93000002049

6. Name under which the applicant will do business (d/b/a):
   GE Capital Communication Services Corporation, d/b/a GE EXCHANGE®, d/b/a GE Residential Communications, d/b/a GE Commercial Shopping Network and d/b/a GE Capital Commercial Direct

7. If applicable, please provide proof of fictitious name (d/b/a) registration.
   Fictitious name registration number: **G93188900024-GE EXCHANGE®; G96177900029-GE Capital Commercial Direct; G96177900028-GE Commercial Shopping Network; G96177900030-GE Residential Communications**

8. If applicant is an individual, partnership, or joint venture, please give name, title and address of each legal entity. **Not Applicable.**

9. State whether any of the officers, directors, or any of the ten largest stockholders have previously been adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings. If so, please explain.

   None of GECCS's officers, directors, nor any of its ten largest stockholders, have previously been adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime; nor are any such proceedings pending.

10. Please provide the name, title, address, telephone number, Internet address, and facsimile number for the person serving as ongoing liaison with the Commission, and if different, the liaison responsible for this application.
   Ongoing Liaison: Meredith H. Gifford, Assistant Vice President, Regulatory Affairs, GE Capital Communication Services Corporation, 6540 Powers Ferry Road, Atlanta, GA 30339 Tel: (770) 644-7774; Fax: (770) 952-2473

   Liaison for Application: Katherine Rolph, Esq. Swidler & Berlin, Chartered, 3000 K St., Suite 300, Washington, D.C. 20007-5116 Tel: (202) 424-7500; Fax: (202) 424-7643

11. Please list other states in which the applicant is currently providing or has applied to provide local exchange or alternative local exchange service.

   GECCS is currently in the process of applying for authority to provide local exchange resale services in all states except Hawaii and Alaska.

12. Has the applicant been denied certification in any other state? If so, please list the state and reason for denial.
No.

13. Have penalties been imposed against the applicant in any other state? If so, please list the state and reason for penalty.

No penalties have been imposed against GECCS; however, in a settlement with the Florida Public Service Commission, GECCS made a contribution of $90,000 to the general revenue fund of the State of Florida, with no admission of liability or wrongdoing, in Florida Public Service Commission Docket No. 951420-TI, Order No. PSC-96-0142-AS-TI (February 2, 1996).

14. Please indicate how a customer can file a service complaint with your company.
GECCS can be reached for customer complaints at 1 (800) 775-4322.

15. Please provide all available documentation demonstrating that the applicant has the following capabilities to provide alternative local exchange service in Florida.

A. Financial capability. **See Exhibit 1.**

Regarding the showing of financial capability, the following applies:

The application <u>should contain</u> the applicant's financial statements, including:

1. the balance sheet

2. income statement

3. statement of retained earnings for the most recent 3 years.

If available, the financial statements should be audited financial statements.

If the applicant does not have audited financial statements, it shall be so stated. The unaudited financial statements should then be signed by the applicant's chief executive officer and chief financial officer. The signatures should <u>affirm that the financial statements are true and correct.</u>

B. Managerial capability. **See Exhibit 2.**

C. Technical capability. **See Exhibit 3.**

AFFIDAVIT

By my signature below, I, the undersigned officer, attest to the accuracy of the information contained in this application and attached documents and that the applicant has the technical expertise, managerial ability, and financial capability to provide alternative local exchange service in the State of Florida. I have read the foregoing and declare that to the best of my knowledge and belief, the information is true and correct. I attest that I have the authority to sign on behalf of my company and agree to comply, now and in the future, with all applicable Commission rules and orders.

Further, I am aware that pursuant to Chapter 837.06, Florida Statutes, "Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in s. 775.082 and s. 775.083".

Official: ______________________ Signature   9/24/94 Date

Title: Gregg L. Haddad   Telephone Number 770/644-7600

President

Address: GE Capital Communication Services Corporation
6540 Powers Ferry Road
Atlanta, Georgia 30399

EXHIBITS

EXHIBIT 1	Annual Reports on SEC Form 10-K for GECCS's Parent Companies, General Electric Capital Corporation and General Electric Capital Services, Inc.
EXHIBIT 2	Managerial Capability
EXHIBIT 3	Technical Capability

EXHIBIT 1

Annual Reports on SEC Form 10-K for GECCS's Parent Companies,
General Electric Capital Corporation and General Electric Capital Services, Inc.

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

FORM 10-K

☑ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [FEE REQUIRED]

For the fiscal year ended December 31, 1995

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the transition period from ______ to ______

Commission file number 1-6461

General Electric Capital Corporation

(Exact name of registrant as specified in its charter)

New York (State or other jurisdiction of incorporation or organization)		**13-1500700** (I.R.S. Employer Identification No.)
260 Long Ridge Road, Stamford, Connecticut (Address of principal executive offices)	**06927** (Zip Code)	**(203) 357-4000** (Registrant's telephone number, including area code)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of each class	Name of each exchange on which registered
7 7/8% Guaranteed Subordinated Notes Due December 1, 2006	New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:

None.

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

Aggregate market value of the voting stock held by nonaffiliates of the registrant at March 25, 1996. None.

At March 25, 1996, 3,837,825 shares of common stock with a par value of $200 were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

The consolidated financial statements of General Electric Company, set forth in the Annual Report on Form 10-K of General Electric Company for the year ended December 31, 1995 are incorporated by reference into Part IV hereof.

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

TABLE OF CONTENTS

Item 1. *Business.*

GENERAL

General Electric Capital Corporation (herein, together with its consolidated affiliates, called "the Corporation" or "GE Capital" unless the context otherwise requires) was incorporated in 1943 in the State of New York under the provisions of the New York Banking Law relating to investment companies, as successor to General Electric Contracts Corporation, which was formed in 1932. Until November 1987, the name of the Corporation was General Electric Credit Corporation. All outstanding common stock of the Corporation is owned by General Electric Capital Services, Inc. ("GE Capital Services"), formerly General Electric Financial Services, Inc., the common stock of which is in turn wholly owned by General Electric Company ("GE Company"). The business of the Corporation originally related principally to financing the distribution and sale of consumer and other products of GE Company. Currently, however, the types and brands of products financed and the financial services offered are significantly more diversified. Very little of the financing provided by GE Capital involves products that are manufactured by GE Company.

The Corporation operates in four financing industry segments and in a specialty insurance industry segment. GE Capital's financing activities include a full range of leasing, lending, equipment management services and annuities. The Corporation's specialty insurance activities include providing financial guaranty insurance, principally on municipal bonds and structured finance issues, private mortgage insurance and creditor insurance covering international customer loan repayments. The Corporation is an equity investor in a retail organization and certain other service and financial services organizations. GE Capital's operations are subject to a variety of regulations in their respective jurisdictions.

Services of the Corporation are offered primarily in the United States, Canada, Europe and the Pacific rim. The Corporation's principal executive offices are located at 260 Long Ridge Road, Stamford, Connecticut 06927 (Telephone number (203) 357-4000). At December 31, 1995 the Corporation employed approximately 37,000 persons.

The Corporation's principal assets are classified as time sales and loans, investment in financing leases, equipment on operating leases and investment securities. The following table presents, by industry segment, these principal financing products which, together with other assets, comprise the Corporation's total assets at December 31, 1995 and 1994.

INDUSTRY SEGMENTS

The Corporation provides a wide variety of financing, asset management, and insurance products and services which are organized into the following industry segments:

- *Consumer Services*--private-label and bank credit card loans, personal loans, time sales and revolving credit and inventory financing for retail merchants, auto leasing and inventory financing, mortgage servicing and annuity and mutual fund sales.

- *Specialized Financing*--loans and financing leases for major capital assets, including industrial facilities and equipment, and energy-related facilities; commercial and residential real estate loans and investments; and loans to and investments in management buy-outs, including those with high leverage, and corporate recapitalizations.

- *Equipment Management*--leases, loans and asset management services for portfolios of commercial and transportation equipment including aircraft, trailers, auto fleets, modular space units, railroad rolling stock, data processing equipment, ocean-going containers and satellites.

- *Mid-Market Financing*--loans and leases for middle-market customers including manufacturers, distributors and end users, of a variety of commercial equipment, including data processing equipment, medical and diagnostic equipment, and equipment used in construction, manufacturing, office applications and telecommunications activities.

- *Specialty Insurance*--financial guaranty insurance, principally on municipal bonds and structured finance issues; private mortgage insurance; and creditor insurance covering international customer loan repayments.

Refer to Item 7, "Management's Discussion and Analysis of Results of Operations," in this Form 10-K for discussion of the Corporation's Portfolio Quality. A description of GE Capital's principal businesses by industry segment follows:

CONSUMER SERVICES

GNA

GNA writes and markets tax-deferred, structured and immediate annuities, traditional and universal life insurance, accident and health insurance including long-term care insurance and sells proprietary and third party mutual funds through independent and captive agents and financial institutions. In 1995, GNA acquired AMEX Life Assurance Company's long-term care insurance business, as well as its long-term disability, corporate owned life insurance and accidental death insurance businesses.

GNA is headquartered in Seattle, Washington.

Auto Financial Services

Auto Financial Services ("AFS") is a full service provider of automobile financing for automobile dealers, manufacturers and their customers in North America, Europe and Asia.

Item 1. *Business.*

GENERAL

General Electric Capital Corporation (herein, together with its consolidated affiliates, called "the Corporation" or "GE Capital" unless the context otherwise requires) was incorporated in 1943 in the State of New York under the provisions of the New York Banking Law relating to investment companies, as successor to General Electric Contracts Corporation, which was formed in 1932. Until November 1987, the name of the Corporation was General Electric Credit Corporation. All outstanding common stock of the Corporation is owned by General Electric Capital Services, Inc. ("GE Capital Services"), formerly General Electric Financial Services, Inc., the common stock of which is in turn wholly owned by General Electric Company ("GE Company"). The business of the Corporation originally related principally to financing the distribution and sale of consumer and other products of GE Company. Currently, however, the types and brands of products financed and the financial services offered are significantly more diversified. Very little of the financing provided by GE Capital involves products that are manufactured by GE Company.

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The Corporation's principal assets are classified as time sales and loans, investment in financing leases, equipment on operating leases and investment securities. The following table presents, by industry segment, these principal financing products which, together with other assets, comprise the Corporation's total assets at December 31, 1995 and 1994.

TOTAL ASSETS BY SEGMENT

(In millions)	1995 Time sales and loans, net of deferred income	1995 Net investment in financing leases	1995 Net investment in equipment on operating leases	1995 Investment securities	1995 Allow. for losses and all other assets	1995 Total assets	1994 Time sales and loans, net of deferred income	1994 Net investment in financing leases	1994 Net investment in equipment on operating leases	1994 Investment securities	1994 Allow. for losses and all other assets	1994 Total assets
CONSUMER SERVICES												
GNA	$1,601			$16,149	$3,683	$21,433	$1,377			$13,327	$1,816	$16,520
Auto Financial Services	5,555	$12,461	$161	112	2,054	20,343	3,682	$7,473	$124		222	11,501
Retailer Financial Services	14,427				825	15,252	13,210				722	13,932
Global Consumer Finance	6,146			64	960	7,170	3,407			53	550	4,010
Mortgage Servicing	1,078			373	3,956	5,407	1,231			382	3,507	5,120
Consumer Financial Services	3,364			31	67	3,462	2,512			23	35	2,570
Other	9					9	123				395	518
Total	32,180	12,461	161	16,729	11,545	73,076	25,542	7,473	124	13,785	7,247	54,[illegible]
SPECIALIZED FINANCING												
Commercial Real Estate	11,804	37		57	3,901	15,799	11,833	36		55	3,369	15,293
Global Project and Structured Finance	1,732	5,047	627	873	744	9,023	1,758	4,780	448	432	496	7,914
Commercial Finance	4,272			149	268	4,689	3,900			109	184	4,193
Equity Capital Group	249			47	411	707	302			90	357	749
Other	17			5	45	67						
Total	18,074	5,084	627	1,131	5,369	30,285	17,793	4,816	448	686	4,406	28,149
EQUIPMENT MANAGEMENT												
Aviation Services	919	3,115	4,219	319	251	8,823	919	2,901	3,750	328	281	8,179
Fleet Services	262	3,883	1,713		1,173	6,031	360	2,252	1,795		867	5,274
Genstar Container		363	2,526		314	3,203		459	2,687		269	3,415
Transport International Pool		128	1,433		421	1,982		96	1,104		279	1,479
Railcar Services		318	1,182		95	1,595		342	1,041	2	164	1,549
Technology Management Services	78	357	522		588	1,545	111	374	393		436	1,314
Satellite Telecommunications Services					801	801					600	600
Modular Space		29	529		203	761		16	484		165	665
Other		2			329	331			401		321	722
Total	1,259	7,195	12,124	319	4,175	25,072	1,390	6,440	11,655	330	3,382	23,197
MID-MARKET FINANCING												
Commercial Equipment Financing	5,229	6,713	800	70	562	13,374	[illegible] 995	6,235	596	2	357	10,[illegible]
Vendor Financial Services	1,576	4,691	81		537	6,885	1,252	3,377	28		376	5,[illegible]
GE Capital-Hawaii	1,084	56		9	8	1,157	1,049	57			7	1,11[illegible]
Other				8	141	149					36	36
Total	7,889	11,460	881	87	1,248	21,565	5,296	9,669	624	2	776	16,367
SPECIALTY INSURANCE	189			8,084	1,568	9,841				5,447	1,190	6,637
CORPORATE				641	345	986				1,958	425	2,383
TOTAL	$ 59,591	$ 36,200	$ 13,793	$ 26,991	$ 24,250	$160,825	$ 50,021	$ 28,398	$ 12,851	$ 22,208	$ 17,426	$130,904

INDUSTRY SEGMENTS

The Corporation provides a wide variety of financing, asset management, and insurance products and services which are organized into the following industry segments:

- *Consumer Services*--private-label and bank credit card loans, personal loans, time sales and revolving credit and inventory financing for retail merchants, auto leasing and inventory financing, mortgage servicing and annuity and mutual fund sales.

- *Specialized Financing*--loans and financing leases for major capital assets, including industrial facilities and equipment, and energy-related facilities; commercial and residential real estate loans and investments; and loans to and investments in management buy-outs, including those with high leverage, and corporate recapitalizations.

- *Equipment Management*--leases, loans and asset management services for portfolios of commercial and transportation equipment including aircraft, trailers, auto fleets, modular space units, railroad rolling stock, data processing equipment, ocean-going containers and satellites.

- *Mid-Market Financing*--loans and leases for middle-market customers including manufacturers, distributors and end users, of a variety of commercial equipment, including data processing equipment, medical and diagnostic equipment, and equipment used in construction, manufacturing, office applications and telecommunications activities.

- *Specialty Insurance*--financial guaranty insurance, principally on municipal bonds and structured finance issues; private mortgage insurance; and creditor insurance covering international customer loan repayments.

Refer to Item 7, "Management's Discussion and Analysis of Results of Operations," in this Form 10-K for discussion of the Corporation's Portfolio Quality. A description of GE Capital's principal businesses by industry segment follows:

CONSUMER SERVICES

GNA

GNA writes and markets tax-deferred, structured and immediate annuities, traditional and universal life insurance, accident and health insurance including long-term care insurance and sells proprietary and third party mutual funds through independent and captive agents and financial institutions. In 1995, GNA acquired AMEX Life Assurance Company's long-term care insurance business, as well as its long-term disability, corporate owned life insurance and accidental death insurance businesses.

GNA is headquartered in Seattle, Washington.

Auto Financial Services

Auto Financial Services ("AFS") is a full service provider of automobile financing for automobile dealers, manufacturers and their customers in North America, Europe and Asia.

In the United States, AFS is the leading independent auto lessor and provides leasing products for new automobiles and the growing used automobile leasing market. During 1995, AFS entered the sub-prime loan financing market through the start-up of a new business, Customized Auto Credit Services. AFS provides the private label financing for American Isuzu Motors, Inc. and is a joint venture partner with Volvo of North America. In addition, AFS provides inventory financing programs and direct loans to segments of the automotive industry, including dealers, rental car companies and leasing companies.

In 1995, AFS expanded its European presence through acquisitions of Credit de l'Est and Sovac SA in France, and Filea S.p.A in Italy. Other European businesses include Mercurbank (Austria), GE Capital Motor Finance (United Kingdom), Finanzia (Spain) and Skandic-Bilfinans (Sweden).

AFS is active in the Asian automotive market through equity investments in ASTRA Sedaya Finance (Indonesia), Taiwan Acceptance Corporation, United Merchants Finance Private Ltd. (Singapore), United Motor Works (Malaysia), GS Capital Corporation (Thailand) and through majority ownership (80%) of Australian Guarantee Limited (Taiwan). In 1995, AFS acquired 100% of United Merchants Finance Ltd. (Hong Kong) and continues to provide financing under the name GE Capital Finance Ltd.

AFS is headquartered in Barrington, Illinois.

Retailer Financial Services

Retailer Financial Services ("RFS") provides sales financing services to distribution chains for various consumer industries. Financing plans differ considerably by client, but fall into two major categories: customized private-label credit card programs with retailers and inventory financing programs with manufacturers, distributors and retailers.

RFS purchases consumer receivables from retailers, primarily in the United States and Canada, most of whom sell a variety of products of various manufacturers on a time sales basis. The terms for these financing plans differ according to the size of contract and credit standing of the customer. Maximum maturities ordinarily do not exceed 40 months. RFS generally maintains a security interest in the merchandise financed. Financing is provided to consumers under contractual arrangements both with and without recourse to retailers. RFS' wide range of financial services includes application processing, sales authorization, statement billings, customer services and collection services.

RFS provides inventory financing for retailers primarily in the appliance and consumer electronics industries. RFS maintains a security interest in the inventory and, as part of the agreement, retailers are required to provide insurance coverage for the merchandise financed.

GE Capital Credit Services ("GECCS") is a services venture which provides statement printing, mailing, remittance processing, credit card embossing, and specialized collections services to over 75 million accounts. GECCS offers services to the banking, utilities, telecommunications, insurance and transportation industries.

RFS is headquartered in Stamford, Connecticut.

Global Consumer Finance

Global Consumer Finance ("GCF") is a leading provider of credit services to non-U.S. retailers and consumers. GCF provides private label credit cards and proprietary credit services to retailers in Europe and Asia, as well as offering a variety of direct-to-the-consumer credit programs such as consumer loans, bankcards and credit insurance.

GCF provides financing to consumers in the United Kingdom under contractual arrangements with retailers. GCF's wide range of proprietary financial services includes private label credit cards, credit promotion and accounting services, billing (in the store's name) and customer credit and collection services. Similar services are provided through GCF operations in Japan, Scandinavia, Austria and Thailand and joint ventures in Spain, Indonesia and India. GCF also provides consumers with MasterCard® products.

During 1995, GCF acquired operations that provide credit card services and consumer loans in Germany, Australia and Poland. Service Bank provides financial services to German consumers through its branch offices located inside Metro Group stores. With the acquisition of the credit card operations of Coles Myer Ltd., GCF entered the Australian private label retail credit market. GCF entered the Eastern European financial services markets through its purchase of Solidarnosc Chase D.T. Bank in Poland.

GCF is headquartered in Stamford, Connecticut.

Mortgage Servicing

GE Capital Mortgage Services, Inc. ("GECMSI"), wholly owned by GE Capital Mortgage Corporation ("GECMC"), is engaged in the business of servicing residential mortgage loans collateralized by one-to-four-family homes located throughout the United States. GECMSI obtains servicing through the purchase of mortgage loans and servicing rights, and packages the loans it purchases into mortgage-backed securities which it sells to investors. GECMSI also originates and services home equity loans.

GECMSI is headquartered in Cherry Hill, New Jersey.

Consumer Financial Services

Consumer Financial Services ("CFS") issues and services MasterCard® and Visa® products originated through direct mail campaigns, private-label credit card conversions, telemarketing and point-of-sale applications. CFS also issues and services the GE Capital Corporate Card, providing payment and information systems to help medium and large-size companies reduce travel costs, and the GE Capital Purchasing Card, which helps companies streamline purchasing and accounts payable processes.

CFS originates, acquires and services home equity loans and lines of credit, and services HUD-insured home improvement loans.

In addition to its headquarters in Mason, Ohio, CFS also has offices in Connecticut, New Jersey, Ohio and Utah.

Commercial Real Estate

Commercial Real Estate Financing and Services ("CRE") provides funds for the acquisition, refinancing and renovation of a wide range of commercial and residential properties located throughout the United States, and, to a lesser extent, in Canada, Mexico and Europe. CRE also provides asset management services to real estate investors and selected services to real estate owners.

Lending is a major portion of CRE's business in the form of intermediate-term senior or subordinated fixed and floating-rate loans secured by existing income-producing commercial properties such as office buildings, rental apartments, shopping centers, industrial buildings, mobile home parks, hotels and warehouses. Loans range in amount from single-property mortgages typically greater than $5 million to multi-property portfolios of several hundred million dollars. Approximately 90% of all loans are senior mortgages.

During 1995, CRE continued to broaden its investment base by buying or providing restructuring financing for portfolios of real estate, mortgage loans, limited partnerships, and tax-exempt bonds.

CRE also offers a variety of real estate management services to outside investors, institutions, corporations, investment banks, and others through its GE Capital Realty Group subsidiary. Services include acquisitions and dispositions, strategic asset positioning, asset restructuring, facilities management and loan servicing. CRE, through its GE Capital-ResCom venture, also offers owners of multi-family housing ways to reduce costs and enhance value in properties by offering buying services (e.g. lighting, appliances) and bundled telecommunications and video services.

CRE has offices located throughout the United States, as well as offices in Canada, Mexico, Singapore, Sweden, and throughout the United Kingdom, in addition to its headquarters in Stamford, Connecticut.

Global Project and Structured Finance

Global Project and Structured Finance ("GPSF") provides financing for major capital investments in the energy, industrial and infrastructure sectors, historically concentrating in the United States market but more recently conducting business in Asia, Latin America and Europe. At year-end 1995, GPSF's portfolio included investments in energy-related facilities, industrial facilities and equipment, infrastructure projects, telecommunications equipment, railcars and marine vessels.

At December 31, 1995, GPSF's portfolio consisted of finance leases (both direct financing and leveraged leases), operating leases, loans (both senior and subordinated) and equity investments (including collateralized, sinking fund and adjustable rate preferred stock, joint ventures, and partnerships). The portfolio is generally secured by liens on the financial assets, preferred mortgages, assignments of earnings, insurance, guarantees, and rights to cash flow streams.

GPSF provides syndication and private placement services for GE Capital and GE Company transactions. When such services are performed, GPSF typically retains a portion of the transaction and places the remainder with one or more other financial institutions.

In addition to its Stamford, Connecticut headquarters, GPSF has offices in Mexico, the United Kingdom, Singapore, Hong Kong, China and India.

Commercial Finance

Commercial Finance ("CF") provides revolving and term debt financing for working capital and capital expansion. The portfolio is diversified with approximately 140 accounts dispersed throughout the United States and, to a lesser degree, Canada and Europe. Loans range in amount from $5 million to several hundred million dollars, and represent investments in the cable television/media, retail, healthcare, manufacturing and food and beverage industries. CF is active in the loan syndication market, selling and occasionally purchasing participations in leveraged transactions.

CF has offices throughout the United States including its headquarters in Stamford, Connecticut and plans to open its European office in the United Kingdom.

Equity Capital Group

Equity Capital Group ("ECG") purchases equity investments, primarily convertible preferred and common stock investments including, in some cases, stock warrants convertible into equity ownership. ECG's primary objective is to realize long-term capital appreciation. Investments include the retail, financial services, healthcare, food and beverage, cable and broadcasting industries.

The portfolio is geographically diversified with customers located throughout the United States, as well as in Canada and Europe.

ECG is headquartered in Stamford, Connecticut.

EQUIPMENT MANAGEMENT

Aviation Services

GE Capital Aviation Services ("GECAS") is a global commercial aviation financial services business that offers a broad range of financial products to airlines and aircraft operators, aircraft owners, lenders and investors. Financial products include financing leases, operating leases, tax-advantaged and other incentive-based financing. GECAS also provides asset management, marketing, and technical support services to aircraft owners, lenders and investors.

At December 31, 1995, the GECAS fleet comprised 890 owned and managed aircraft on lease to 157 customers in 54 countries.

GECAS has offices in California, Ireland and a number of other locations worldwide including Great Britain, China, Hong Kong and Singapore and is headquartered in Stamford, Connecticut.

Fleet Services

GE Capital Fleet Services ("GECFS") is the leading corporate fleet management company in North America and Europe with 750,000 cars, trucks and specialty vehicles under lease and service management. GECFS offers finance and operating leases to several thousand customers with an average lease term of 33 months. The primary product in North America is a Terminal Rental Adjustment Clause (TRAC) lease through which the customer assumes the residual risk--that is, risk that the book value will be greater than market value at lease termination. In Europe, the primary product is a closed-end lease in which GECFS assumes residual risk. In addition to the services directly associated with the lease, GECFS offers fleet management services designed to reduce customers' total fleet management costs. These services include, among others, maintenance management programs, accident services, national account purchasing programs, fuel programs, title and licensing services and safety programs. GECFS' customer base is diversified with respect to industry and geography and includes many Fortune 500 companies.

During 1995, GECFS added 13,000 vehicles to its European fleet, which now totals 175,000 vehicles, with the purchase of Leasecontracts, plc in the United Kingdom.

GECFS' headquarters are located in Eden Prairie, Minnesota.

Genstar Container

Genstar Container Corporation ("Genstar") is the world's largest lessor of intermodal shipping containers. Genstar maintains a fleet of over 1,300,000 TEU ('twenty-foot equivalent units') of dry-cargo, refrigerated and specialized containers for global intermodal cargo transport. Lessees are primarily shipping lines which lease on a long-term or master lease basis.

Genstar is headquartered in San Francisco, California.

Transport International Pool

Transport International Pool ("TIP") is the leading trailer specialist offering diverse trailer programs and associated services. TIP's fleet of over 100,000 dry freight, refrigerated and double vans, flatbeds and specialized trailers is available for rent, lease or purchase at over 180 locations in the United States, Canada, Mexico and Europe. TIP also finances new and used trailers, buys trailer fleets, and structures sale-leaseback transactions. TIP's customer base comprises trucking companies, manufacturers and retailers worldwide.

TIP is headquartered in Devon, Pennsylvania.

Railcar Services

General Electric Railcar Services Corporation ("GERSCO") has a fleet of approximately 140,000 railcars leased to others in North America, principally under operating leases. Railcar maintenance and repair services are provided by General Electric Railcar Repair Services Corporation, a wholly-owned affiliate of GERSCO, at its 15 repair centers in the United States and Canada.

GERSCO is headquartered in Chicago, Illinois.

Technology Management Services

GE Capital Technology Management Services ("GE Capital TMS"), is a leader in providing a broad spectrum of services that enable customers to utilize information technology more efficiently by combining consulting, services and financing options to help businesses plan, acquire, manage and refresh technology assets. These services and financing options include, among others, acquisition, leasing, rental, installation, help desk network services, audio visual rental and show services, and test equipment rental, repair and calibration services.

During 1995, GE Capital TMS assumed responsibility for GE Capital's Commercial Processing Service Center, an information technology data center and outsourcing provider, and established the Network and Asset Management business unit, enhancing GE Capital TMS' information technology help desk and network service capabilities. Also in 1995, GE Capital TMS acquired Andersen Consulting's OM/NI Solution Center as part of an alliance formed between GE Capital TMS and Andersen Consulting designed to promote full service information technology.

GE Capital TMS is headquartered in Norcross, Georgia, and has other principal locations in Canada and California.

Satellite Telecommunications Services

GE American Communications ("GE Americom") is a leading satellite service supplier to a diverse array of customers, including the broadcast and cable TV industries, broadcast radio, business information and integrated communications services for government and commercial customers. GE Americom operates 13 communications satellites and maintains a supporting network of earth stations, central terminal offices, and telemetry, tracking and control facilities. GE Americom's GE Capital Spacenet Services business offers a full range of one-way and two-way Very Small Aperture Terminal (VSAT) network products and services.

GE Americom is headquartered in Princeton, New Jersey.

Modular Space

GE Capital Modular Space ("GECMS") maintains a fleet of approximately 68,000 non-residential relocatable modular structures for rental, lease and sale from over 100 facilities in North America and Europe. Markets served include construction, education, healthcare, financial, commercial, institutional and government. GECMS' operating leases average 12-18 months.

During 1995, GECMS acquired the fleet assets of HOB Units, N.V. in Europe and Elder Equipment Leasing, Inc. in the U.S.

GECMS is headquartered in Malvern, Pennsylvania.

MID-MARKET FINANCING

Commercial Equipment Financing

Commercial Equipment Financing ("CEF") offers a broad line of financial products including leases, loans and municipal financing to middle-market customers including manufacturers, distributors, dealers and end-users. Products are designed to meet customers' financing needs and are either held for CEF's own account or brokered to third parties.

Generally, transactions range in size from $50 thousand to $50 million, with financing terms from 36 to 120 months. CEF also maintains an asset management operation that both redeploys off-lease equipment and monitors asset values.

The portfolio includes loans and leases for vehicles, manufacturing equipment, corporate aircraft, construction equipment, medical diagnostic equipment, office equipment, telecommunications equipment and electronics.

CEF operates from offices throughout the United States, Puerto Rico, Canada, Mexico, Europe, India and Asia and through joint ventures in Indonesia and China. CEF is headquartered in Danbury, Connecticut.

Vendor Financial Services

Vendor Financial Services ("VFS") provides captive financing services to over 75 equipment manufacturers in 22 countries and 3,500 distributors and dealers in seven countries. Customers include telecommunications, information technology, healthcare, manufacturing and office equipment businesses. Financing programs are tailored to meet the individual needs of each manufacturer and distributor and include sales force training, marketing support and customized financing products. Funding, billing, collections and other related services are provided by several highly automated service operations around the world. VFS' typical transaction size ranges from $2,000 to $150,000, with typical terms between 36 to 60 months. Security interests are generally maintained in the assets being financed.

During 1995, VFS acquired Pallas Leasing Group located in the United Kingdom. Pallas provides financing services to leading manufacturers, dealers and distributors in the telecommunications, information technology and office equipment industries.

Sales offices are located worldwide at sites that include the United States, Canada, the United Kingdom, Spain, Sweden, Mexico, France, Hong Kong, India and elsewhere in Asia. VFS is headquartered in Danbury, Connecticut.

GE Capital Hawaii

GE Capital Hawaii Inc. ("GECH") operates in the state of Hawaii and territory of Guam. Through a network of 10 branch offices, GECH offers commercial and residential real estate loans, auto and equipment leasing, inventory financing and equity lines of credit.

GECH is headquartered in Honolulu, Hawaii.

SPECIALTY INSURANCE

Financial Guaranty Insurance

FGIC Corporation ("FGIC"), through its wholly-owned subsidiary Financial Guaranty Insurance Company ("Financial Guaranty"), is an insurer of municipal bonds, including new issues and bonds traded in the secondary market and bonds held in unit investment trusts and mutual funds. Financial Guaranty also guarantees certain structured debt issues in the taxable market. The guaranteed principal, after reinsurance, amounted to approximately $99 billion at December 31, 1995. Approximately 87% of the business written to date by Financial Guaranty has been municipal bond insurance.

Companies affiliated with Financial Guaranty offer a variety of other services to state and local governments and agencies. These affiliates provide liquidity facilities in variable-rate transactions, municipal investment products and cash management services.

FGIC is headquartered in New York, New York.

Mortgage Insurance

GE Capital Mortgage Insurance is engaged principally in providing residential mortgage guaranty insurance. Operating in 25 field locations, GE Capital Mortgage Insurance is licensed in 50 states and the District of Columbia and, at December 31, 1995, was the primary insurance carrier for over 1,305,000 residential homes, with total insurance in force aggregating approximately $160 billion and total risk in force aggregating approximately $33 billion. When a claim is received, GE Capital Mortgage Insurance proceeds by either paying a guaranteed percentage based on the specified coverage, or paying the mortgage and delinquent interest, taking title to the property and arranging for its sale. In 1995, GE Capital Mortgage Insurance also began providing mortgage guaranty insurance in the United Kingdom and Canada.

GE Capital Mortgage Insurance is headquartered in Raleigh, North Carolina.

Creditor Insurance

Consolidated Financial Insurance ("CFI"), headquartered in Brentford, Middlesex, England, provides creditor insurance in the European Union. The insurance, which covers loan repayments, is sold through banks, building societies and other lenders to retail borrowers.

Insurance Services

Heritage Insurance Group primarily comprises a California property and casualty company and an Arizona life insurance company. Heritage is licensed to offer life, accident and health and property coverage in the District of Columbia and all states except New York. Viking Insurance Company, based in Bermuda, provides life, property and casualty reinsurance coverage. Other GE Capital Insurance Services' operations market and distribute insurance-related products through direct brokerage and agent networks.

Insurance Services is headquartered in Stamford, Connecticut.

REGULATIONS AND COMPETITION

The Corporation's activities are subject to a variety of federal and state regulations including, at the federal level, the Consumer Credit Protection Act, the Equal Credit Opportunity Act and certain regulations issued by the Federal Trade Commission. A majority of states have ceilings on rates chargeable to customers in retail time sales transactions, installment loans and revolving credit financing. Common carrier services of GE Americom are subject to regulation by the Federal Communications Commission. Insurance and reinsurance operations are subject to regulation by various state insurance commissions or foreign regulatory authorities, as applicable. The Corporation's international operations are subject to regulation in their respective jurisdictions. To date such regulations have not had a material adverse effect on the Corporation's volume of financing operations or profitability.

The Corporation's charges for providing financing services are changed from time to time either on a general basis or for specific types of financing when warranted in light of competition or interest and other costs. The businesses in which the Corporation engages are highly competitive. The Corporation is subject to competition from various types of financial institutions, including banks, thrifts, investment banks, credit unions, leasing companies, consumer loan companies, independent finance companies and finance companies associated with manufacturers.

Item 2. ***Properties.***

The Corporation conducts its business from various facilities, most of which are leased.

Item 3. ***Legal Proceedings.***

The Corporation is not involved in any material pending legal proceedings.

Item 4. ***Submission of Matters to a Vote of Security Holders.***

Omitted.

PART II

Item 5. ***Market for the Registrant's Common Equity and Related Stockholder Matters.***

See note 11 to the consolidated financial statements. The common stock of the Corporation is owned entirely by GE Capital Services and, therefore, there is no trading market in such stock.

Item 6. Selected Financial Data.

The following selected financial data should be read in conjunction with the financial statements of GE Capital and consolidated affiliates and the related Notes to Consolidated Financial Statements.

	Year ended December 31,				
(Dollar amounts in millions)	1995	1994	1993	1992	1991
Earned income	$ 21,179	$ 16,923	$ 14,444	$ 12,250	$ 11,328
Net earnings	2,261	1,918	1,478	1,251	1,125
Return on common equity (a) (b)	19.89%	19.59%	17.14%	16.17%	16.63%
Ratio of earnings to fixed charges	1.51	1.63	1.62	1.44	1.34
Ratio of earnings to combined fixed charges and preferred stock dividends	1.49	1.62	1.60	1.43	1.32
Ratio of debt to equity (a)	7.89	7.94	7.96	7.91	7.80
Financing receivables--net	$ 93,272	$ 76,357	$ 63,948	$ 59,388	$ 55,752
Percent of allowance for losses on financing receivables to total financing receivables	2.63%	2.63%	2.63%	2.63%	2.63%
Total assets	$160,825	$130,904	$117,939	$ 92,632	$ 80,528
Short-term borrowings	59,264	54,579	52,903	48,492	43,152
Long-term senior notes	47,794	33,615	25,112	21,182	17,946
Long-term subordinated notes	697	697	697	697	325
Minority interest	703	615	426	[illegible]	-
Equity (c)	14,202	10,540	10,370	8,892	7,872

(a) Equity excludes unrealized gains and losses on investment securities, net of tax.

(b) Return on common equity is calculated using earnings from continuing operations. Earnings are adjusted for preferred stock dividends and equity excludes preferred stock.

(c) The Corporation adopted Statement of Financial Accounting Standards ("SFAS") No. 115, *Accounting for Certain Investments in Debt and Equity Securities*, on December 31, 1993, resulting in the inclusion in equity, net of tax, of net unrealized gains on investment securities of $543 million, net unrealized losses of $655 million and unrealized gains of $485 million at December 31, 1995, 1994 and 1993, respectively.

Item 7. *Management's Discussion and Analysis of Results of Operations.*

Overview

The Corporation's net earnings for 1995 were $2,261 million, which, after payment of dividends on its variable cumulative preferred stock, resulted in a contribution of $2,204 million to GE Capital Services' 1995 net earnings, an increase of 17% over 1994. Net earnings for 1994 were $1,918 million, which, after payment of dividends on its variable cumulative preferred stock, resulted in a contribution to GE Capital Services' 1994 net earnings of $1,888 million, an increase of 30% over 1993.

Earnings growth during 1995 reflected strong performances from the financing segments. Asset growth, with approximately equal contributions from origination volume and from acquisitions of businesses and portfolios, was a significant contributing factor. The 1995 increase in earnings was partially offset by a decrease in financing spreads (the excess of yields over interest rates on borrowings) as the increase in borrowing rates outpaced the improvements in yields. The increase in 1994 earnings resulted from asset growth, improved financing spreads and asset quality along with a full year of earnings relating to the 1993 mid-year acquisition of the annuity business. In addition, financing spreads increased in 1994, when borrowing rates declined substantially.

Earnings from the Corporation's Specialty Insurance businesses increased in 1995, principally because there was no current-year counterpart to the 1994 adverse loss development in private mortgage pool insurance. Earnings declined during 1994 in the Specialty Insurance segment primarily due to private mortgage pool insurance losses.

Operating Results

Earned income from all sources increased 25% to $21,179 million in 1995, following a 17% increase in 1994. Asset growth in each of the Corporation's financing segments was the primary reason for increased income from time sales, loans, financing leases and operating lease rentals in both 1995 and 1994. Yields on related assets increased during 1995 and 1994 after holding essentially flat in 1993.

Gains on sales of warrants and other equity interests obtained in connection with certain loans and sales of certain assets, including real estate investments, contributed $381 million to pre-tax income in 1995, compared with $453 million in 1994 and $647 million in 1993.

Earned income of the Corporation's Specialty Insurance segment increased 10% to $2,174 million in 1995 compared with $1,976 million in 1994 reflecting premium growth and improved investment results. Earned income during 1994 was essentially flat compared with 1993 reflecting steady growth in premium revenue offset by a reduction in assumed life reinsurance.

The correlation between interest rate changes and financing spreads is subject to many factors and cannot be forecasted with reliability. Although not necessarily relevant to future effects, management estimates that, all else constant, an increase of 100 basis points in interest rates for all of 1995 would have reduced net earnings by approximately $60 million.

Interest expense on borrowings in 1995 was $6.5 billion, 46% higher than in 1994 which was 28% higher than in 1993. Increases in 1995 and 1994 reflected the effects of higher average borrowings used to finance asset growth as well as the effects of higher interest rates. Part of the 1995 increase resulted from a shift during the year to longer-term funding. The composite interest rate on the Corporation's borrowings was 6.77% in 1995 compared with 5.47% in 1994 and 4.97% in 1993

Operating and administrative expenses were $6.2 billion in 1995, a 15% increase over 1994, which was 9% higher than 1993, primarily reflecting higher investment levels and costs associated with acquired businesses and portfolios over the past two years. These increases were partially offset by reductions in provisions for losses on investments charged to operating and administrative expenses, principally those relating to commercial real estate assets during 1995 and a combination of commercial real estate assets, highly leveraged transactions and commercial aircraft during 1994.

Insurance losses and policyholder and annuity benefits increased 19% to $2.0 billion in 1995, compared with a 36% increase to $1.7 billion in 1994. The 1995 and 1994 increases primarily resulted from annuity benefits credited to customers of the annuity businesses acquired during 1994 and 1993, respectively. The 1994 increase also included adverse loss development in private mortgage pool insurance, particularly related to the effects of poor economic conditions and housing value declines in southern California. This 1994 increase was partially offset by lower policyholder benefits in the life reinsurance business resulting from reduced assumed volume.

Provision for losses on financing receivables increased to $1,117 million in 1995 from $873 million in 1994, which decreased from $987 million in 1993. These provisions principally related to private-label credit cards, bank credit cards, auto loans and auto leases in the Consumer Segment along with commercial real estate loans, all of which are discussed below under Portfolio Quality.

Depreciation and amortization of buildings and equipment and equipment on operating leases increased 21% to $2,001 million in 1995 compared with $1,657 million in 1994, a 4% increase over 1993. The increase in both years was the result of additions to equipment on operating leases through origination volume as well as business and portfolio acquisitions.

Provision for income taxes was $1,071 million in 1995 (an effective tax rate of 32.2%), compared with $896 million in 1994 (an effective tax rate of 31.8%), and $664 million in 1993 (an effective tax rate of 31.0%). The higher provision for income taxes in both 1995 and 1994 reflected increased pre-tax earnings subject to statutory tax rates. The marginal increase in the 1995 effective tax rate resulted primarily from proportionately lower tax-exempt income, partially offset by an increase in dividends received which are not fully taxable. Increases affecting the effective tax rate in 1994, compared with 1993, included proportionately lower tax-exempt income and an increase in state and local income taxes. In addition, there was no 1994 counterpart to the effects of certain 1993 financing transactions that reduced the Corporation's obligation for deferred taxes. These increases were offset by the absence of a 1994 counterpart to the unfavorable effects of the 1993 increase of 1% in the U.S. federal income tax rate.

Operating profit by industry segment

Operating profit of the Corporation, by industry segment, is summarized in note 15 to the consolidated financial statements and discussed below.

Consumer Services operating profit was $1,030 million in 1995, compared with $1,067 million in 1994, and $709 million in 1993. Strong performances during 1995 in the bank credit card, annuity and non-U.S. private label credit card businesses, resulting primarily from acquisition growth, were offset by losses from adverse market conditions in the mortgage servicing business. The strong 1994 growth in operating profit resulted from origination and acquisition growth in the auto leasing business and the private-label and bank credit card businesses. In addition, the operations of the annuity business, purchased in 1993, were included for a full year in 1994.

Specialized Financing operating profit increased to $651 million in 1995 from $513 million in 1994, which increased 40% over 1993. The 1995 increase resulted from lower provisions for losses, particularly in the commercial real estate business, and increased end-of-lease residual realization. The increase in 1994 principally reflected much lower provisions for losses on highly leveraged investments and commercial real estate assets.

Equipment Management operating profit increased to $897 million in 1995 from $624 million in 1994, which was up from $246 million in 1993. Increases in both years reflected higher volume in most businesses, largely the result of portfolio and business acquisitions. The 1995 increase also resulted from increased prices at the trailer, modular space and railcar businesses along with the sale of an outdoor media business. The 1994 increase also reflected improved trailer, container and railcar utilization, and reduced expenses associated with redeployment and refurbishment of owned aircraft compared with 1993.

Mid-Market Financing operating profit increased slightly to $445 million in 1995 compared with $435 million in 1994 primarily due to continued asset growth partially offset by reduced financing spreads. Operating profit during 1994 increased 7% over 1993 reflecting higher levels of invested assets, primarily as a result of business and portfolio acquisitions and increased financing spreads.

Specialty Insurance operating profit increased to $341 million in 1995 from $188 million in 1994, principally because there was no current-year counterpart to the 1994 adverse loss development in private mortgage pool insurance, the result of poor economic conditions and housing value declines in southern California. 1994 operating profit declined from $422 million in 1993 as private mortgage pool insurance losses more than offset operating profit increases in other parts of the segment, including primary mortgage insurance.

Capital Resources and Liquidity

Statement of Financial Position

Investment securities for each of the past two years comprised mainly investment-grade debt securities held by the Corporation's specialty insurance and annuity businesses in support of obligations to policyholders and annuitants. The increase of $4.8 billion during 1995 was principally related to acquisitions, increases in fair value resulting from lower year-end interest rates and investment of premiums.

Financing receivables were $93.3 billion at year-end 1995, net of allowance for doubtful accounts, up $16.9 billion over 1994. These receivables are discussed on page 21 and in notes 3 and 4 to the consolidated financial statements.

Other receivables were $6.4 billion and $3.6 billion at December 31, 1995 and 1994, respectively. The 1995 increase was almost entirely attributable to premiums receivable and reinsurance recoverables, reflecting acquired businesses and a general increase in underwriting activity.

Equipment on operating leases was $13.8 billion at December 31, 1995, up $942 million from 1994. Details by category of investment can be found in note 5 to the consolidated financial statements. Additions to equipment on operating leases were $4.5 billion during 1995 and $5.6 billion during 1994.

Other assets totaled $17.6 billion at year-end 1995, an increase of $3.4 billion from the end of 1994. $1.0 billion of the increase relates to goodwill attributable to various acquisitions, none of which was individually significant. The remaining increase of $2.4 billion related principally to acquisitions.

Insurance liabilities, reserves and annuity benefits were $22.4 billion at year-end 1995, $3.8 billion higher than in 1994. The increase was primarily attributable to acquisitions.

Borrowings were $107.8 billion at December 31, 1995, of which $59.3 billion is due in 1996 and $48.5 billion is due in subsequent years. Comparable amounts at the end of 1994 were $88.9 billion in total, $54.6 billion due within one year and $34.3 billion due thereafter. A large portion of the Corporation's borrowings ($38.3 billion and 41.2 billion at the end of 1995 and 1994, respectively) was issued in active commercial paper markets that management believes will continue to be a reliable source of short-term financing. The average remaining terms and interest rates of the Corporation's commercial paper were 41 days and 5.88%, respectively, at the end of 1995 compared with 45 days and 5.90% at the end of 1994. The Corporation's leverage (ratio of debt to equity, excluding from equity all unrealized gains and losses on investment securities, net of tax) was 7.89 to 1 at the end of 1995, compared with 7.94 to 1 at the end of 1994. By comparison, including in equity all unrealized gains and losses on investment securities, net of tax, the Corporation's ratio of debt to equity was 7.59 to 1 at the end of 1995, compared with 8.43 to 1 at the end of 1994.

GE Company has committed to make contributions to the Corporation in the event of either a significant, specified decrease in the ratio of GE Capital's earnings to fixed charges or a failure to maintain a specified debt-to-equity ratio in the event certain of the Corporation's preferred stock is redeemed.

The Corporation is exposed to prepayment risk in certain of its business activities, such as in its mortgage servicing and annuities activities. In order to hedge those exposures, the Corporation uses swaps and option-based financial instruments. These instruments generally behave based on limits ("caps," "floors" or "collars") on interest rate movement. These swaps and option-based instruments are governed by the credit risk policies described below and are transacted in the over-the-counter markets.

In addition, as part of its ongoing customer activities, the Corporation may enter into swaps that are integrated with investments in or loans to particular customers and do not involve assumption of third-party credit risk. Such integrated swaps are evaluated and monitored like their associated investments or loans, and are not therefore subject to the same credit criteria that would apply to a stand-alone swap. All other swaps, forward contracts and other derivatives have been designated as hedges of non-U.S. net investments or other assets.

Established practices require that derivative financial instruments relate to specific asset, liability or equity transactions or to currency exposures. Substantially all treasury actions are centrally executed by the Corporation's Treasury Department, which maintains controls on all exposures, adheres to stringent counterparty credit standards and actively monitors marketplace exposures.

Given the ways in which the Corporation uses swaps, purchased options and forwards, the principal risk is credit risk - risk that counterparties will be financially unable to make payments in accordance with the agreements. Associated market risk is meaningful only as it relates to how changes in the market value affect credit exposure to individual counterparties. Except as noted above for positions that are integrated into financings, all swaps, purchased options and forwards are carried out within the following credit policy constraints:

Counterparty credit criteria	Credit rating	
	Moody's	**Standard & Poor's**
Term of transaction		
Between one and five years........	Aa3	AA-
Greater than five years...........	Aaa	AAA
Credit exposure limits		
Up to $50 million.................	Aa3	AA-
Up to $75 million.................	Aaa	AAA

All swaps are executed under master swap agreements containing mutual credit downgrade provisions that provide the ability to require assignment or termination in the event either party is downgraded below A3 or A-. Because of their lower risk, more credit latitude is permitted for original maturities shorter than one year.

Once a counterparty exceeds credit exposure limits, no additional transactions are permitted until the exposure with that counterparty is reduced to an amount that is within the established limit. Open contracts remain in force.

The conversion of interest rate and currency risk into credit risk results in a need to monitor counterparty credit risk actively. At December 31, 1995, the notional amount of long-term derivatives for which the counterparty was rated below Aa3/AA- was $2,297 million. These amounts are the result of (1) counterparty downgrades, (2) transactions executed prior to the adoption of the Corporation's current counterparty credit standards, and (3) transactions relating to acquired assets or businesses. The total exposure to credit risk associated with in-the-money derivatives at December 31, 1995 was $680 million. The Corporation does not anticipate any loss from this exposure.

Following is an analysis of credit risk exposures for the last three years.

Percentage of Notional Derivative Exposure by Counterparty Credit Rating

Moody's / S&P	1995	1994	1993
Aaa/AAA........................	75%	77%	65%
Aa/AA..........................	22%	18%	23%
A/A and below..................	3%	5%	12%

The optimal funding strategy is sometimes achieved by using multiple swaps. For example, to obtain fixed rate U.S. dollar funding, several alternatives are generally available. One alternative is a swap of non-U.S. dollar denominated fixed rate debt into U.S. dollars. The synthetic U.S. dollar denominated debt would be effectively created by taking the following steps: (1) issuing fixed rate, non-U.S. currency denominated debt, (2) entering into a swap under which fixed rate non-U.S. currency principal and interest will be received and floating rate non-U.S. currency principal and interest will be paid, and (3) entering into a swap under which floating rate non-U.S. currency principal and interest will be received and fixed rate U.S. dollar denominated principal and interest will be paid. The end result is, in every important respect, fixed rate U.S. dollar denominated financing with an element of controlled credit risk. This type of structure usually results from using several swap counterparties for steps (2) and (3). The Corporation uses multiple swaps only as part of such transactions.

The interplay of the Corporation's credit risk policy with its funding activities is seen in the following example, in which the Corporation is assumed to have been offered three alternatives for funding five-year fixed rate U.S. dollar assets with five-year fixed rate U.S. dollar debt.

	Spread over U.S. Treasuries in basis points	Counterparty
1. Fixed rate 5 year medium term note......................	+65	--
2. U.S. dollar commercial paper swapped into 5 year U.S. dollar fixed rate funding......	+40	A
3. Swiss franc fixed rate debt swapped into 5 year U.S. dollar fixed rate funding......	+35	B

Counterparty [illegible] is a major brokerage house [illegible]th a Aaa/AAA rated swap subsidiary and a current exposure to the Corporation of $39 million. Counterparty B is a Aa2/AA rated insurance company with a current exposure of $50 million.

In this hypothetical case, the Corporation would have chosen alternative 2. Alternative 1 is unacceptably costly. Although alternative 3 would have yielded a lower immediate cost of funds, the additional credit risk of Counterparty B would have exceeded the Corporation's risk management limits.

Portfolio Quality

The portfolio of financing receivables, before allowance for losses, increased to $95.8 billion at the end of 1995 from $78.4 billion at the end of 1994, with approximately equal contribution from origination volume and from acquisitions of businesses and portfolios. Financing receivables are the Corporation's largest asset and its primary source of revenues. Related allowances for losses at the end of 1995 aggregated $2.5 billion (2.63% of receivables - the same level as 1994 and 1993) and are, in management's judgment, appropriate given the risk profile of the portfolio. Amounts written off in 1995 were approximately 1.01% of the year's average financing receivables, compared with 1.04% and 1.59% during 1994 and 1993, respectively. A discussion about the quality of certain elements of the portfolio of financing receivables follows. Further details are included in notes 3, 4 and 5 to the consolidated financial statements. Nonearning receivables are those that are 90 days or more delinquent and reduced earning receivables are receivables whose terms have been restructured to a below-market yield.

Consumer receivables at year-end 1995 and 1994 are shown in the following table:

(In millions)	1995	1994
Credit card and personal loans	$23,937	$19,124
Auto loans	5,555	3,991
Auto finance leases	12,461	7,473
Total consumer	$41,953	$30,588
Nonearning and reduced earning	$ 671	$ 422
- As a percentage of total	1.6%	1.4%
Receivable write offs for the year	$ 644	$ 482

Most of the nonearning consumer receivables were U.S. private-label credit card loans, the majority of which were subject to various loss sharing arrangements that provide full or partial recourse to the originating retailer. Delinquencies in the consumer portfolio were slightly higher at the end of 1995 than 1994, consistent with overall industry experience.

Commercial real estate portfolio at year-end 1995 and 1994 amounted to $17.4 billion and $16.9 billion, respectively, as shown in the following table:

(In millions)	1995	1994
Loans	$13,405	$13,282
Nonearning and reduced earning loans......	179	179
Receivable write offs for the year........	147	209
Assets acquired for resale..................	2,335	2,103
Other (primarily ventures)..................	1,651	1,508

Commercial real estate loans are generally secured by first mortgages. Assets are acquired for resale from various financial institutions. Values realized during 1995 and 1994 on disposition of assets acquired for resale have met or exceeded expectations at the time of purchase.

The commercial real estate portfolio included investments in a variety of property types and continues to be well dispersed geographically, principally in the continental United States. Write offs in the commercial real estate portfolio declined during 1995, as markets continued to stabilize.

Other financing receivables, totaling $40.4 billion at December 31, 1995, consisted of a diverse commercial, industrial and equipment loan and lease portfolio. This portfolio increased $5.9 billion during 1995, primarily because of acquisitions. The related nonearning and reduced-earning receivables increased to $285 million at year-end 1995 from $165 million at year-end 1994.

The Corporation has loans and leases to commercial airlines, as discussed in note 5 to the consolidated financial statements, amounting to $8.3 billion at the end of 1995, up from $7.6 billion at the end of 1994. At year-end 1995, the Corporation's commercial aircraft positions included financial guarantees and funding commitments amounting to $409 million ($506 million in 1994) and conditional commitments to purchase aircraft at a cost of $141 million ($81 million at December 31, 1994). On January 22, 1996, the Corporation announced that it had placed a multi-year order for various Boeing aircraft with list prices approximating $4 billion.

Entering 1996, management believes that vigilant attention to risk management and controllership and a strong focus on complete satisfaction of customer needs position it to deal effectively with the increasing competition in an ever-changing global economy.

New Accounting Standards

Two newly-issued accounting standards will be adopted in the first quarter of 1996 and are not expected to have a material effect on the Corporation's financial position or results of operations. A summary of these standards follows.

SFAS No. 121, *Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of*, requires that certain long-lived assets be reviewed for impairment when events or circumstances indicate that the carrying amounts of the assets may not be recoverable. If such review indicates that the carrying amount of an asset exceeds the sum of its expected future cash flows, the asset's carrying value must be written down to fair value.

SFAS No. 122, *Accounting for Mortgage Servicing Rights*, requires that capitalized rights to service mortgage loans be assessed for impairment by individual risk stratum by comparing each stratum's carrying amount with its fair value. Impairment, if any, would be recognized in earnings.

Item 8. ***Financial Statements and Supplementary Data.***

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
General Electric Capital Corporation

We have audited the consolidated financial statements of General Electric Capital Corporation and consolidated affiliates as listed in Item 14. In connection with our audits of the consolidated financial statements, we also have audited the financial statement schedule listed in Item 14. These consolidated financial statements and the financial statement schedule are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements and the financial statement schedule based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of General Electric Capital Corporation and consolidated affiliates at December 31, 1995 and 1994, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31 1995, in conformity with generally accepted accounting principles. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ KPMG Peat Marwick LLP

Stamford, Connecticut
February 9, 1996

GENERAL ELECTRIC CAPITAL CORPORATION AND CONSOLIDATED AFFILIATES

Statement of Current and Retained Earnings

For the years ended December 31 (In millions)	1995	1994	1993
EARNED INCOME			
Time sales, loan, investment and other income (Note 12)	$12,104	$ 9,208	$ 7,558
Financing leases (Note 12)	3,176	2,539	2,315
Operating lease rentals (Note 5)	4,079	3,802	3,267
Premium and commission income of insurance affiliates (Note 9)	1,820	1,374	1,304
Total earned income	21,179	16,923	14,444
EXPENSES			
Interest (Note 8)	6,455	4,414	3,461
Operating and administrative (Note 13)	6,162	5,349	4,894
Insurance losses and policyholder and annuity benefits (Note 9)	2,031	1,707	1,259
Provision for losses on financing receivables (Note 4)	1,117	873	987
Depreciation and amortization of buildings and equipment and equipment on operating leases (Notes 5 & 6)	2,001	1,657	1,587
Minority interest in net earnings of consolidated affiliates	81	109	114
Total expenses	17,847	14,109	12,302
Earnings before income taxes	3,332	2,814	2,142
Provision for income taxes (Note 14)	(1,071)	(856)	(664)
NET EARNINGS	2,261	1,918	1,478
Dividends paid (Note 11)	(1,645)	(605)	(482)
Retained earnings at January 1	8,[illegible]	7,008	6,012
RETAINED EARNINGS AT DECEMBER 31	$ 8,937	$ 8,321	$ 7,008

See Notes to Consolidated Financial Statements.

GENERAL ELECTRIC CAPITAL CORPORATION AND CONSOLIDATED AFFILIATES

Statement of Financial Position

At December 31 (In millions)	1995	1994
ASSETS		
Cash and equivalents	$ 1,316	$ 712
Investment securities (Note 2)	26,991	22,208
Financing receivables (Note 3):		
Time sales and loans, net of deferred income	59,591	50,021
Investment in financing leases, net of deferred income	36,200	28,398
	95,791	78,419
Allowance for losses on financing receivables (Note 4)	(2,519)	(2,062)
Financing receivables--net	93,272	76,357
Other receivables--net	6,408	3,624
Equipment on operating leases (at cost), less accumulated amortization of $4,670 and $4,029 (Note 5)	13,793	12,851
Buildings and equipment (at cost), less accumulated depreciation of $915 and $764 (Note 6)	1,478	1,018
Other assets (Note 7)	17,567	14,134
Total assets	$160,825	$130,904
LIABILITIES AND EQUITY		
Short-term borrowings (Note 8)	$ 59,264	$ 54,579
Long-term borrowings (Note 8)	48,491	34,312
Total borrowings	107,755	88,891
Accounts payable	4,560	3,156
Insurance liabilities, reserves and annuity benefits (Note 9)	22,401	18,593
Other liabilities	4,642	3,842
Deferred income taxes (Note 14)	6,562	5,267
Total liabilities	145,920	119,749
Minority interest in equity of consolidated affiliates (Note 10)	703	615
Variable cumulative preferred stock, $100 par value, liquidation preference $100,000 per share (18,000 shares authorized and outstanding at December 31, 1995; 10,500 shares authorized and [illegible] shares outstanding at December 31, 1994)	2	1
Common stock, $200 par value (3,866,000 shares authorized and 3,837,825 shares outstanding at December 31, 1995 and December 31, 1994)	768	768
Additional paid-in capital	4,022	2,172
Retained earnings	8,937	8,321
Unrealized gains (losses) on investment securities	543	(655)
Foreign currency translation adjustments	(70)	(67)
Total equity (Note 11)	14,202	10,540
Total liabilities and equity	$160,825	$130,904

See Notes to Consolidated Financial Statements.

GENERAL ELECTRIC CAPITAL CORPORATION AND CONSOLIDATED AFFILIATES

Statement of Cash Flows

For the years ended December 31 (In millions)	1995	1994	1993
CASH FLOWS FROM OPERATING ACTIVITIES			
Net earnings	$ 2,261	$ 1,918	$ 1,478
Adjustments to reconcile net earnings to cash provided from operating activities:			
Provision for losses on financing receivables	1,117	873	987
Increase in insurance liabilities, reserves and annuity benefits	1,006	542	764
Increase in deferred income taxes	653	721	496
Depreciation and amortization of buildings and equipment and equipment on operating leases	2,001	1,657	1,587
Increase (decrease) in accounts payable	720	(656)	624
Other--net	357	135	554
Cash from operating activities	8,115	5,190	6,490
CASH FLOWS FROM INVESTING ACTIVITIES			
Net increase in financing receivables (Note 18)	(11,309)	(9,525)	(4,164)
Buildings and equipment and equipment on operating leases			
--additions	(4,628)	(5,734)	(3,133)
--dispositions	1,495	2,417	1,080
Payments for principal businesses purchased, net of cash acquired	(4,600)	(2,144)	(2,090)
All other investing activities (Note 18)	(2,617)	1,544	(5,628)
Cash used for investing activities	(21,659)	(13,442)	(13,935)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net change in borrowings (maturities 90 days or less)	(5,547)	(2,429)	2,053
Newly issued debt (maturities longer than 90 days) (Note 18)	36,480	22,473	15,253
Repayments and other reductions (maturities longer than 90 days) (Note 18)	(17,045)	(11,699)	(9,526)
Dividends paid	(961)	(595)	(482)
Issuance of preferred stock in excess of par value	924	-	-
Issuance of variable cumulative preferred stock by consolidated affiliate	120	240	-
All other financing activities (Note 18)	177	(75)	(44)
Cash from financing activities	14,148	7,915	7,254
INCREASE (DECREASE) IN CASH AND EQUIVALENTS DURING THE YEAR	604	(337)	(191)
CASH AND EQUIVALENTS AT BEGINNING OF YEAR	712	1,049	1,240
CASH AND EQUIVALENTS AT END OF YEAR	$ 1,316	$ 712	$ 1,049

See Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation--The consolidated financial statements represent the adding together of General Electric Capital Corporation (the "Corporation") and all majority-owned and controlled affiliates ("consolidated affiliates"). All significant transactions among the Corporation and consolidated affiliates have been eliminated. Other affiliates, generally companies in which the Corporation owns 20 to 50 percent of the voting rights ("nonconsolidated affiliates"), are included in other assets and valued at the appropriate share of equity plus loans and advances. Certain prior period data have been reclassified to conform to the current year presentation.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts and related disclosures. Actual results could differ from those estimates.

Cash Equivalents--Certificates and other time deposits are treated as cash equivalents.

Methods of Recording Earned Income--Income on all loans is recognized on the interest method. Accrual of interest income is suspended at the earlier of the time at which collection of an account becomes doubtful or the account becomes 90 days delinquent. Interest income on impaired loans is recognized either as cash is collected or on a cost recovery basis as conditions warrant.

Financing lease income is recorded on the interest method so as to produce a level yield on funds not yet recovered. Estimated unguaranteed residual values of leased assets are based primarily on periodic independent appraisals of the values of leased assets remaining at expiration of the lease terms. Operating lease income is recognized on a straight-line basis over the terms of the underlying leases.

Origination, commitment and other nonrefundable fees related to fundings are deferred and recorded in earned income on the interest method. Commitment fees related to loans not expected to be funded and line-of-credit fees are deferred and recorded in earned income on a straight-line basis over the period to which the fees relate. Syndication fees are recorded in earned income at the time the related services are performed unless significant contingencies exist.

Premiums on insurance contracts are reported as earned income over the terms of the contracts. In general, earned premiums are calculated on a pro-rata basis. Premiums received under annuity contracts that do not have significant mortality or morbidity risk are not reported as revenues but as annuity benefits - a liability - and are adjusted according to the terms of the respective policies.

Allowance for Losses on Financing Receivables and Investments--The Corporation maintains an allowance for losses on financing receivables at an amount that it believes is sufficient to provide adequate protection against future losses in the portfolio. For small-balance receivables, the allowance for losses is determined principally on the basis of actual experience during the preceding three years. Further allowances are also provided to reflect management's judgment of additional loss potential. For other financing receivables, principally the larger loans and leases, the allowance for losses is determined primarily on the basis of management's judgment of net loss potential, including specific allowances for known troubled accounts.

All accounts or portions thereof deemed to be uncollectible or to require an excessive collection cost are written off to the allowance for losses. Generally, small-balance accounts are progressively written down (from 10% when more than three months delinquent to 100% when nine to twelve months delinquent) to record the balances at estimated realizable value. However, if at any time during that period an account is judged to be uncollectible, such as in the case of a bankruptcy, the uncollectible balance is written off. Larger-balance accounts are reviewed at least quarterly, and those accounts with amounts that are judged to be uncollectible are written down to estimated realizable value.

When collateral is repossessed in satisfaction of a loan, the receivable is written down against the allowance for losses to estimated fair value less costs to sell, transferred to other assets and subsequently carried at the lower of cost or estimated fair value less costs to sell. This accounting method has been employed principally for specialized financing transactions.

Investment Securities--The Corporation has designated its investments in debt securities and marketable equity securities as available-for-sale. Those securities are reported at fair value, with net unrealized gains and losses included in equity, net of applicable taxes. Unrealized losses that are other than temporary are recognized in earnings.

Equipment on Operating Leases--Equipment is amortized, principally on a straight-line basis, to estimated net salvage value over the lease term or the estimated economic life of the equipment.

Buildings and Equipment--Depreciation is recorded on either a sum-of-the-years digits formula or a straight-line basis over the lives of the assets.

Goodwill--Goodwill is amortized over its estimated period of benefit on a straight-line basis. No amortization period exceeds 30 years. Goodwill in excess of associated expected operating cash flows is considered to be impaired and is written down to fair value.

Deferred Insurance Acquisition Costs--For the property and casualty businesses, deferred insurance acquisition costs are amortized pro-rata over the contract periods in which the related premiums are earned. For the life insurance business, these costs are amortized over the premium-paying periods of the contracts in proportion either to anticipated premium income or to gross profit, as appropriate. For certain annuity contracts, such costs are amortized on the basis of anticipated gross profits. For other lines of business, acquisition costs are amortized over the life of the related insurance contracts. Deferred insurance acquisition costs are reviewed for recoverability; anticipated investment income is considered in making recoverability evaluations.

Insurance Liabilities and Reserves--The estimated liability for insurance losses and loss expenses consists of both case and incurred-but-not-reported reserves. Where experience is not sufficient to determine reserves, industry averages are used. Estimated amounts of salvage and subrogation recoverable on paid and unpaid losses are deducted from outstanding losses.

The liability for future policyholder benefits of the life insurance affiliates has been computed mainly by a net-level-premium method based on assumptions for investment yields, mortality and terminations that were appropriate at date of purchase or at the time the policies were developed, including provisions for adverse deviations.

Interest Rate and Currency Risk Management--As a matter of policy, the Corporation does not engage in derivatives trading, market-making or other speculative activities. Any instrument designated but ineffective as a hedge is marked to market and recognized in operations immediately. The Corporation uses swaps primarily to optimize funding costs. To a lesser degree, and in combination with options and limit contracts, the Corporation uses swaps to stabilize cash flows from mortgage-related assets.

Interest rate and currency swaps that modify borrowings or designated assets, including swaps associated with forecasted commercial paper renewals, are accounted for on an accrual basis. The Corporation requires all other swaps, as well as options and forwards, to be designated and accounted for as hedges of specific assets, liabilities or committed transactions; resulting payments and receipts are recognized contemporaneously with effects of hedged transactions. A payment or receipt arising from early termination of an effective hedge is accounted for as an adjustment to the basis of the hedged transaction.

NOTE 2. INVESTMENT SECURITIES

A summary of investment securities follows:

(In millions)	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
December 31, 1995				
Corporate and other	$11,470	$ 447	$ (62)	$11,855
Mortgage-backed	4,824	221	(63)	4,982
State and municipal	3,781	196	(6)	3,971
Equity	3,090	257	(13)	3,334
Non-U.S.	1,489	39	(21)	1,507
U.S. government and federal agency	1,282	63	(3)	1,342
	$25,936	$ 1,223	$ (168)	$26,991
December 31, 1994				
Corporate and other	$10,428	$ 3	$ (755)	$ 9,676
Mortgage-backed	4,448	81	(188)	4,341
State and municipal	3,440	37	(166)	3,311
Equity	2,917	156	(91)	2,982
Non-U.S.	1,084	8	(22)	1,070
U.S. government and federal agency	994	-	(166)	828
	$23,311	$ 285	$(1,388)	$22,208

Contractual maturities of debt securities at December 31, 1995, other than mortgage-backed securities, are shown below.

(In millions)	Amortized cost	Estimated fair value
Due in:		
1996	$1,345	$1,369
1997 - 2000	5,761	5,896
2001 - 2005	3,968	4,136
2006 and later	6,948	7,274

It is expected that actual maturities will differ from contractual maturities because borrowers have the right to call or prepay certain obligations, sometimes without call or prepayment penalties. Proceeds from the sales of investment securities in 1995, 1994 and 1993 were $6,225 million, $3,100 million and $4,922 million, respectively; gross realized gains were $241 million, $143 million and $129 million, respectively; and gross realized losses were $86 million, $68 million and $31 million, respectively.

NOTE 3. FINANCING RECEIVABLES

Financing receivables at December 31, 1995 and 1994 are shown below.

(In millions)	1995	1994
Time sales and loans:		
Consumer services	$33,430	$25,906
Specialized financing	18,230	17,988
Mid-market financing	8,795	5,916
Equipment management	1,371	1,516
Specialty insurance	189	-
	62,015	51,326
Deferred income	(2,424)	(1,305)
Time sales and loans--net of deferred income	59,591	50,021
Investment in financing leases:		
Direct financing leases	33,291	25,916
Leveraged leases	2,909	2,482
Investment in financing leases	36,200	28,398
	95,791	78,419
Less allowance for losses (Note 4)	(2,519)	(2,062)
	$93,272	$76,357

Time sales and loans represent transactions in a variety of forms, including time sales, revolving charge and credit arrangements, mortgages, installment loans, intermediate-term loans and revolving loans secured by business assets. The portfolio includes time sales and loans carried at the principal amount on which finance charges are billed periodically, and time sales and loans carried at gross book value, which includes finance charges. At year-end 1995 and 1994 specialized financing and consumer services loans included $13,405 million and $13,282 million, respectively, for commercial real estate loans. Note 5 contains information on commercial airline loans and leases.

At December 31, 1995, contractual maturities for time sales and loans were $24,543 million in 1996, $11,933 million in 1997, $6,635 million in 1998, $5,052 million in 1999, $4,424 million in 2000 and $9,428 million thereafter, aggregating $62,015 million. Experience of the Corporation has shown that a substantial portion of receivables will be paid prior to contractual maturity. Accordingly, the contractual maturities of time sales and loans are not to be regarded as forecasts of future cash collections.

Investment in financing leases consists of direct financing and leveraged leases of aircraft, railroad rolling stock, automobiles and other transportation equipment, data processing equipment, medical equipment, as well as other manufacturing, power generation, mining and commercial equipment and facilities.

As the sole owner of assets under direct financing leases and as the equity participant in leveraged leases, the Corporation is taxed on total lease payments received and is entitled to tax deductions based on the cost of leased assets and tax deductions for interest paid to third-party participants. The Corporation is also generally entitled to any residual value of leased assets and to any investment tax credit on leased equipment.

Investments in direct financing and leveraged leases represent unpaid rentals and estimated unguaranteed residual values of leased equipment, less related deferred income. Because the Corporation has no general obligation for principal and interest on notes and other instruments representing third-party participation related to leveraged leases, such notes and other instruments have not been included in liabilities but have been offset against the related rentals receivable. The Corporation's share of rentals receivable on leveraged leases is subordinate to the share of the other participants who also have security interests in the leased equipment.

The Corporation's net investment in financing leases at December 31, 1995 and 1994 is shown below.

	Direct financing leases		Leveraged leases		Total financing leases	
(In millions)	1995	1994	1995	1994	1995	1994
Total minimum lease payments receivable	$37,434	$30,338	$12,625	$ 9,630	$50,059	$39,968
Less principal and interest on third-party nonrecourse debt	-		(9,329)	(7,103)	(9,329)	(7,103)
Net rentals receivable	37,434	30,338	3,296	2,527	40,730	32,865
Estimated unguaranteed residual value of leased assets	4,630	3,767	1,138	1,122	5,768	4,889
Less deferred income	(8,773)	(8,189)	(1,525)	(1,167)	(10,298)	(9,356)
Investment in financing leases	33,291	25,916	2,909	2,482	36,200	28,398
Less: Allowance for losses	(669)	(471)	(76)	(99)	(745)	(570)
Deferred taxes arising from financing leases	(2,959)	(2,470)	(2,787)	(2,605)	(5,746)	(5,075)
Net investment in financing leases	$29,663	$22,975	$ 46	$ (222)	$29,709	$22,753

At December 31, 1995, contractual maturities for finance lease rentals receivable were $8,780 million in 1996, $10,418 million in 1997, $6,837 million in 1998, $3,631 million in 1999, $2,126 million in 2000 and $8,938 million thereafter aggregating $40,730 million. As with time sales and loans, experience has shown that a portion of receivables will be paid prior to contractual maturity and these amounts should not be regarded as forecasts of future cash flows.

In connection with the sales of financing receivables with recourse, GE Capital received proceeds of $2,139 million in 1995, $1,239 million in 1994 and $1,105 million in 1993. GE Capital's exposure under such recourse provisions is included in "credit and liquidity support-securitizations" in note 19.

Nonearning consumer receivables, primarily private-label credit card receivables, amounted to $671 million and $422 million at December 31, 1995 and 1994, respectively. A majority of these receivables were subject to various loss-sharing arrangements that provide full or partial recourse to the originating private-label entity. Nonearning and reduced earning receivables other than consumer receivables were $464 million and $346 million at year-ends 1995 and 1994, respectively.

On January 1, 1995, the Corporation adopted Statement of Financial Accounting (SFAS) No. 114, *Accounting by Creditors for Impairment of a Loan*, and the related SFAS No. 118, *Accounting by Creditors for Impairment of a Loan--Income Recognition and Disclosures*. These Statements do not apply to, among other things, leases or large groups of smaller-balance, homogeneous loans, and therefore are principally relevant to commercial loans. There was no effect of adopting the Statements on 1995 results of operations or financial position because the allowance for losses established under the previous accounting policy continued to be appropriate following the accounting change. The Statements require disclosures of impaired loans--loans for which it is probable that the lender will be unable to collect all amounts due according to original contractual terms of the loan agreement, based on current information and events. At December 31, 1995, loans that required disclosure as impaired amounted to $867 million, principally commercial real estate loans. For $647 million of such loans, the required allowance for losses was $285 million. The remaining $220 million of loans represents the recorded investment in loans that are fully recoverable, but only because the recorded investment had been reduced through charge-offs or deferral of income recognition. These loans must be disclosed under the Statements' technical definition of "impaired" because the Corporation will be unable to collect all amounts due according to original contractual terms of the loan agreement. Under the Statements, such loans do not require an allowance for losses. The average investment in impaired loans requiring disclosure under the Statements was $1,037 million during 1995, with revenue of $49 million recognized, principally on the cash basis.

NOTE 4. ALLOWANCE FOR LOSSES ON FINANCING RECEIVABLES

The allowance for losses on financing receivables represented 2.63% of total financing receivables at year-end 1995 and 1994. The table below shows the activity in the allowance for losses on financing receivables during each of the past three years.

(In millions)	1995	1994	1993
Balance at January 1	$2,062	$1,730	$1,607
Provisions charged to operations	1,117	873	987
Net transfers related to companies acquired or sold	217	199	126
Amounts written off--net	(877)	(740)	(990)
Balance at December 31	$2,519	$2,062	$1,730

NOTE 5. EQUIPMENT ON OPERATING LEASES

Equipment on operating leases by type of equipment and accumulated amortization at December 31, 1995 and 1994 are shown below.

(In millions)	1995	1994
Original Cost		
Aircraft	$ 5,682	$ 4,593
Vehicles	4,948	4,542
Marine shipping containers	3,253	3,333
Railroad rolling stock	1,811	1,605
Other	2,769	2,807
	18,463	16,880
Accumulated amortization	(4,670)	(4,029)
	$13,793	$12,851

Amortization of equipment on operating leases was $1,702 million, $1,435 million and $1,395 million in 1995, 1994 and 1993, respectively. Noncancelable future rentals due from customers for equipment on operating leases at year-end 1995 totaled $8,412 million and are due as follows: $2,501 million in 1996, $1,657 million in 1997, $1,119 million in 1998, $732 million in 1999, $450 million in 2000, and $1,953 million thereafter.

The Corporation acts as a lender and lessor to the commercial airline industry. At December 31, 1995 and 1994, the balance of such loans, leases and equipment leased to others was $8,337 million and $7,571 million, respectively. In addition, the Corporation had issued financial guarantees and funding commitments of $409 million at December 31, 1995 ($506 million at year-end 1994) and had conditional commitments to purchase aircraft at a cost of $141 million ($81 million at year-end 1994). Included in the Corporation's equipment leased to others at year-end 1995 is $101 million of commercial aircraft off-lease ($226 million in 1994).

NOTE 6. BUILDINGS AND EQUIPMENT

Buildings and equipment include office buildings, satellite communications equipment, data processing equipment, vehicles, furniture and office equipment. Depreciation expense was $299 million for 1995, $222 million for 1994 and $192 million for 1993.

NOTE 7. OTHER ASSETS

Other assets at December 31, 1995 and 1994 are shown in the table below.

(In millions)	1995	1994
Assets acquired for resale	$ 3,998	$ 3,867
Goodwill	3,218	2,171
Investments in and advances to nonconsolidated affiliates	3,366	2,098
Real estate ventures	1,564	1,400
Mortgage servicing rights	1,688	1,351
Other intangibles	778	1,003
Miscellaneous investments	789	628
Deferred insurance acquisition costs	595	471
Other	1,571	1,145
	$17,567	$14,134

Goodwill, mortgage servicing rights, and other intangibles are shown net of accumulated amortization of $1,090 million at December 31, 1995 and $672 million at December 31, 1994.

NOTE 8. BORROWINGS

Total short-term borrowings at December 31, 1995 and 1994 consisted of the following:

	1995		1994	
(Dollars in millions)	Amount	Average rate	Amount	Average rate
Commercial paper - U.S.	$34,513	5.83%	$39,279	5.89%
Commercial paper - Non U.S.	3,796	6.33	1,938	6.27
Current portion of long-term debt	15,719		9,695	
Other	5,236		3,667	
	$59,264		$54,579	

Total long-term borrowings at December 31, 1995 and 1994 were as follows:

(Dollars in millions)	Weighted average interest rate (a)	Maturities	1995	1994
Senior notes	6.56%	1997-2055	$47,794	$33,615
Subordinated notes (b)	8.0%	2006-2012	697	697
			$48,491	$34,312

(a) Includes the effects of associated interest rate and currency swaps.
(b) Guaranteed by GE Company.

Interest rate and currency swaps are employed to achieve the lowest cost of funds for a particular funding strategy. The Corporation enters into interest rate swaps and currency swaps (including non-U.S. currency and cross-currency interest rate swaps) to modify interest rates and/or currencies of specific debt instruments. For example, to fund U.S. operations, GE Capital may issue fixed-rate debt denominated in a currency other than the U.S. dollar and simultaneously enter into a currency swap to create synthetic fixed-rate U.S. dollar debt with a lower yield than could be achieved directly. Such interest rate and currency swaps have been designated as modifying interest rates, currencies or both. The Corporation does not engage in derivatives trading, market-making or other speculative activities.

The Corporation used a portion of this interest rate swap portfolio to convert interest rate exposure on short-term and floating rate long-term borrowings to interest rates that are fixed over the terms of the related swaps; interest rate basis swaps also are employed to manage short-term financing factors--for example, to convert commercial paper-based interest costs to prime rate-based costs. At December 31, 1995 and 1994, such swaps were outstanding for principal amounts equivalent to $9,851 million and $7,701 million with maturities from 1996 to 2029 and weighted average interest rates of 6.45% and 6.28%, respectively.

At December 31, 1995, long-term borrowing maturities, including the current portion of long-term debt, were $15,719 million in 1996, $14,012 million in 1997, $11,517 million in 1998, $5,480 million in 1999, and $4,494 million in 2000. Additional information about borrowings, as well as associated swaps, is provided in note 19.

At December 31, 1995, the Corporation had committed lines of credit aggregating $20.4 billion with 128 banks, including $9.5 billion of revolving credit agreements pursuant to which the Corporation has the right to borrow funds for periods exceeding one year. A total of $2.5 billion and $1.5 billion of these lines were also available for use by GE Capital Services and GE Company, respectively. In addition, at December 31, 1995, approximately $108 million of committed lines of credit were directly available to a non-U.S. affiliate of the Corporation. Also, at December 31, 1995, substantially all of the approximately $3.1 billion of GE Company's credit lines were available for use by the Corporation or GE Capital Services. During 1995, GE Capital, GE Capital Services and GE Company did not borrow under any of these credit lines. The Corporation compensates banks for credit facilities in the form of fees which were insignificant in each of the past three years.

NOTE 9. INSURANCE LIABILITIES, RESERVES AND ANNUITY BENEFITS

Insurance liabilities, reserves and annuity benefits comprises policyholders' benefits, unearned premiums and provisions for policy losses and benefits relating to insurance and annuity businesses. The related balances at December 31, 1995 and 1994, follow:

(In millions)	1995	1994
Annuity benefits	$11,597	$12,194
Other policyholder benefits	7,913	3,778
Property and casualty reserves	175	163
Financial and mortgage guaranty reserves	720	715
Unearned premiums	1,996	1,743
	$22,401	$18,593

The liability for future policy benefits of the life insurance affiliates, included in other policyholder benefits above, has been computed using average yields of 3.5% to 9.0% in 1995 and 4.0% to 9.1% in 1994.

Activity in the liability for unpaid claims and claims adjustment expenses is summarized as follows for the past three years:

(In millions)	1995	1994	1993
Balance at January 1 - gross	$ 999	$1,047	$ 928
Less reinsurance recoverables	(138)	(95)	(74)
Balance at January 1 - net	861	952	854
Claims and expenses incurred			
Current year	838	600	434
Prior years	51	253	117
Claims and expenses paid			
Current year	(359)	(189)	(108)
Prior years	(394)	(481)	(333)
Reserves transferred to ERC	-	(291)	-
Claim reserves related to acquired companies	364	4	-
Other	(5)	13	(12)
Balance at December 31 - net	1,356	861	952
Add reinsurance recoverables	76	138	95
Balance at December 31 - gross	$1,432	$ 999	$1,047

In December 1994, two insurance affiliates were transferred to Employers Reinsurance Corporation ("ERC"), an affiliate of GE Capital Services.

Financial guarantees of insurance affiliates as of December 31, 1995 and 1994, are summarized below.

(In millions)	1995	1994
Guarantees, principally on municipal bonds and structured finance issues	$119,406	$106,726
Mortgage insurance risk in force	32,599	31,463
Credit life insurance risk in force	10,260	8,940
Less reinsurance	(21,694)	(19,353)
	$140,571	$127,776

The Corporation's Specialty Insurance businesses cede reinsurance on both a pro-rata and an excess basis. When the Corporation cedes business to third parties, it is not relieved of its primary obligation to policyholders and reinsureds. Consequently, the Corporation establishes allowances for amounts deemed uncollectible due to the failure of reinsurers to honor their obligations. The Corporation monitors both the financial condition of individual reinsurers and risk concentrations arising from similar geographic regions, activities and economic characteristics of reinsurers. The maximum amount of individual life insurance retained on any one life is $500,000.

The effects of reinsurance on premiums written and earned were as follows for the past three years.

(In millions)	Written premiums 1995	Written premiums 1994	Written premiums 1993	Earned premiums 1995	Earned premiums 1994	Earned premiums 1993
Direct.............	$2,053	$1,422	$1,312	$1,839	$1,401	$1,161
Assumed............	154	108	266	124	106	268
Ceded..............	(270)	(151)	(125)	(143)	(133)	(125)
Net Premiums.......	$1,937	$1,379	$1,453	$1,820	$1,374	$1,304

Reinsurance recoveries recognized as a reduction of insurance losses and policyholder and annuity benefits amounted to $113 million, $40 million and $163 million for the periods ended December 31, 1995, 1994 and 1993, respectively

NOTE 10. MINORITY INTEREST

Minority interest in equity of consolidated affiliates includes preferred stock issued by a subsidiary with a liquidation preference value of $360 million and $240 million as of December 31, 1995 and 1994, respectively. Dividend rates on the preferred stock ranged from 4.2% to 4.6% during 1995 and from 2.8% to 4.7% during 1994.

NOTE 11. EQUITY

Changes in equity for the years ended December 31, 1995, 1994 and 1993 are as follows:

(In millions)	Variable Cumulative preferred stock	Common stock	Additional paid-in capital	Retained earnings	Unrealized gains (losses) on investment securities	Foreign currency translations	Total
Balance at January 1, 1993....	$ 1	$ 768	$ 2,147	$ 6,012	$ (6)	$ (30)	$ 8,892
Capital contributions.........	-	-	25	-	-	-	25
Net unrealized gains on investment securities........	-	-	-	-	491	-	491
Currency translation adjustments..................	-	-	-	-	-	(34)	(34)
Net earnings..................	-	-	-	1,478	-	-	1,478
Dividends declared:							
Common stock................	-	-	-	(460)	-	-	(460)
Preferred stock.............	-	-	-	(22)	-	-	(22)
Balance at December 31, 1993..	1	768	2,172	7,008	485	(64)	10,370
Net unrealized losses on investment securities........	-	-	-	-	(1,140)	-	(1,140)
Currency translation adjustments..................	-	-	-	-	-	(3)	(3)
Net earnings..................	-	-	-	1,918	-	-	1,918
Dividends declared:							
Common stock................	-	-	-	(575)	-	-	(575)
Preferred stock.............	-	-	-	(30)	-	-	(30)
Balance at December 31, 1994..	1	768	2,172	8,321	(655)	(67)	10,540
Capital contributions.........	-	-	926	-	-	-	926
Preferred stock issued........	1	-	924	-	-	-	925
Net unrealized gains on investment securities........	-	-	-	-	1,198	-	1,198
Currency translation adjustments..................	-	-	-	-	-	(3)	(3)
Net earnings..................	-	-	-	2,261	-	-	2,261
Dividends declared:							
Common stock................	-	-	-	(1,588)	-	-	(1,588)
Preferred stock.............	-	-	-	(57)	-	-	(57)
Balance at December 31, 1995..	$ 2	$ 768	$ 4,022	$ 8,937	$ 543	$ (70)	$14,202

All common stock is owned by GE Capital Services, all of the common stock of which is in turn wholly owned by GE Company. In 1995, GE Company contributed to GE Capital Services certain assets of Caribe GE Products, Inc. GE Capital Services in turn contributed the assets of Caribe GE Products, Inc. to the Corporation. Also in 1995, the Corporation distributed certain assets to GE Capital Services by way of a dividend and in turn received an equal capital contribution. These contributions increased the Corporation's additional paid-in capital by $926 million. In 1993, GE Capital Services contributed the minority interest in Financial Insurance Group to the Corporation, which increased additional paid-in capital by $25 million.

Changes in fair value of investment securities are reflected, net of tax, in equity. The changes from year to year were primarily attributable to the effects of changes in year-end market interest rates on the fair value of the securities.

During 1995, the Corporation issued 9,250 additional shares of its variable cumulative preferred stock. Dividend rates on the preferred stock ranged from 4.2% to 5.2% during 1995, 2.3% to 4.9% during 1994 and 2.3% to 2.8% during 1993.

At December 31, 1995 and 1994, the statutory capital and surplus of the Corporation's insurance affiliates totaled $4,120 million and $3,122 million, respectively, and amounts available for the payment of dividends without the approval of the insurance regulators totaled $279 million and $296 million, respectively.

NOTE 12. EARNED INCOME

Time sales, loan, investment and other income includes the Corporation's share of earnings from equity investees of approximately $113 million, $169 million and $106 million for 1995, 1994 and 1993, respectively.

Included in earned income from financing leases for 1995, 1994 and 1993 were gains on the sale of equipment at lease completion of $191 million, $180 million and $145 million, respectively.

NOTE 13. OPERATING AND ADMINISTRATIVE EXPENSES

Employees and retirees of the Corporation and its affiliates are covered under a number of pension, health and life insurance plans. The principal pension plan is the GE Company Pension Plan, a defined benefit plan, while employees of certain affiliates are covered under separate plans. The Corporation provides health and life insurance benefits to certain of its retired employees, principally through GE Company's benefit program. The annual cost to the Corporation of providing these benefits is not material.

GE Company adopted SFAS No. 112, *Employers' Accounting for Postemployment Benefits*, in the second quarter of 1993. The Corporation adopted this standard in conjunction with its parent. This Statement requires that employers expense the costs of postemployment benefits (as distinct from postretirement pension, medical and life insurance benefits) over the working lives of their employees. This change principally affects the Corporation's accounting for severance benefits, which previously were expensed when the severance event occurred. The net transition obligation related to the Corporation's employees covered under GE Company postemployment benefit plans is not separately determinable from the GE Company plans as a whole; accordingly, there is no financial statement impact on the Corporation. The net transition obligation for employees covered under separate plans is not material.

Rental expense relating to equipment the Corporation leases from others for the purposes of subleasing was $273 million in 1995, $262 million in 1994 and $239 million in 1993. Other rental expense was $237 million in 1995, $198 million in 1994 and $174 million in 1993, principally for the rental of office space and data processing equipment. Minimum future rental commitments under noncancelable leases at December 31, 1995, are $426 million in 1996, $378 million in 1997, $340 million in 1998, $316 million in 1999, $285 million in 2000 and $1,333 million thereafter. The Corporation, as a lessee, has no material lease agreements classified as capital leases.

Amortization of deferred acquisition costs charged to operations in 1995, 1994 and 1993 was $252 million, $355 million and $330 million, respectively.

NOTE 14. INCOME TAXES

The provision for income tax is summarized in the following table.

(In millions)	1995	1994	1993
Estimated amounts payable	$ 425	$ 462	$ 175
Deferred tax expense from temporary differences	653	448	496
Investment tax credit amortized - net	(7)	(14)	(7)
	$1,071	$ 896	$ 664

Estimated amounts payable includes amounts applicable to non-U.S. jurisdictions of $158 million, $218 million and $116 million in 1995, 1994 and 1993, respectively.

GE Company files a consolidated U.S. federal income tax return which includes GE Capital. The provisions for estimated taxes payable include the effect of the Corporation and its affiliates on the consolidated return.

Except for certain earnings that GE Capital intends to reinvest indefinitely, provision has been made for the estimated U.S. federal income tax liabilities applicable to undistributed earnings of affiliates and associated companies.

A reconciliation of the U.S. federal statutory rate to the actual income tax rate follows.

	1995	1994	1993
Statutory U.S. federal income tax rate	35.0%	35.0%	35.0%
Increase (reduction) in rate resulting from:			
Rate increase - deferred taxes	-	-	5.6
Amortization of goodwill	1.0	0.9	1.0
Tax-exempt income	(3.0)	(4.4)	(5.0)
Dividends received, not fully taxable	(1.6)	(0.6)	(1.1)
Other--net	0.8	0.9	(4.5)
Actual income tax rate	32.2%	31.8%	31.0%

Principal components of the net deferred tax liability balances at December 31, 1995 and 1994 are as follows:

(In millions)	1995	1994
Assets		
Allowance for losses	$ (845)	$ (862)
Net unrealized losses on investment securities	-	(382)
Insurance reserves	(128)	(121)
Other	(936)	(961)
Total deferred tax assets	(1,909)	(2,326)
Liabilities		
Financing leases	5,746	5,075
Operating leases	1,367	1,233
Net unrealized gains on investment securities	362	-
Other	996	1,285
Total deferred tax liabilities	8,471	7,593
Net deferred tax liability	$6,562	$5,267

NOTE 15. INDUSTRY SEGMENT DATA

Industry segment operating data and identifiable assets are shown below.

(In millions)	1995	1994	1993
Earned Income:			
Consumer Services	$ 7,586	$ 5,508	$ 4,061
Specialized Financing	3,076	2,638	2,543
Equipment Management	6,144	5,186	4,323
Mid-Market Financing	2,184	1,575	1,472
Specialty Insurance	2,174	1,976	2,002
	21,164	16,883	14,401
Corporate	15	40	43
Total earned income	$ 21,179	$ 16,923	$ 14,444
Segment operating profit:			
Consumer Services	$ 1,030	$ 1,067	$ 709
Specialized Financing	651	513	366
Equipment Management	897	624	246
Mid-Market Financing	445	435	406
Specialty Insurance	341	188	422
Total segment operating profit	3,364	2,827	2,149
Corporate	(32)	(13)	(7)
Earnings before income taxes	$ 3,332	$ 2,814	$ 2,142
Identifiable assets at December 31:			
Consumer Services	$ 73,076	$ 54,171	$ 45,772
Specialized Financing	30,285	28,149	27,069
Equipment Management	25,072	23,197	20,145
Mid-Market Financing	21,565	16,367	14,022
Specialty Insurance	9,841	7,835	9,579
Corporate	986	1,185	1,352
Total assets	$160,825	$130,904	$117,939

NOTE 16. QUARTERLY FINANCIAL DATA (unaudited)

Summarized quarterly financial data are as follows.

(In millions)	First quarter 1995	First quarter 1994	Second quarter 1995	Second quarter 1994	Third quarter 1995	Third quarter 1994	Fourth quarter 1995	Fourth quarter 1994
Earned income	$4,790	$3,808	$5,169	$3,982	$5,395	$4,306	$5,825	$4,827
Expenses:								
Interest	1,502	985	1,629	1,056	1,662	1,098	1,662	1,275
Operating and administrative	1,432	1,265	1,512	1,312	1,456	1,222	1,762	1,550
Insurance losses and policyholder and annuity benefits	516	351	486	292	445	575	584	489
Provision for losses on financing receivables	79	170	279	251	352	186	407	266
Depreciation and amortization of buildings and equipment and equipment on operating leases	450	384	489	382	487	425	575	466
Minority interest in net earnings of consolidated affiliates	17	18	16	43	15	18	33	30
Earnings before income taxes	794	635	758	646	978	782	802	751
Provision for income taxes	(266)	(191)	(241)	(205)	(330)	(234)	(234)	(266)
Net earnings	$ 528	$ 444	$ 517	$ 441	$ 648	$ 548	$ 568	$ 485

NOTE 17. RESTRICTED NET ASSETS OF AFFILIATES

Certain consolidated affiliates are restricted from remitting funds to the Corporation in the form of dividends or loans by a variety of regulations, the purpose of which is to protect affected insurance policyholders, depositors, or investors. At year-end 1995, net assets of the Corporation's regulated affiliates amounted to $9.3 billion, of which $7.4 billion was restricted.

NOTE 18. SUPPLEMENTAL CASH FLOWS INFORMATION

"Other--net operating activities" in the Statement of Cash Flows consists principally of adjustments to current and noncurrent accruals of costs and expenses, amortization of premium and discount on debt, and adjustments to assets such as amortization of goodwill and intangibles.

The Statement of Cash Flows excludes certain noncash transactions that had no significant effect on the investing or financing activities of the Corporation other than the non-cash dividends disclosed in note 11.

Certain supplemental information related to the Corporation's cash flows is shown below.

For the years ended December 31 (In millions)	1995	1994	1993
Financing receivables			
Increase in loans to customers	$(46,154)	$(37,059)	$(30,002)
Principal collections from customers	44,840	31,264	27,571
Investment in equipment for financing leases	(17,182)	(10,528)	(7,204)
Principal collections on financing leases	8,821	8,461	6,011
Net change in credit card receivables	(3,773)	(2,902)	(1,645)
Sales of financing receivables with recourse	2,139	1,239	1,105
	$(11,309)	$ (9,525)	$ (4,164)
All other investing activities			
Purchases of securities by insurance and annuity businesses	$(6,409)	$ (5,484)	$(7,527)
Dispositions and maturities of securities by insurance and annuity businesses	5,866	4,417	5,623
Proceeds from principal business dispositions	575	-	-
Other	(2,649)	2,611	(3,724)
	$ (2,617)	$ 1,544	$ (5,628)
Newly issued debt having maturities longer than 90 days			
Short-term (91 to 365 days)	$ 2,545	$ 3,214	$ 4,315
Long-term (longer than one year)	32,507	19,228	10,885
Proceeds -- nonrecourse, leveraged lease debt	1,428	31	53
	$ 36,480	$ 22,473	$ 15,253
Repayments and other reductions of debt having maturities longer than 90 days			
Short-term (91 to 365 days)	$(16,075)	$(10,460)	$ (9,008)
Long-term (longer than one year)	(678)	(930)	(206)
Principal payments -- nonrecourse, leveraged lease debt	(292)	(309)	(312)
	$(17,045)	$(11,699)	$ (9,526)
All other financing activities			
Proceeds from sales of investment and annuity contracts	$ 1,554	$ 886	$ 509
Redemption of investment and annuity contracts	(2,061)	(961)	(578)
Capital contributions from parent company	684	-	25
	$ 177	$ (75)	$ (44)
Cash recovered (paid) during the year for:			
Interest	$ (5,970)	$ (4,005)	$ (3,298)
Income taxes	217	(340)	(133)

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

"Payments for principal businesses purchased" in the Statement of Cash Flows is net of cash acquired and includes debt assumed and immediately repaid in acquisitions. In conjunction with the acquisitions, liabilities were assumed as follows:

	1995	1994	1993
Fair value of assets acquired	$15,496	$ 7,992	$15,175
Cash paid	(4,749)	(2,220)	(2,988)
Liabilities assumed	$10,747	$ 5,772	$12,187

NOTE 19. ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS

This note contains estimated fair values of certain financial instruments to which the Corporation is a party. Apart from the Corporation's own borrowings and certain marketable securities, relatively few of these instruments are actively traded. Thus, fair values must often be determined using one or more models that indicate value based on estimates of quantifiable characteristics as of a particular date. Because this undertaking is, by its nature, difficult and highly judgmental, for a limited number of instruments, alternative valuation techniques may have produced disclosed values different from those that could have been realized at December 31, 1995 or 1994. Moreover, the disclosed values are representative of fair values only as of the dates indicated. Assets that, as a matter of accounting policy, are reflected in the accompanying financial statements at fair value are not included in the following disclosures; such assets include cash and equivalents, investment securities, and other receivables.

Values are estimated as follows.

Time sales and loans. Based on quoted market prices, recent transactions and/or discounted future cash flows, using rates at which similar loans would have been made to similar borrowers.

Borrowings. Based on quoted market prices or market comparables. Fair values of interest rate and currency swaps on borrowings are based on quoted market prices and include the effects of counterparty creditworthiness.

Annuity benefits. Based on expected future cash flows, discounted at currently offered discount rates for immediate annuity contracts or cash surrender value for single premium deferred annuities.

Financial guarantees. Based on future cash flows, considering expected renewal premiums, claims, refunds and servicing costs, discounted at a market rate.

All other instruments. Based on comparable transactions, market comparables, discounted future cash flows, quoted market prices, and/or estimates of the cost to terminate or otherwise settle obligations to counterparties.

Information about financial instruments that were not carried at fair value at December 31, 1995 and 1994, is shown below.

At December 31 (In millions)	1995 Notional amount	1995 Assets (liabilities) Carrying amount (net)	1995 Estimated fair value High	1995 Estimated fair value Low	1994 Notional amount	1994 Assets (liabilities) Carrying amount (net)	1994 Estimated fair value High	1994 Estimated fair value Low
Assets								
Time sales and loans	$ (a)	$ 57,817	$ 59,188	$ 58,299	$ (a)	$ 48,529	$ 49,496	$ 48,840
Integrated interest rate swaps	1,703	-	(93)	(93)	1,183	-	64	64
Purchased options	1,213	24	11	11	103	2	2	2
Mortgage-related positions								
Mortgage purchase commitments	1,360	-	17	17	205	-	(2)	(2)
Mortgage sale commitments	1,334	-	(11)	(11)	1,792	-	2	2
Memo: mortgages held for sale (b)	(a)	1,663	1,663	1,663	(a)	1,764	1,764	1,764
Options, including "floors"	18,522	67	144	144	-	-	-	-
Interest rate swaps	1,990	-	31	31	950	-	(127)	(127)
Other cash financial instruments	(a)	1,878	2,281	2,019	(a)	1,992	2,160	2,058
Liabilities								
Borrowings and related instruments								
Borrowings (c)(d)	(a)	(107,755)	(109,118)	(109,118)	(a)	(88,891)	(87,515)	(87,515)
Interest rate swaps	42,081	-	(496)	(496)	20,396	-	43	39
Currency swaps	22,342	-	937	937	11,695	-	86	86
Purchased options	2,736	16	(2)	(2)	124	11	12	13
Annuity benefits	(a)	(11,597)	(11,350)	(11,350)	(a)	(12,194)	(11,826)	(11,826)
Insurance -- Financial guarantees and credit life (e)	140,571	(1,505)	(770)	(864)	127,776	(1,517)	(619)	(765)
Credit and liquidity support -- securitizations	6,060	(41)	(48)	(48)	5,808	(22)	(22)	(22)
Performance guarantees -- principally letters of credit	2,622	(48)	(79)	(79)	2,227	(18)	(98)	(101)
Other -- principally liquidity commitments	3,556	1	(36)	(45)	3,166	-	42	38
Other firm commitments								
Currency forwards and options	6,189	-	55	55	3,106	-	12	12
Currency swaps	280	-	(22)	(22)	488	-	(3)	(3)
Ordinary course of business lending commitments	6,929	-	(60)	(60)	6,687	-	(50)	(50)
Unused revolving credit lines								
Commercial	3,223	-	-	-	[illegible],560	-	-	-
Consumer -- principally credit cards	118,710	-	-	-	101,582	-	-	-

(a) Not applicable.
(b) Included in other cash financial instruments.
(c) See note 8.
(d) Includes interest rate and currency swaps.
(e) See note 9.

Additional information about certain financial instruments in the above table follows.

Currency forwards and options are employed by the Corporation to manage exposures to changes in currency exchange rates associated with commercial purchase and sale transactions. These financial instruments generally are used to fix the local currency cost of purchased goods or services or selling prices denominated in currencies other than the functional currency. Currency exposures that result from net investments in affiliates are managed principally by funding assets denominated in local currency with debt denominated in those same currencies. In certain circumstances, net investment exposures are managed using currency forwards and currency swaps.

Options other than currency options. The Corporation is exposed to prepayment risk in certain of its business activities, such as in its mortgage servicing and annuities activities. In order to hedge those exposures, the Corporation uses one-sided financial instruments containing option features. These instruments generally behave based on limits ("caps," "floors" or "collars") on interest rate movement.

Interest rate and currency swaps are used by the Corporation to optimize borrowing costs for a particular funding strategy (see note 8) and to establish specific hedges of mortgage-related assets and to manage net investment exposures. Such swaps are evaluated by management under the credit criteria set forth below. In addition, as part of its ongoing customer activities, the Corporation may enter into swaps that are integrated with investments in or loans to particular customers and do not involve assumption of third-party credit risk. Such integrated swaps are evaluated and monitored like their associated investments or loans, and are not therefore subject to the same credit criteria that would apply to a stand-alone swap.

Counterparty credit risk. Given the ways in which the Corporation uses swaps, purchased options and forwards, the principal risk is credit risk--risk that counterparties will be financially unable to make payments in accordance with the agreements. Associated market risk is meaningful only as it relates to how changes in market value affect credit exposure to individual counterparties. Except as noted above for positions that are integrated into financings, all swaps, purchased options and forwards are carried out within the following credit policy constraints:

- Once a counterparty reaches a credit exposure limit (see table below), no additional transactions are permitted until the exposure with that counterparty is reduced to an amount that is within the established limit. Open contracts remain in force.

Counterparty credit criteria	**Credit rating**	
	Moody's	**Standard & Poor's**
Term of transaction		
Five years or less	Aa3	AA-
Greater than five years	Aaa	AAA
Credit exposure limits		
Up to $50 million	Aa3	AA-
Up to $75 million	Aaa	AAA

- All swaps are executed under master swap agreements containing mutual credit downgrade provisions that provide the ability to require assignment or termination in the event either party is downgraded below A3 or A-.

Because of their lower risk, more credit latitude is permitted for original maturities shorter than one year.

NOTE 20. GEOGRAPHIC SEGMENT INFORMATION

Geographic segment operating data and total assets are as follows:

	Earned income			Operating profit		
(In millions)	1995	1994	1993	1995	1994	1993
United States........	$15,306	$12,832	$11,303	$2,740	$2,327	$1,921
Europe...............	2,729	1,886	1,425	293	203	(8)
Global-including other areas of the world...............	3,144	2,205	1,716	299	284	229
Total..............	$21,179	$16,923	$14,444	$3,332	$2,814	$2,142

	Total assets		
(In millions)	1995	1994	1993
United States........	$121,078	$104,610	$ 97,469
Europe...............	19,895	9,774	6,800
Global-including other areas of the world...............	19,852	16,520	13,670
Total..............	$160,825	$130,904	$117,939

The basis of presentation of geographic segment information was revised in 1995 to reclassify the results of certain business activities within GE Capital that are essentially global in nature to "Global-including other areas of the world." Prior-year amounts have been restated to conform to the current year presentation.

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

Not applicable

PART III

Item 10. ***Directors and Executive Officers of the Registrant.***

Omitted

Item 11. ***Executive Compensation.***

Omitted

Item 12. ***Security Ownership of Certain Beneficial Owners and Management.***

Omitted

Item 13. ***Certain Relationships and Related Transactions.***

Omitted

PART IV

Item 14. ***Exhibits, Financial Statement Schedules, and Reports on Form 8-K.***

(a) 1. Financial Statements

Included in Part II of this report:
- Independent Auditors' Report
- Statement of Current and Retained Earnings for each of the years in the three-year period ended December 31, 1995
- Statement of Financial Position at December 31, 1995 and 1994
- Statement of Cash Flows for each of the years in the three-year period ended December 31, 1995
- Notes to Consolidated Financial Statements

Incorporated by reference:

The consolidated financial statements of General Electric Company, set forth in the Annual Report on Form 10-K of General Electric Company (S.E.C. File No. 001-00035) for the year ended December 31, 1995 (pages F-1 through F-40) and Exhibit 12 (Ratio of Earnings to Fixed Charges) of General Electric Company.

(a) 2. Financial Statement Schedules

I. Condensed financial information of registrant.

All other schedules are omitted because of the absence of conditions under which they are required or because the required information is shown in the financial statements or notes thereto.

(a) 3. **Exhibit Index**

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

Exhibit Number	Description
3(i)	A complete copy of the Organization Certificate of the Corporation as last amended on November 1, 1995 and currently in effect, consisting of the following: (a) the Organization Certificate of the Corporation as in effect immediately prior to the filing of the Certificate of Amendment as of April 21, 1995 (Incorporated by reference to Exhibit 3(i) to the Corporation's Form 10-K Report for the year ended December 31, 1993); (b) a Certificate of Amendment filed in the Office of the Superintendent of Banks of the State of New York (the "Office of the Superintendent") as of April 21, 1995 (Incorporated by reference to Exhibit 4(b) to the Corporation's Registration Statement on Form S-3, File No. 33-58771); (c) a Certificate of Amendment filed in the Office of The Superintendent as of May 11, 1995 (Incorporated by reference to Exhibit 4(c) to the Corporation's Registration Statement on Form S-3, File No. 33-61257); (d) a Certificate of Amendment filed in the Office of the Superintendent as of June 28, 1995 (Incorporated by reference to Exhibit 4(d) to the Corporation's Registration Statement on Form S-3, File No. 33-61257); (e) a Certificate of Amendment filed in the Office of the Superintendent as of July 17, 1995 (Incorporated by reference to Exhibit 4(e) to the Corporation's Registration Statement on Form S-3, File No. 33-61257); and (f) a Certificate of Amendment filed in the Office of the Superintendent as of November 1, 1995.
3(ii)	A complete copy of the By-Laws of the Corporation as last amended on June 30, 1994 and currently in effect. (Incorporated by reference to Exhibit 3(ii) of the Corporation's Form 10-K Report for the year ended December 31, 1994.)
4(iii)	Agreement to furnish to the Securities and Exchange Commission upon request a copy of instruments defining the rights of holders of certain long-term debt of the registrant and all subsidiaries for which consolidated or unconsolidated financial statements are required to be filed.
12(a)	Computation of ratio of earnings to fixed charges.
12(b)	Computation of ratio of earnings to combined fixed charges and preferred stock dividends.
23(ii)	Consent of KPMG Peat Marwick LLP.
24	Power of Attorney.
27	Financial Data Schedule (filed electronically herewith).

Exhibit Number	Description
99(a)	Income Maintenance Agreement dated March 28, 1991 between General Electric Company and the Corporation. (Incorporated by reference to Exhibit 28(a) of the Corporation's Form 10-K Report for the year ended December 31, 1992.)
99(b)	The consolidated financial statements of General Electric Company, set forth in the Annual Report on Form 10-K of General Electric Company (S.E.C. File No. 001-00035) for the year ended December 31, 1995 (pages F-1 through F-40) and Exhibit 12 (Ratio of Earnings to Fixed Charges) of General Electric Company.
99(c)	Letter, dated June 29, 1995, from Dennis D. Dammerman of General Electric Company to Gary C. Wendt of General Electric Capital Corporation pursuant to which General Electric Company agrees to provide additional equity to General Electric Capital Corporation in conjunction with certain redemptions by General Electric Capital Corporation of shares of its Variable Cumulative Preferred Stock. (Incorporated by reference to Exhibit 99(g) to the Corporation's Registration Statement on Form S-3, File No. 33-61257)

(b) **Reports on Form 8-K**

None.

GENERAL ELECTRIC CAPITAL CORPORATION AND CONSOLIDATED AFFILIATES

SCHEDULE I--CONDENSED FINANCIAL INFORMATION OF REGISTRANT

GENERAL ELECTRIC CAPITAL CORPORATION

CONDENSED STATEMENT OF CURRENT AND RETAINED EARNINGS

For the years ended December 31 (In millions)	1995	1994	1993
Earned income	$5,721	$3,980	$3,819
Expenses:			
Interest, net of allocations	3,094	2,635	1,962
Operating and administrative	1,217	1,113	1,340
Provision for losses on financing receivables	206	397	382
Depreciation and amortization	209	157	209
	4,726	4,302	3,893
Earnings (loss) before income taxes and equity in earnings of affiliates	995	(322)	(74)
Income tax (provision) benefit	(291)	54	(72)
Equity in earnings of affiliates	1,557	1,186	1,624
Net earnings	2,261	1,918	1,478
Dividends paid	(1,645)	(605)	(482)
Retained earnings at January 1	8,321	7,008	6,012
Retained earnings at December 31	$8,937	$8,321	$7,008

See Notes to Condensed Financial Statements.

GENERAL ELECTRIC CAPITAL CORPORATION AND CONSOLIDATED AFFILIATES

SCHEDULE I--CONDENSED FINANCIAL INFORMATION OF REGISTRANT--(Continued)

GENERAL ELECTRIC CAPITAL CORPORATION

CONDENSED STATEMENT OF FINANCIAL POSITION

At December 31 (In millions)	1995	1994
ASSETS		
Cash and equivalents	$ 12	$ 145
Investment securities	3,449	3,097
Financing receivables:		
Time sales and loans	25,746	25,525
Investment in financing leases	10,786	10,129
	36,532	35,654
Allowance for losses on financing receivables	(899)	(997)
Financing receivables -- net	35,633	34,657
Investments in and advances to affiliates	69,739	54,883
Equipment on operating leases (at cost), less accumulated amortization of $477 and $258	2,378	1,897
Other assets	3,898	5,597
Total assets	$115,109	$100,276
LIABILITIES AND EQUITY		
Short-term borrowings (including notes payable to affiliates of $553 in 1995)	$ 52,700	$ 50,765
Long-term borrowings (including notes payable to affiliates of $914 in 1994)	42,169	31,769
Other liabilities	3,574	4,898
Deferred income taxes	2,464	2,304
Total liabilities	100,907	89,736
Capital stock	770	769
Additional paid-in capital	4,022	2,172
Retained earnings	8,937	8,321
Unrealized gains (losses) on investment securities	543	(655)
Foreign currency translation adjustments	(70)	(67)
Total equity	14,202	10,540
Total liabilities and equity	$115,109	$100,276

See Notes to Condensed Financial Statements.

GENERAL ELECTRIC CAPITAL CORPORATION AND CONSOLIDATED AFFILIATES

SCHEDULE I – CONDENSED FINANCIAL INFORMATION OF REGISTRANT--(Continued)

GENERAL ELECTRIC CAPITAL CORPORATION

CONDENSED STATEMENT OF CASH FLOWS

For the years ended December 31 (In millions)	1995	1994	1993
CASH FROM OPERATING ACTIVITIES	$ 1,489	$ 1,150	$ 1,117
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in loans to customers	(41,650)	(30,198)	(27,112)
Principal collections from customers	39,664	27,155	27,237
Investment in assets on financing leases	(2,976)	(1,937)	(1,271)
Principal collections on financing leases	1,587	1,701	1,728
Net change in credit card receivables	1,566	(620)	299
Buildings, equipment and equipment on operating leases			
--additions	(810)	(809)	(610)
--dispositions	78	76	365
Payments for principal businesses purchased, net of cash acquired	(3,866)	(817)	(2,090)
Proceeds from principal business dispositions	575	-	-
Change in investment in and advances to affiliates	(11,377)	(859)	(10,296)
Other - net	1,984	(1,236)	1,093
CASH USED FOR INVESTING ACTIVITIES	(15,225)	(7,544)	(10,657)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net change in borrowings (less than 90-day maturities)	(3,544)	(2,970)	3,969
Newly issued debt			
-short-term (91-365 days)	2,545	3,214	4,315
-long-term senior	25,654	16,641	10,188
Proceeds-non-recourse, leveraged lease debt	787	31	-
Repayments and other reductions			
-short-term	(11,710)	(8,823)	(8,636)
-long-term senior	(638)	(912)	(157)
Principal payments - non-recourse, leveraged lease debt	(134)	(132)	(198)
Dividends paid	(961)	(595)	(482)
Contributions to additional paid-in capital	684	-	25
Issuance of preferred stock in excess of par	924	-	-
CASH FROM FINANCING ACTIVITIES	13,603	6,454	9,024
(DECREASE) INCREASE IN CASH AND EQUIVALENTS DURING THE YEAR	(133)	60	(516)
CASH AND EQUIVALENTS AT BEGINNING OF YEAR	145	85	601
CASH AND EQUIVALENTS AT END OF YEAR	$ 12	$ 145	$ 85

See Notes to Condensed Financial Statements

SCHEDULE I - CONDENSED FINANCIAL INFORMATION OF REGISTRANT - (Concluded)

GENERAL ELECTRIC CAPITAL CORPORATION

NOTES TO CONDENSED FINANCIAL STATEMENTS

Summary of Significant Accounting Policies

Certain reclassifications have been made to prior year amounts to conform with 1995 presentation.

Borrowings

Total long-term borrowings at December 31, 1995 and 1994 are shown below.

(Dollars in millions)	Weighted average interest rate (a)	Maturities	1995	1994
Senior notes..................	6.60%	1997-2055	$41,472	$30,158
Subordinated notes (b)........	8.04	2006-2012	697	697
Intercompany..................			-	914
			$42,169	$31,769

(a) Includes the effects of associated interest rate and currency swaps.

(b) Guaranteed by GE Company.

Interest rate and currency swaps are employed to achieve the lowest cost of funds for a particular funding strategy. The Corporation enters into interest rate swaps and currency swaps (including non-U.S. currency and cross-currency interest rate swaps) to modify interest rates and/or currencies of specific debt instruments. For example, to fund U.S. operations, GE Capital may issue fixed-rate debt denominated in a currency other than the U.S. dollar and simultaneously enter into a currency swap to create synthetic fixed-rate U.S. dollar debt with a lower yield than could be achieved directly. Such interest rate and currency swaps have been designated as modifying interest rates, currencies or both. The Corporation does not engage in derivatives trading, market-making or other speculative activities.

The Corporation used a portion of this interest rate swap portfolio to convert interest rate exposure on short-term and floating rate long-term borrowings to interest rates that are fixed over the terms of the related swaps; interest rate basis swaps also are employed to manage short-term financing factors--for example, to convert commercial paper-based interest costs to prime rate-based costs. At December 31, 1995 and 1994, such swaps were outstanding for principal amounts equivalent to $7,955 million and $6,780 million with maturities from 1996 to 2029 and weighted average interest rates of 6.67% and 6.33%, respectively.

At December [illegible] 1995, long-term borrowing maturities during the next five years, including the current portion of long-term notes payable are $13,587 million in 1996, $12,417 million in 1997; $10,137 million in 1998, $4,353 million in 1999, and $3,977 million in 2000.

Interest expense on the Condensed Statement of Current and Retained Earnings is net of interest income on loans and advances to majority owned affiliates of $2,310 million, $1,322 million and $1,335 million for 1995, 1994 and 1993, respectively.

Income Taxes

GE Company files a consolidated U.S. federal income tax return which includes GE Capital. Income tax (provision) benefit includes the effect of the Corporation on the consolidated return.

Exhibit 4 (iii)

March 26, 1996

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Subject: General Electric Capital Corporation Annual Report on Form 10-K for the fiscal year ended December 31, 1995 - File No. 1-6461

Dear Sirs:

Neither General Electric Capital Corporation (the "Corporation") nor any of its subsidiaries has outstanding any instrument with respect to its long-term debt under which the total amount of securities authorized exceeds 10% of the total assets of the registrant and its subsidiaries on a consolidated basis. In accordance with paragraph (b) (4) (iii) of Item 601 of Regulation S-K (17 CFR §229.601), the Corporation hereby agrees to furnish to the Securities and Exchange Commission, upon request, a copy of each instrument which defines the rights of holders of such long-term debt.

Very truly yours,

GENERAL ELECTRIC CAPITAL CORPORATION

By: /s/ J. A. Parke

J. A. Parke,
Senior Vice President, Finance

Exhibit 12 (a)

GENERAL ELECTRIC CAPITAL CORPORATION
AND CONSOLIDATED AFFILIATES

Computation of Ratio of Earnings to Fixed Charges

(Dollar amounts in millions)	Years ended December 31, 1995	1994	1993	1992	1991
Net earnings	$ 2,261	$ 1,918	$ 1,478	$ 1,251	$ 1,125
Provision for income taxes	1,071	896	664	415	362
Minority interest	81	109	114	14	(7)
Earnings before income taxes and minority interest	3,413	2,923	2,256	1,680	1,480
Fixed charges:					
Interest	6,520	4,464	3,503	3,713	4,280
One- hird of rentals	170	153	138	90	34
Total fixed charges	6,690	4,617	3,641	3,803	4,314
Less interest capitalized, net of amortization	21	9	4	6	7
Earnings before income taxes and minority interest plus fixed charges	$10,082	$ 7,531	$ 5,893	$ 5,477	$ 5,787
Ratio of earnings to fixed charges	1.51	1.63	1.62	1.44	1.34

GENERAL ELECTRIC CAPITAL CORPORATION
AND CONSOLIDATED AFFILIATES

Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends

	Years ended December 31,				
(Dollar amounts in millions)	1995	1994	1993	1992	1991
Net earnings	$ 2,261	$ 1,918	$ 1,478	$ 1,251	$ 1,125
Provision for income taxes	1,071	896	664	415	362
Minority interest	81	109	114	14	(7)
Earnings before income taxes and minority interest	3,413	2,923	2,256	1,680	1,480
Fixed charges:					
Interest	6,520	4,464	3,503	3,713	4,280
One-third of rentals	170	153	138	90	34
Total fixed charges	6,690	4,617	3,641	3,803	4,314
Less interest capitalized, net of amortization	21	9	4	6	7
Earnings before income taxes and minority interest plus fixed charges	$10,082	$ 7,531	$ 5,893	$ 5,477	$ 5,787
Preferred stock dividend requirements	$ 57	$ 30	$ 22	$ 26	$ 41
Ratio of earnings before provision for income taxes to net earnings	1.47	1.47	1.45	1.34	1.32
Preferred stock dividend factor on pre-tax basis	84	44	32	35	54
Fixed charges	6,690	4,617	3,641	3,803	4,314
Total fixed charges and preferred stock dividend requirements	$ 6,774	$ 4,661	$ 3,673	$ 3,838	$ 4,368
Ratio of earnings to combined fixed charges and preferred stock dividends	1.49	1.62	1.60	1.43	1.32

Exhibit 23 (ii)

To the Board of Directors
General Electric Capital Corporation

We consent to incorporation by reference in the Registration Statements (Nos. 33-36601, 33-39596, 33-43420, 33-51793 and 33-60723) on Form S-3 of General Electric Capital Corporation of our report dated February 9, 1996 relating to the statement of financial position of General Electric Capital Corporation and consolidated affiliates as of December 31, 1995 and 1994 and the related statements of current and retained earnings and cash flows for each of the years in the three-year period ended December 31, 1995, and the related schedule which report appears in the December 31, 1995 annual report on Form 10-K of General Electric Capital Corporation.

/s/ KPMG Peat Marwick LLP

Stamford, Connecticut
March 28, 1996

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned, being directors and/or officers of General Electric Capital Corporation, a New York corporation (the "Corporation"), hereby constitutes and appoints Gary C. Wendt, James A. Parke, Joan C. Amble and Nancy E. Barton, and each of them, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead in any and all capacities, to sign one or more Annual Reports for the Corporation's fiscal year ended December 31, 1995, on Form 10-K under the Securities Exchange Act of 1934, as amended, or such other form as such attorney-in-fact may deem necessary or desirable, any amendments thereto, and all additional amendments thereto in such form as they or any one of them may approve, and to file the same with all exhibits thereto and other documents in connection therewith with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done to the end that such Annual Report or Annual Reports shall comply with the Securities Exchange Act of 1934, as amended, and the applicable Rules and Regulations of the Securities and Exchange Commission adopted or issued pursuant thereto, as fully and to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them or their or his substitute or resubstitute, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, each of the undersigned has hereunto set his hand this 26th day of March, 1996.

/s/ Gary C. Wendt

Gary C. Wendt,
Chairman of the Board
and Chief Executive Officer
(Principal Executive Officer)

/s/ James A. Parke

James A. Parke,
Director and Senior Vice
President, Finance
(Principal Financial Officer)

/s/ Joan C. Amble

Joan C. Amble,
Vice President and Controller
(Principal Accounting Officer)

(Page 1 of 2)

/s/ Nigel D. T. Andrews

Nigel D. T. Andrews,
Director

/s/ Nancy E. Barton

Nancy E. Barton,
Director

/s/ James R. Bunt

James R. Bunt,
Director

/s/ Dennis D. Dammerman

Dennis D. Dammerman,
Director

Paolo Fresco,
Director

Dale F. Frey,
Director

Benjamin W. Heineman, Jr.,
Director

Hugh J. Murphy,
Director

/s/ Denis J. Nayden

Denis J. Nayden,
Director

/s/ Michael A. Neal

Michael A. Neal,
Director

John M. Samuels,
Director

/s/ Edward D. Stewart

Edward D. Stewart,
Director

/s/ John F. Welch, Jr.

John F. Welch, Jr.,
Director

A MAJORITY OF THE BOARD OF DIRECTORS

(Page 2 of 2)

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GENERAL ELECTRIC CAPITAL CORPORATION

March 26, 1996

By: /s/ Gary C. Wendt

(Gary C. Wendt)
Chairman of the Board
and Chief Executive Officer

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

Signature	Title	Date
/s/ Gary C. Wendt (Gary C. Wendt)	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	March 26, 1996
/s/ James A. Parke (James A. Parke)	Director and Senior Vice President, Finance (Principal Financial Officer)	March 26, 1996
/s/ Joan C. Amble (Joan C. Amble)	Vice President and Controller (Principal Accounting Officer)	March 26, 1996
NIGEL D. T. ANDREWS*	Director	
NANCY E. BARTON*	Director	
JAMES R. BUNT*	Director	
DENNIS D. DAMMERMAN*	Director	
DENIS J. NAYDEN*	Director	
MICHAEL A. NEAL*	Director	
EDWARD D. STEWART*	Director	
JOHN F. WELCH, JR.*	Director	

A MAJORITY OF THE BOARD OF DIRECTORS

*BY: /s/ Joan C. Amble — March 26, 1996

(Joan C. Amble)
Attorney-in-fact

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

FORM 10-K

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [FEE REQUIRED]**

For the fiscal year ended December 31, 1995

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]**

For the transition period from ______ to ______

Commission file number 0-14804

General Electric Capital Services, Inc.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)		**06-1109503** (I.R.S. Employer Identification No.)
260 Long Ridge Road, Stamford, Connecticut (Address of principal executive offices)	**06927** (Zip Code)	**(203) 357-4000** (Registrant's telephone number, including area code)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of each class	Name of each exchange on which registered
7[illegible]% Guaranteed Subordinated Notes Due August 21, 2035	New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:

Title of each class

Common Stock, par value $10,000 per share

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

Aggregate market value of the voting stock held by nonaffiliates of the registrant at March 25, 1996. None.

At March 25, 1996, 101 shares of common stock with a par value of $10,000 were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

The consolidated financial statements of General Electric Company, set forth in the Annual Report on Form 10-K of General Electric Company for the year ended December 31, 1995 are incorporated by reference into Part IV hereof.

Item 1. Business- Property and Casualty Reserves for Unpaid Losses and Loss Adjustment Expenses, set forth in the Annual Report on Form 10-K of GE Global Insurance Holding Corporation for the year ended December 31, 1995 is incorporated by reference into Part I hereof.

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

TABLE OF CONTENTS

Item 1. *Business.*

GENERAL ELECTRIC CAPITAL SERVICES, INC.

General Electric Capital Services, Inc. (herein, together with its consolidated affiliates, called "GE Capital Services", "the Corporation" or "GECS" unless the context otherwise requires) was incorporated in 1984 in the State of Delaware. Until February 1993, the name of the Corporation was General Electric Financial Services, Inc. All outstanding common stock of GE Capital Services is owned by General Electric Company, a New York corporation ("GE Company"). The business of GE Capital Services consists of ownership of two principal subsidiaries which, together with their affiliates, constitute GE Company's principal financial services businesses. GE Capital Services is the sole owner of the common stock of General Electric Capital Corporation ("GE Capital" or "GECC") and GE Global Insurance Holding Corporation ("GE Global Insurance" or "GIH").

In November 1994, the Corporation elected to terminate the operations of Kidder, Peabody Group Inc. ("Kidder, Peabody") by initiating an orderly liquidation of its assets and liabilities. As part of the liquidation plan, the Corporation received securities of Paine Webber Group Inc. in exchange for certain broker-dealer assets and operations. Principal activities that were discontinued include securities underwriting, sales and trading of equity and fixed income securities, financial futures activities, advisory services for mergers, acquisitions, and other corporate finance matters, research services and asset management. Kidder, Peabody has been classified as a discontinued operation in the financial statements and supplementary data in Item 8 of this Form 10-K.

GE Capital Services' principal executive offices are located at 260 Long Ridge Road, Stamford, Connecticut 06927 (Telephone number (203) 357-4000).

GENERAL ELECTRIC CAPITAL CORPORATION

GE Capital was incorporated in 1943 in the State of New York under the provisions of the New York Banking Law relating to investment companies, as successor to General Electric Contracts Corporation, which was formed in 1932. The capital stock of GE Capital was contributed to GE Capital Services by GE Company in June 1984. Until November 1987, the name of the corporation was General Electric Credit Corporation. The business of GE Capital originally related principally to financing the distribution and sale of consumer and other products of GE Company. Currently, however, the types and brands of products financed and the financial services offered are significantly more diversified. Very little of the financing provided by GE Capital involves products that are manufactured by GE Company.

GE Capital operates in four financing industry segments and in a specialty insurance industry segment. GE Capital's financing activities include a full range of leasing, lending, equipment management services and annuities. GE Capital's specialty insurance activities include providing financial guaranty insurance, principally on municipal bonds and structured finance issues, private mortgage insurance and creditor insurance covering international customer loan repayments. GE Capital is an equity investor in a retail organization and certain other service and financial services organizations. GE Capital's operations are subject to a variety of regulations in their respective jurisdictions.

Services of GE Capital are offered primarily throughout the United States, Canada, Europe and the Pacific rim. GE Capital's principal executive offices are located at 260 Long Ridge Road, Stamford, Connecticut 06927. At December 31, 1995, GE Capital and affiliates employed approximately 37,000 persons.

GE GLOBAL INSURANCE HOLDING CORPORATION

GE Global Insurance, together with its affiliates, writes all lines of reinsurance other than title and annuities. Employers Reinsurance Corporation ("ERC"), GE Global Insurance's principal U.S. affiliate, reinsures property and casualty risks written by more than 1,000 insurers around the world, and also writes certain specialty lines of insurance on a direct basis, principally excess workers' compensation for self-insurers, errors and omissions coverage for insurance and real estate agents and brokers, excess indemnity for self-insurers of medical benefits, and libel and allied torts. Other U.S. property and casualty affiliates write excess and surplus lines insurance, and provide reinsurance brokerage services. GE Global Insurance also is engaged in the reinsurance of traditional life insurance products, including term, whole and universal life, annuities, group long term health products and the provision of financial reinsurance to life insurers.

In July 1995, GE Global Insurance, through its ERC affiliate, acquired a majority of two German reinsurance businesses, Frankona Reinsurance Group in Munich, Germany, and Aachen Reinsurance Group located in Aachen, Germany. These businesses together with other ERC affiliates located in Denmark and the United Kingdom write property and casualty and life reinsurance, principally in Europe and elsewhere throughout the world.

In December 1994, certain life and property and casualty affiliates of GE Capital were transferred to ERC. These affiliates had been managed by ERC since 1986.

Insurance and reinsurance operations are subject to regulation by various insurance regulatory agencies.

GE Global Insurance and its affiliates conduct business through 14 U.S. offices and 16 non-U.S. offices. GE Global Insurance and certain U.S. subsidiaries are licensed in all of the United States, the District of Columbia and certain provinces of Canada and write property and casualty reinsurance on a direct basis and through brokers. The principal offices of GE Global Insurance are located at 5200 Metcalf Avenue, Overland Park, Kansas 66201. At December 31, 1995, GE Global Insurance and affiliates employed approximately 2,200 persons.

Item 1. Business - Property and Casualty Reserves for Unpaid Losses and Loss Adjustment Expenses, set forth in the Annual Report on Form 10-K of GE Global Insurance Holding Corporation for the year ended December 31, 1995 is incorporated by reference hereto.

INDUSTRY SEGMENTS

The Corporation provides a wide variety of financing, asset management, and insurance products and services which are organized into the following industry segments:

- *Consumer Services*--private-label and bank credit card loans, personal loans, time sales and revolving credit and inventory financing for retail merchants, auto leasing and inventory financing, mortgage servicing and annuity and mutual fund sales.

- *Specialized Financing*--loans and financing leases for major capital assets, including industrial facilities and equipment, and energy-related facilities; commercial and residential real estate loans and investments; and loans to and investments in management buy-outs, including those with high leverage, and corporate recapitalizations.

- *Equipment Management*--leases, loans and asset management services for portfolios of commercial and transportation equipment including aircraft, trailers, auto fleets, modular space units, railroad rolling stock, data processing equipment, ocean-going containers and satellites.

- *Mid-Market Financing*--loans and leases for middle-market customers including manufacturers, distributors and end users, of a variety of commercial equipment, including data processing equipment, medical and diagnostic equipment, and equipment used in construction, manufacturing, office applications and telecommunications activities.

- *Specialty Insurance*--U.S. and international multiple-line property and casualty reinsurance, certain directly written specialty insurance and life reinsurance; financial guaranty insurance, principally on municipal bonds and structured finance issues; private mortgage insurance; and creditor insurance covering international customer loan repayments.

Refer to Item 7, "Management's Discussion and Analysis of Results of Operations," in this Form 10-K for discussion of the Corporation's Portfolio Quality. A description of GECS principal businesses by industry segment follows:

CONSUMER SERVICES

GNA

GNA writes and markets tax-deferred, structured and immediate annuities, traditional and universal life insurance, accident and health insurance including long-term care insurance and sells proprietary and third party mutual funds through independent and captive agents and financial institutions. In 1995, GNA acquired AMEX Life Assurance Company's long-term care insurance business, as well as its long-term disability, corporate owned life insurance and accidental death insurance businesses.

GNA is headquartered in Seattle, Washington.

Auto Financial Services

Auto Financial Services ("AFS") is a full service provider of automobile financing for automobile dealers, manufacturers and their customers in North America, Europe and Asia.

In the United States, AFS is the leading independent auto lessor and provides leasing products for new automobiles and the growing used automobile leasing market. During 1995, AFS entered the sub-prime loan financing market through the start-up of a new business, Customized Auto Credit Services. AFS provides the private label financing for American Isuzu Motors, Inc. and is a joint venture partner with Volvo of North America. In addition, AFS provides inventory financing programs and direct loans to segments of the automotive industry, including dealers, rental car companies and leasing companies.

In 1995, AFS expanded its European presence through acquisitions of Credit de l'Est and Sovac SA in France, and Filea S.p.A in Italy. Other European businesses include Mercurbank (Austria), GE Capital Motor Finance (United Kingdom), Finanzia (Spain) and Skandic-Bilfinans (Sweden).

AFS is active in the Asian automotive market through equity investments in ASTRA Sedaya Finance (Indonesia), Taiwan Acceptance Corporation, United Merchants Finance Private Ltd. (Singapore), United Motor Works (Malaysia), GS Capital Corporation (Thailand) and through majority ownership (80%) of Australian Guarantee Limited (Taiwan). In 1995, AFS acquired 100% of United Merchants Finance Ltd. (Hong Kong) and continues to provide financing under the name GE Capital Finance Ltd.

AFS is headquartered in Barrington, Illinois.

Retailer Financial Services

Retailer Financial Services ("RFS") provides sales financing services to distribution chains for various consumer industries. Financing plans differ considerably by client, but fall into two major categories: customized private-label credit card programs with retailers and inventory financing programs with manufacturers, distributors and retailers.

RFS purchases consumer receivables from retailers, primarily in the United States and Canada, most of whom sell a variety of products of various manufacturers on a time sales basis. The terms for these financing plans differ according to the size of contract and credit standing of the customer. Maximum maturities ordinarily do not exceed 40 months. RFS generally maintains a security interest in the merchandise financed. Financing is provided to consumers under contractual arrangements both with and without recourse to retailers. RFS' wide range of financial services includes application processing, sales authorization, statement billings, customer services and collection services.

RFS provides inventory financing for retailers primarily in the appliance and consumer electronics industries. RFS maintains a security interest in the inventory and, as part of the agreement, retailers are required to provide insurance coverage for the merchandise financed.

GE Capital Credit Services ("GECCS") is a services venture which provides statement printing, mailing, remittance processing, credit card embossing, and specialized collections services to over 75 million accounts. GECCS offers services to the banking, utilities, telecommunications, insurance and transportation industries.

RFS is headquartered in Stamford, Connecticut.

Global Consumer Finance

Global Consumer Finance ("GCF") is a leading provider of credit services to non-U.S. retailers and consumers. GCF provides private label credit cards and proprietary credit services to retailers in Europe and Asia, as well as offering a variety of direct-to-the-consumer credit programs such as consumer loans, bankcards and credit insurance.

GCF provides financing to consumers in the United Kingdom under contractual arrangements with retailers. GCF's wide range of proprietary financial services includes private label credit cards, credit promotion and accounting services, billing (in the store's name) and customer credit and collection services. Similar services are provided through GCF operations in Japan, Scandinavia, Austria and Thailand and joint ventures in Spain, Indonesia and India. GCF also provides consumers with MasterCard® products.

During 1995, GCF acquired operations that provide credit card services and consumer loans in Germany, Australia and Poland. Service Bank provides financial services to German consumers through its branch offices located inside Metro Group stores. With the acquisition of the credit card operations of Coles Myer Ltd., GCF entered the Australian private label retail credit market. GCF entered the Eastern European financial services markets through its purchase of Solidarnosc Chase D.T. Bank in Poland.

GCF is headquartered in Stamford, Connecticut.

Mortgage Servicing

GE Capital Mortgage Services, Inc. ("GECMSI"), wholly owned by GE Capital Mortgage Corporation ("GECMC"), is engaged in the business of servicing residential mortgage loans collateralized by one-to-four-family homes located throughout the United States. GECMSI obtains servicing through the purchase of mortgage loans and servicing rights, and packages the loans it purchases into mortgage-backed securities which it sells to investors. GECMSI also originates and services home equity loans.

GECMSI is headquartered in Cherry Hill, New Jersey.

Consumer Financial Services

Consumer Financial Services ("CFS") issues and services MasterCard® and Visa® products originated through direct mail campaigns, private-label credit card conversions, telemarketing and point-of-sale applications. CFS also issues and services the GE Capital Corporate Card, providing payment and information systems to help medium and large-size companies reduce travel costs, and the GE Capital Purchasing Card, which helps companies streamline purchasing and accounts payable processes.

CFS originates, acquires and services home equity loans and lines of credit, and services HUD-insured home improvement loans.

In addition to its headquarters in Mason, Ohio, CFS also has offices in Connecticut, New Jersey, Ohio and Utah.

SPECIALIZED FINANCING

Commercial Real Estate

Commercial Real Estate Financing and Services ("CRE") provides funds for the acquisition, refinancing and renovation of a wide range of commercial and residential properties located throughout the United States, and, to a lesser extent, in Canada, Mexico and Europe. CRE also provides asset management services to real estate investors and selected services to real estate owners.

Lending is a major portion of CRE's business in the form of intermediate-term senior or subordinated fixed and floating-rate loans secured by existing income-producing commercial properties such as office buildings, rental apartments, shopping centers, industrial buildings, mobile home parks, hotels and warehouses. Loans range in amount from single-property mortgages typically greater than $5 million to multi-property portfolios of several hundred million dollars. Approximately 90% of all loans are senior mortgages.

During 1995, CRE continued to broaden its investment base by buying or providing restructuring financing for portfolios of real estate, mortgage loans, limited partnerships, and tax-exempt bonds.

CRE also offers a variety of real estate management services to outside investors, institutions, corporations, investment banks, and others through its GE Capital Realty Group subsidiary. Services include acquisitions and dispositions, strategic asset positioning, asset restructuring, facilities management and loan servicing. CRE, through its GE Capital-ResCom venture, also offers owners of multi-family housing ways to reduce costs and enhance value in properties by offering buying services (e.g. lighting, appliances) and bundled telecommunications and video services.

CRE has offices located throughout the United States, as well as offices in Canada, Mexico, Singapore, Sweden, and throughout the United Kingdom, in addition to its headquarters in Stamford, Connecticut.

Global Project and Structured Finance

Global Project and Structured Finance ("GPSF") provides financing for major capital investments in the energy, industrial and infrastructure sectors, historically concentrating in the United States market but more recently conducting business in Asia, Latin America and Europe. At year-end 1995, GPSF's portfolio included investments in energy-related facilities, industrial facilities and equipment, infrastructure projects, telecommunications equipment, railcars and marine vessels.

At December 31, 1995, GPSF's portfolio consisted of finance leases (both direct financing and leveraged leases), operating leases, loans (both senior and subordinated) and equity investments (including collateralized, sinking fund and adjustable rate preferred stock, joint ventures, and partnerships). The portfolio is generally secured by liens on the financial assets, preferred mortgages, assignments of earnings, insurance, guarantees, and rights to cash flow streams.

GPSF provides syndication and private placement services for GE Capital and GE Company transactions. When such services are performed, GPSF typically retains a portion of the transaction and places the remainder with one or more other financial institutions.

In addition to its Stamford, Connecticut headquarters, GPSF has offices in Mexico, the United Kingdom, Singapore, Hong Kong, China and India.

Commercial Finance

Commercial Finance ("CF") provides revolving and term debt financing for working capital and capital expansion. The portfolio is diversified with approximately 140 accounts dispersed throughout the United States and, to a lesser degree, Canada and Europe. Loans range in amount from $5 million to several hundred million dollars, and represent investments in the cable television/media, retail, healthcare, manufacturing and food and beverage industries. CF is active in the loan syndication market, selling and occasionally purchasing participations in leveraged transactions.

CF has offices throughout the United States including its headquarters in Stamford, Connecticut and plans to open its European office in the United Kingdom.

Equity Capital Group

Equity Capital Group ("ECG") purchases equity investments, primarily convertible preferred and common stock investments including, in some cases, stock warrants convertible into equity ownership. ECG's primary objective is to realize long-term capital appreciation. Investments include the retail, financial services, healthcare, food and beverage, cable and broadcasting industries.

The portfolio is geographically diversified with customers located throughout the United States, as well as in Canada and Europe.

ECG is headquartered in Stamford, Connecticut.

EQUIPMENT MANAGEMENT

Aviation Services

GE Capital Aviation Services ("GECAS") is a global commercial aviation financial services business that offers a broad range of financial products to airlines and aircraft operators, aircraft owners, lenders and investors. Financial products include financing leases, operating leases tax-advantaged and other incentive-based financing. GECAS also provides asset management, marketing, and technical support services to aircraft owners, lenders and investors.

At December 31, 1995, the GECAS fleet comprised 890 owned and managed aircraft on lease to 157 customers in 54 countries.

GECAS has offices in California, Ireland and a number of other locations worldwide including Great Britain, China, Hong Kong and Singapore and is headquartered in Stamford, Connecticut.

Fleet Services

GE Capital Fleet Services ("GECFS") is the leading corporate fleet management company in North America and Europe with 750,000 cars, trucks and specialty vehicles under lease and service management. GECFS offers finance and operating leases to several thousand customers with an average lease term of 33 months. The primary product in North America is a Terminal Rental Adjustment Clause (TRAC) lease through which the customer assumes the residual risk--that is, risk that the book value will be greater than market value at lease termination. In Europe, the primary product is a closed-end lease in which GECFS assumes residual risk. In addition to the services directly associated with the lease, GECFS offers fleet management services designed to reduce customers' total fleet management costs. These services include, among others, maintenance management programs, accident services, national account purchasing programs, fuel programs, title and licensing services and safety programs. GECFS' customer base is diversified with respect to industry and geography and includes many Fortune 500 companies.

During 1995, GECFS added 13,000 vehicles to its European fleet, which now totals 175,000 vehicles, with the purchase of Leasecontracts, plc in the United Kingdom.

GECFS' headquarters are located in Eden Prairie, Minnesota.

Genstar Container

Genstar Container Corporation ("Genstar") is the world's largest lessor of intermodal shipping containers. Genstar maintains a fleet of over 1,300,000 TEU ("twenty-foot equivalent units") of dry-cargo, refrigerated and specialized containers for global intermodal cargo transport. Lessees are primarily shipping lines which lease on a long-term or master lease basis.

Genstar is headquartered in San Francisco, California.

Transport International Pool

Transport International Pool ("TIP") is the leading trailer specialist offering diverse trailer programs and associated services. TIP's fleet of over [illegible],000 dry freight, refrigerated and double vans, flatbeds and specialized trailers is available for rent, lease or purchase at over 180 locations in the United States, Canada, Mexico and Europe. TIP also finances new and used trailers, buys trailer fleets, and structures sale-leaseback transactions. TIP's customer base comprises trucking companies, manufacturers and retailers worldwide.

TIP is headquartered in Devon, Pennsylvania.

Railcar Services

General Electric Railcar Services Corporation ("GERSCO") has a fleet of approximately 140,000 railcars leased to others in North America, principally under operating leases. Railcar maintenance and repair services are provided by General Electric Railcar Repair Services Corporation, a wholly-owned affiliate of GERSCO, at its 15 repair centers in the United States and Canada.

GERSCO is headquartered in Chicago, Illinois.

Technology Management Services

GE Capital Technology Management Services ("GE Capital TMS"), is a leader in providing a broad spectrum of services that enable customers to utilize information technology more efficiently by combining consulting, services and financing options to help businesses plan, acquire, manage and refresh technology assets. These services and financing options include, among others, acquisition, leasing, rental, installation, help desk network services, audio visual rental and show services, and test equipment rental, repair and calibration services.

During 1995, GE Capital TMS assumed responsibility for GE Capital's Commercial Processing Service Center, an information technology data center and outsourcing provider, and established the Network and Asset Management business unit, enhancing GE Capital TMS' information technology help desk and network service capabilities. Also in 1995, GE Capital TMS acquired Andersen Consulting's OM/NI Solution Center as part of an alliance formed between GE Capital TMS and Andersen Consulting designed to promote full service information technology.

GE Capital TMS is headquartered in Norcross, Georgia, and has other principal locations in Canada and California.

Satellite Telecommunications Services

GE American Communications ("GE Americom") is a leading satellite service supplier to a diverse array of customers, including the broadcast and cable TV industries, broadcast radio, business information and integrated communications services for government and commercial customers. GE Americom operates 13 communications satellites and maintains a supporting network of earth stations, central terminal offices, and telemetry, tracking and control facilities. GE Americom's GE Capital Spacenet Services business offers a full range of one-way and two-way Very Small Aperture Terminal (VSAT) network products and services.

GE Americom is headquartered in Princeton, New Jersey.

Modular Space

GE Capital Modular Space ("GECMS") maintains a fleet of approximately 68,000 non-residential relocatable modular structures for rental, lease and sale from over 100 facilities in North America and Europe. Markets served include construction, education, healthcare, financial, commercial, institutional and government. GECMS' operating leases average 12-18 months.

During 1995, GECMS acquired the fleet assets of HOB Units, N.V. in Europe and Elder Equipment Leasing, Inc. in the U.S.

GECMS is headquartered in Malvern, Pennsylvania.

MID-MARKET FINANCING

Commercial Equipment Financing

Commercial Equipment Financing ("CEF") offers a broad line of financial products including leases, loans and municipal financing to middle-market customers including manufacturers, distributors, dealers and end-users. Products are designed to meet customers' financing needs and are either held for CEF's own account or brokered to third parties.

Generally, transactions range in size from $50 thousand to $50 million, with financing terms from 36 to 120 months. CEF also maintains an asset management operation that both redeploys off-lease equipment and monitors asset values.

The portfolio includes loans and leases for vehicles, manufacturing equipment, corporate aircraft, construction equipment, medical diagnostic equipment, office equipment, telecommunications equipment and electronics.

CEF operates from offices throughout the United States, Puerto Rico, Canada, Mexico, Europe, India and Asia and through joint ventures in Indonesia and China. CEF is headquartered in Danbury, Connecticut.

Vendor Financial Services

Vendor Financial Services ("VFS") provides captive financing services to over 75 equipment manufacturers in 22 countries and 3,500 distributors and dealers in seven countries. Customers include telecommunications, information technology, healthcare, manufacturing and office equipment businesses. Financing programs are tailored to meet the individual needs of each manufacturer and distributor and include sales force training, marketing support and customized financing products. Funding, billing, collections and other related services are provided by several highly automated service operations around the world. VFS' typical transaction size ranges from $2,000 to $150,000, with typical terms between 36 to 60 months. Security interests are generally maintained in the assets being financed.

During 1995, VFS acquired Pallas Leasing Group located in the United Kingdom. Pallas provides financing services to leading manufacturers, dealers and distributors in the telecommunications, information technology and office equipment industries.

Sales offices are located worldwide at sites that include the United States, Canada, the United Kingdom, Spain, Sweden, Mexico, France, Hong Kong, India and elsewhere in Asia. VFS is headquartered in Danbury, Connecticut.

GE Capital Hawaii

GE Capital Hawaii Inc. ("GECH") operates in the state of Hawaii and territory of Guam. Through a network of 10 branch offices, GECH offers commercial and residential real estate loans, auto and equipment leasing, inventory financing and equity lines of credit.

GECH is headquartered in Honolulu, Hawaii.

SPECIALTY INSURANCE

In addition to GE Global Insurance Holding Corporation (discussed above), GECS' principal specialty insurance businesses are as follows.

Financial Guaranty Insurance

FGIC Corporation ("FGIC"), through its wholly-owned subsidiary Financial Guaranty Insurance Company ("Financial Guaranty"), is an insurer of municipal bonds, including new issues and bonds traded in the secondary market and bonds held in unit investment trusts and mutual funds. Financial Guaranty also guarantees certain structured debt issues in the taxable market. The guaranteed principal, after reinsurance, amounted to approximately $99 billion at December 31, 1995. Approximately 87% of the business written to date by Financial Guaranty has been municipal bond insurance.

Companies affiliated with Financial Guaranty offer a variety of other services to state and local governments and agencies. These affiliates provide liquidity facilities in variable-rate transactions, municipal investment products and cash management services.

FGIC is headquartered in New York, New York.

Mortgage Insurance

GE Capital Mortgage Insurance is engaged principally in providing residential mortgage guaranty insurance. Operating in 25 field locations, GE Capital Mortgage Insurance is licensed in 50 states and the District of Columbia and, at December 31, 1995, was the primary insurance carrier for over 1,305,000 residential homes, with total insurance in force aggregating approximately $160 billion and total risk in force aggregating approximately $33 billion. When a claim is received, GE Capital Mortgage Insurance proceeds by either paying a guaranteed percentage based on the specified coverage, or paying the mortgage and delinquent interest, taking title to the property and arranging for its sale. In 1995, GE Capital Mortgage Insurance also began providing mortgage guaranty insurance in the United Kingdom and Canada.

GE Capital Mortgage Insurance is headquartered in Raleigh, North Carolina.

Creditor Insurance

Consolidated Financial Insurance ("CFI"), headquartered in Brentford, Middlesex, England, provides creditor insurance in the European Union. The insurance, which covers loan repayments, is sold through banks, building societies and other lenders to retail borrowers.

Insurance Services

Heritage Insurance Group primarily comprises a California property and casualty company and an Arizona life insurance company. Heritage is licensed to offer life, accident and health and property coverage in the District of Columbia and all states except New York. Viking Insurance Company, based in Bermuda, provides life, property and casualty reinsurance coverage. Other GE Capital Insurance Services' operations market and distribute insurance-related products through direct brokerage and agent networks.

Insurance Services is headquartered in Stamford, Connecticut.

REGULATIONS AND COMPETITION

The Corporation's activities are subject to a variety of federal and state regulations including, at the federal level, the Consumer Credit Protection Act, the Equal Credit Opportunity Act and certain regulations issued by the Federal Trade Commission. A majority of states have ceilings on rates chargeable to customers in retail time sales transactions, installment loans and revolving credit financing. Common carrier services of GE Americom are subject to regulation by the Federal Communications Commission. Insurance and reinsurance operations are subject to regulation by various state insurance commissions or foreign regulatory authorities, as applicable. The Corporation's international operations are subject to regulation in their respective jurisdictions. To date such regulations have not had a material adverse effect on the Corporation's volume of financing operations or profitability.

The Corporation's charges for providing financing services are changed from time to time either on a general basis or for specific types of financing when warranted in light of competition or interest and other costs. The businesses in which the Corporation engages are highly competitive. The Corporation is subject to competition from various types of financial institutions, including banks, thrifts, investment banks, credit unions, leasing companies, consumer loan companies, independent finance companies, finance companies associated with manufacturers and reinsurance companies.

Item 2. *Properties.*

GE Capital Services and its subsidiaries conduct their businesses from various facilities, most of which are leased.

Item 3. *Legal Proceedings.*

The following is not material to the Corporation but is provided for informational purposes. As previously reported, following GE Company's announcement on April 17, 1994, of a $210 million charge to net earnings based upon its discovery of false trading profits at its indirect subsidiary, Kidder, Peabody & Co., Incorporated ("Kidder"), the United States Securities and Exchange Commission ("SEC"), the United States Attorney for the Southern District of New York, and the New York Stock Exchange initiated investigations relating to the false trading profits. On January 9, 1996, the SEC initiated administrative enforcement proceedings against the former head of Kidder's government securities trading desk, Joseph Jett, alleging that he engaged in securities fraud and other violations and against two of his former supervisors for failure to supervise. Also, two civil suits purportedly brought on behalf of GE Company as shareholder derivative actions were filed in New York State Supreme Court in New York County. Both suits claim that GE Company's directors breached their fiduciary duties to GE Company by failing to adequately supervise and control the Kidder employee responsible for the irregular trading. One suit, claiming damages of over $350 million, was filed on May 10, 1994, by the Teachers' Retirement System of Louisiana against GE Company, its directors (other than Messrs. Dammerman, Opie and Penske), Kidder, its parent, Kidder, Peabody Group Inc., and certain of Kidder's former officers and directors. The other suit was filed on June 3, 1994, by William Schrank and others against GE Company's directors claiming unspecified damages and other relief. On May 19, 1995, GE Company and the director defendants moved to dismiss the amended consolidated complaint for failure to make a pre-litigation demand, among other reasons. In addition, various shareholders of GE Company have filed two purported class action suits claiming that GE Company and Kidder, and certain of Kidder's former officers and employees, allegedly violated federal securities laws by issuing statements concerning GE Company's financial condition that included the false trading profits at Kidder, and seeking compensatory damages for shareholders who purchased GE Company's stock beginning as early as January 1993. The defendants filed motions to dismiss these purported class action suits. On October 4, 1995, the court dismissed the complaint against GE Company, but denied the motion to dismiss the complaint against Kidder. On November 3, 1995, the plaintiffs in the case against GE Company appealed the trial court's dismissal of their complaint to the Second Circuit Court of Appeals.

Item 4. *Submission of Matters to a Vote of Security Holders.*

Omitted

PART II

Item 5. *Market for the Registrant's Common Equity and Related Stockholder Matters.*

See note 12 to the consolidated financial statements. The common stock of the Corporation is owned entirely by GE Company and, therefore, there is no trading market in such stock.

Item 6. *Selected Financial Data.*

The following selected financial data should be read in conjunction with the financial statements of GE Capital Services and consolidated affiliates and the related Notes to Consolidated Financial Statements.

	Year ended December 31,				
(Dollar amounts in millions)	1995	1994	1993	1992	1991
Earned income	$ 26,492	$ 19,875	$ 17,276	$ 14,418	$ 13,053
Earnings from continuing operations	2,415	2,085	1,567	1,331	1,215
Earnings (loss) from discontinued operations	-	(1,189)	240	168	41
Net earnings	2,415	896	1,807	1,499	1,256
Return on common equity (a) (b)	21.98%	20.14%	16.59%	15.82%	16.48%
GECS ratio of earnings to fixed charges	1.53	1.65	1.63	1.46	1.35
GECC ratio of earnings to fixed charges	1.51	1.63	1.62	1.44	1.34
GECC ratio of debt to equity (a)	7.89	7.94	7.96	7.91	7.80
Financing receivables - net	$ 93,272	$ 76,357	$ 63,948	$ 59,388	$ 55,752
Percent of allowance for losses on financing receivables to total financing receivables	2.63%	2.63%	2.63%	2.63%	2.63%
Total assets	$185,729	$144,967	$126,637	$ 99,0[illegible]0	$ 86,539
Short-term borrowings	62,808	57,087	55,243	50,[illegible]81	45,042
Long-term senior notes	47,794	33,615	25,112	21,182	17,946
Long-term subordinated notes	996	697	697	697	325
Minority interest	2,522	1,465	1,301	994	865
Equity (c)	12,774	9,380	10,809	8,884	7,758
Insurance premiums written for the year	6,158	3,962	3,956	2,900	2,155

(a) Equity excludes unrealized gains and losses on investment securities, net of tax.

(b) Return on common equity is calculated using earnings from continuing operations. Earnings are adjusted for preferred stock dividends and equity excludes preferred stock.

(c) The Corporation adopted Statement of Financial Accounting Standards ("SFAS") No. 115, *Accounting for Certain Investments in Debt and Equity Securities*, on December 31, 1993, resulting in the inclusion in equity, net of tax, of net unrealized gains on investment securities of $989 million, net unrealized losses of $821 million and net unrealized gains of $812 million at December 31, 1995, 1994 and 1993, respectively.

Item 7. *Management's Discussion and Analysis of Results of Operations.*

Overview

The Corporation's net earnings were $2,415 million in 1995, compared with $896 million in 1994 which were 50% less than 1993's earnings of $1,807 million. The 1995 increase reflected no current year counterpart to the 1994 discontinued operations loss from the Kidder, Peabody Group Inc. ("Kidder, Peabody"). Net earnings from continuing operations (exclusive of Kidder, Peabody) were $2,415 million in 1995 up 16% from $2,085 million in 1994, which increased 33% from 1993. Improved earnings from continuing operations during 1995 and 1994 reflect the effects of asset growth with approximately equal contributions from origination volume and from acquisitions of businesses and portfolios.

Discontinued Operations

In 1994 the Corporation elected to terminate the operations of its securities broker-dealer, Kidder, Peabody. Discontinued operations had no impact on 1995 earnings compared with a net loss of $1,189 million in 1994 and earnings of $240 million in 1993. The 1994 net loss from discontinued operations included a provision of $868 million after taxes for exit costs related to the liquidation of Kidder, Peabody. This liquidation was substantially complete as of December 31, 1995. See note 2 to the consolidated financial statements for further details of discontinued operations.

Operating Results from Continuing Operations

Earnings from continuing operations were $2,415 million in 1995 up 16% from $2,085 million in 1994, which increased 33% from 1993. The 1995 increase reflected strong performances in the financing segments resulting from asset growth partially offset by a decrease in financing spreads (the excess of yields over interest rates on borrowings) as the increase in borrowing rates outpaced the improvements in yields. Earnings in the Specialty Insurance segment increased due to growth, primarily from acquisitions, and no current year counterpart to the 1994 adverse loss development in private mortgage pool insurance. The 1994 increase reflected strong performances in the financing segments resulting primarily from asset growth, improved financing spreads and asset quality. Earnings in the Specialty Insurance segment declined in 1994 due to higher insurance losses.

The correlation between interest rate changes and financing spreads is subject to many factors and cannot be forecasted with reliability. Although not necessarily relevant to future effects, management estimates that, all else constant, an increase of 100 basis points in interest rates for all of 1995 would have reduced net earnings by approximately $65 million.

Earned income increased 33% to $26.5 billion in 1995 following a 15% increase to $19.9 billion in 1994. Asset growth in each of the Corporation's financing segments was the primary reason for increased income from time sales, loans, financing leases and operating lease rentals in both 1995 and 1994. Yields on related assets increased during 1995 and 1994 after holding essentially flat in 1993.

Specialty Insurance revenues increased 51% to $7.4 billion in 1995 from $4.9 billion in 1994, which was essentially flat compared with 1993. The 1995 increase reflected growth, primarily associated with business acquisitions, in the property and casualty reinsurance business. The 1994 increase reflected steady growth in premium revenue, offset by a reduction in assumed life reinsurance.

Interest expense on borrowings in 1995 was $6.7 billion, 47% higher than in 1994 which was 28% higher than in 1993. Increases in 1995 and 1994 reflected the effects of higher average borrowings used to finance asset growth as well as the effects of higher interest rates. Part of the 1995 increase resulted from a shift during the year to longer-term funding. The composite interest rate on the Corporation's borrowings was 6.76% in 1995 compared with 5.47% in 1994 and 4.96% in 1993.

Operating and administrative expenses were $7.8 billion in 1995, a 25% increase over 1994, which was 10% higher than 1993, primarily reflecting higher investment levels and costs associated with acquired businesses and portfolios over the past two years. These increases were partially offset by reductions in provisions for losses on investments charged to operating and administrative expenses, principally those relating to commercial real estate assets during 1995 and a combination of commercial real estate assets, highly leveraged transactions and commercial aircraft during 1994.

Insurance losses and policyholder and annuity benefits increased 51% to $5.3 billion in 1995, compared with an 11% increase to $3.5 billion in 1994. The 1995 increase primarily resulted from the property and casualty reinsurance business' and annuity business' acquisitions along with growth in originations. The 1994 increase was the result of annuity benefits credited to customers of the annuity business which was acquired in 1993 and adverse loss development in private mortgage pool insurance, particularly related to the effects of poor economic conditions and housing value declines in southern California. These increases were partially offset by lower policyholder benefits in the life reinsurance business resulting from reduced assumed volume.

Provision for losses on financing receivables increased to $1,117 million in 1995 from $873 million in 1994, which decreased from $987 million in 1993. These provisions principally related to private-label credit cards, bank credit cards, auto loans and auto leases in the Consumer Segment along with commercial real estate loans, all of which are discussed below under Portfolio Quality.

Depreciation and amortization of buildings and equipment and equipment on operating leases increased 21% to $2,013 million in 1995 compared with $1,662 million in 1994, a 4% increase over 1993. The increase in both years was the result of additions to equipment on operating leases through origination volume as well as business and portfolio acquisitions.

Provision for income taxes was $1,105 million in 1995 (an effective tax rate of 31.4%), compared with $864 million in 1994 (an effective tax rate of 29.3%), and $642 million in 1993 (an effective tax rate of 29.1%). The higher provision for income taxes in both 1995 and 1994 reflected increased pre-tax earnings subject to statutory tax rates. The 1995 increase in the effective tax rate resulted primarily from proportionately lower tax-exempt income and an increase in non-U.S. income taxes. Increases affecting the effective tax rate in 1994, compared with 1993, included proportionately lower tax-exempt income and an increase in state and local income taxes. In addition, there was no 1994 counterpart to the effects of certain 1993 financing transactions that reduced the Corporation's obligation for deferred taxes. These increases were offset by the absence of a 1994 counterpart to the unfavorable effects of the 1993 increase of 1% in the U.S. federal income tax rate.

Operating profit by industry segment

Operating profit of the Corporation, by industry segment, is summarized in note 16 to the consolidated financial statements and discussed below.

Consumer Services operating profit was $1,030 million in 1995, compared with $1,067 million in 1994, and $709 million in 1993. Strong performances during 1995 in the bank credit card, annuity and non-U.S. private label credit card businesses, resulting primarily from acquisition growth, were offset by losses from adverse market conditions in the mortgage servicing business. The strong 1994 growth in operating profit resulted from origination and acquisition growth in the auto leasing business and the private-label and bank credit card businesses. In addition, the operations of the annuity business, purchased in 1993, were included for a full year in 1994.

Specialized Financing operating profit increased to $673 million in 1995 from $536 million in 1994, which increased 46% over 1993. The 1995 increase resulted from lower provisions for losses, particularly in the commercial real estate business, and increased end-of-lease residual realization. The increase in 1994 principally reflected much lower provisions for losses on highly leveraged investments and commercial real estate assets.

Equipment Management operating profit increased to $897 million in 1995 from $624 million in 1994, which was up from $246 million in 1993. Increases in both years reflected higher volume in most businesses, largely the result of portfolio and business acquisitions. The 1995 increase also resulted from increased prices at the trailer, modular space and railcar businesses along with the sale of an outdoor media business. The 1994 increase also reflected improved trailer, container and railcar utilization, and reduced expenses associated with redeployment and refurbishment of owned aircraft compared with 1993.

Mid-Market Financing operating profit increased slightly to $445 million in 1995 compared with $435 million in 1994 primarily due to continued asset growth somewhat offset by reduced financing spreads. Operating profit during 1994 increased 7% over 1993 reflecting higher levels of invested assets, partially as a result of business and portfolio acquisitions and increased financing spreads.

Specialty Insurance operating profit increased to $1,020 million in 1995 from $589 million in 1994, principally because there was no current-year counterpart to the 1994 adverse loss development in private mortgage pool insurance, the result of poor economic conditions and housing value declines in southern California. Operating profit in 1995 also was enhanced by improved returns on investment securities and effects of acquisitions. 1994 operating profit declined from $770 million in 1993, as private mortgage pool insurance losses more than offset operating profit increases in other parts of the segment, including primary mortgage insurance.

Capital Resources and Liquidity

Statement of Financial Position

Investment securities for each of the past two years comprised mainly investment-grade debt securities held by the Corporation's specialty insurance and annuity businesses in support of obligations to policyholders and annuitants. The increase of $10.2 billion during 1995 was principally related to acquisitions, increases in fair value resulting from lower year-end interest rates and investment of premiums.

Financing receivables were $93.3 billion at year-end 1995, net of allowance for doubtful accounts, up $16.9 billion over 1994. These receivables are discussed on page 21 and in notes 4 and 5 to the consolidated financial statements.

Other receivables were $12.9 billion and $6.0 billion at December 31, 1995 and 1994, respectively. The 1995 increase was almost entirely attributable to premiums receivable and reinsurance recoverables, reflecting acquired businesses and a general increase in underwriting activity.

Equipment on operating leases was $13.8 billion at December 31, 1995, up $934 million from 1994. Details by category of investment can be found in note 6 to the consolidated financial statements. Additions to equipment on operating leases were $4.5 billion during 1995 and $5.6 billion during 1994.

Other assets totaled $21.1 billion at year-end 1995, an increase of $4.5 billion from the end of 1994. $1.5 billion of the increase relates to goodwill attributable to various acquisitions, none of which was individually significant. The remaining increase of $3.0 billion related principally to acquisitions.

Insurance liabilities, reserves and annuity benefits were $39.7 billion at year-end 1995, $10.3 billion higher than in 1994. The increase was primarily attributable to the acquisitions of the Frankona and Aachen Reinsurance Groups.

Borrowings were $111.6 billion at December 31, 1995, of which $62.8 billion is due in 1996 and $48.8 billion is due in subsequent years. Comparable amounts at the end of 1994 were $91.4 billion in total, $57.1 billion due within one year and $34.3 billion due thereafter. A large portion of the Corporation's borrowings ($41.2 billion and $43.7 billion at the end of 1995 and 1994, respectively) was issued in active commercial paper markets that management believes will continue to be a reliable source of short-term financing. Most of this commercial paper is issued by GE Capital. The average remaining terms and interest rates of GE Capital's commercial paper were 41 days and 5.88%, respectively, at the end of 1995 compared with 45 days and 5.90% at the end of 1994. GE Capital's leverage (ratio of debt to equity, excluding from equity all unrealized gains and losses on investment securities, net of tax) was 7.89 to 1 at the end of 1995, compared with 7.94 to 1 at the end of 1994. By comparison, including in equity all unrealized gains and losses on investment securities, net of tax, GE Capital's ratio of debt to equity was 7.59 to 1 at the end of 1995, compared with 8.43 to 1 at the end of 1994.

GE Company has committed to make contributions to GE Capital in the event of either a significant, specified decrease in the ratio of GE Capital's earnings to fixed charges or a failure to maintain a specified debt-to-equity ratio in the event certain GE Capital preferred stock is redeemed. GE Company also has guaranteed the Corporation's subordinated debt with a face amount of $1,000 million and $700 million at December 31, 1995 and 1994, respectively. Management believes the likelihood that GE Company will be required to make contributions or payments under either the commitments or the guarantees is remote.

Statement of Cash Flows

The Corporation's primary source of cash is financing activity involving the continued rollover of short-term borrowings and appropriate addition of borrowings, with a reasonable balance of maturities. Over the past three years, the Corporation's borrowings with maturities of 90 days or less have decreased by $4.4 billion. New borrowings of $74.5 billion having maturities longer than 90 days were added during those years, while $38.3 billion of such longer-term borrowings were retired. The Corporation also generated $24.3 billion of cash from continuing operating activities during the last three years.

The Corporation's principal use of cash has been investing in assets to grow its businesses. Of the $53.5 billion that the Corporation invested in continuing operations over the past three years, $25.0 billion was used for additions to financing receivables, $13.5 billion was used to invest in new equipment, principally for lease to others, and $9.5 billion was used for acquisitions of new businesses.

With the financial flexibility that comes with excellent credit ratings, management believes the Corporation should be well positioned to meet the global needs of its customers for capital and to continue growing its diversified asset base.

Interest Rate and Currency Risk Management

The Corporation uses various financial instruments, particularly interest rate, currency and basis swaps, but also options and currency forwards, to manage risks. The Corporation is exclusively an end user of these instruments, which are commonly referred to as derivatives. The Corporation does not engage in any derivatives trading, market-making or other speculative activities in the derivative markets.

The Corporation manages its exposure to changes in interest rates, in part, by funding its assets with an appropriate mix of fixed and variable rate debt and its exposure to currency fluctuations principally by funding local currency denominated assets with debt denominated in those same currencies. It uses interest rate swaps and currency swaps (including non-U.S. currency and cross currency interest rate swaps) to achieve lower borrowing costs. Substantially all of these swaps have been designated as modifying interest rates and/or currencies associated with specific debt instruments.

These financial instruments allow the Corporation to lower its cost of funds by substituting credit risk for interest rate and currency risks. Since the Corporation's principal use of such swaps is to optimize funding costs, changes in interest rates and exchange rates underlying swaps would not be expected to have a material impact on the Corporation's financial position or results of operations. The Corporation conducts almost all activities with these instruments in the over-the-counter markets.

The Corporation is exposed to prepayment risk in certain of its business activities, such as in its mortgage servicing and annuities activities. In order to hedge those exposures, the Corporation uses swaps and option-based financial instruments. These instruments generally behave based on limits ("caps," "floors" or "collars") on interest rate movement. These swaps and option-based instruments are governed by the credit risk policies described below and are transacted in the over-the-counter markets.

In addition, as part of its ongoing customer activities, the Corporation may enter into swaps that are integrated with investments in or loans to particular customers and do not involve assumption of third-party credit risk. Such integrated swaps are evaluated and monitored like their associated investments or loans, and are not therefore subject to the same credit criteria that would apply to a stand-alone swap. All other swaps, forward contracts and other derivatives have been designated as hedges of non-U.S. net investments or other assets.

Established practices require that derivative financial instruments relate to specific asset, liability or equity transactions or to currency exposures. Substantially all treasury actions are centrally executed by the Corporation's Treasury Department, which maintains controls on all exposures, adheres to stringent counterparty credit standards and actively monitors marketplace exposures.

Given the ways in which the Corporation uses swaps, purchased options and forwards, the principal risk is credit risk - risk that counterparties will be financially unable to make payments in accordance with the agreements. Associated market risk is meaningful only as it relates to how changes in the market value affect credit exposure to individual counterparties. Except as noted above for positions that are integrated into financings, all swaps, purchased options and forwards are carried out within the following credit policy constraints:

Counterparty credit criteria	Credit rating	
	Moody's	**Standard & Poor's**
Term of transaction		
Between one and five years..............	Aa3	AA-
Greater than five years.................	Aaa	AAA
Credit exposure limits		
Up to $50 million.......................	Aa3	AA-
Up to $75 million.......................	Aaa	AAA

All swaps are executed under master swap agreements containing mutual credit downgrade provisions that provide the ability to require assignment or termination in the event either party is downgraded below A3 or A-. Because of their lower risk, more credit latitude is permitted for original maturities shorter than one year.

Once a counterparty exceeds credit exposure limits, no additional transactions are permitted until the exposure with that counterparty is reduced to an amount that is within the established limit. Open contracts remain in force.

The conversion of interest rate and currency risk into credit risk results in a need to monitor counterparty credit risk actively. At December 31, 1995, the notional amount of long-term derivatives for which the counterparty was rated below Aa3/AA- was $2,297 million. These amounts are the result of (1) counterparty downgrades, (2) transactions executed prior to the adoption of the Corporation's current counterparty credit standards, and (3) transactions relating to acquired assets or businesses. The total exposure to credit risk associated with in-the-money derivatives at December 31, 1995 was $680 million. The Corporation does not anticipate any loss from this exposure.

Following is an analysis of credit risk exposures for the last three years.

Percentage of Notional Derivative Exposure by Counterparty Credit Rating

Moody's / S&P	**1995**	**1994**	**1993**
Aaa/AAA............................	75%	78%	67%
Aa/AA..............................	22%	17%	21%
A/A and below......................	3%	5%	12%

The optimal funding strategy is sometimes achieved by using multiple swaps. For example, to obtain fixed rate U.S. dollar funding, several alternatives are generally available. One alternative is a swap of non-U.S. dollar denominated fixed rate debt into U.S. dollars. The synthetic U.S. dollar denominated debt would be effectively created by taking the following steps: (1) issuing fixed rate, non-U.S. currency denominated debt, (2) entering into a swap under which fixed rate non-U.S. currency principal and interest will be received and floating rate non-U.S. currency principal and interest will be paid, and (3) entering into a swap under which floating rate non-U.S. currency principal and interest will be received and fixed rate U.S. dollar denominated principal and interest will be paid. The end result is, in every important respect, fixed rate U.S. dollar denominated financing with an element of controlled credit risk. This type of structure usually results from using several swap counterparties for steps (2) and (3). The Corporation uses multiple swaps only as part of such transactions.

The interplay of the Corporation's credit risk policy with its funding activities is seen in the following example, in which the Corporation is assumed to have been offered three alternatives for funding five-year fixed rate U.S. dollar assets with five-year fixed rate U.S. dollar debt.

	Spread over U.S. Treasuries in basis points	**Counterparty**
1. Fixed rate 5 year medium term note....	+65	--
2. U.S. dollar commercial paper swapped into 5 year U.S. dollar fixed rate funding..................	+40	A
3. Swiss franc fixed rate debt swapped into 5 year U.S. dollar fixed rate funding........................	+35	B

Counterparty A is a major brokerage house with a Aaa/AAA rated swap subsidiary and a current exposure to the Corporation of $39 million. Counterparty B is a Aa2/AA rated insurance company with a current exposure of $50 million.

In this hypothetical case, the Corporation would have chosen alternative 2. Alternative 1 is unacceptably costly. Although alternative 3 would have yielded a lower immediate cost of funds, the additional credit risk of Counterparty B would have exceeded the Corporation's risk management limits.

Portfolio Quality

The portfolio of financing receivables, before allowance for losses, increased to $95.8 billion at the end of 1995 from $78.4 billion at the end of 1994, with approximately equal contributions from origination volume and from acquisitions of businesses and portfolios. Financing receivables are the Corporation's largest asset and its primary source of revenues. Related allowances for losses at the end of 1995 aggregated $2.5 billion (2.63% of receivables - the same level as 1994 and 1993) and are, in management's judgment, appropriate given the risk profile of the portfolio. Amounts written off in 1995 were approximately 1.01% of the year's average financing receivables, compared with 1.04% and 1.59% during 1994 and 1993, respectively. A discussion about the quality of certain elements of the portfolio of financing receivables follows. Further details are included in notes 4, 5 and 6 to the consolidated financial statements. Nonearning receivables are those that are 90 days or more delinquent and reduced earning receivables are receivables whose terms have been restructured to a below-market yield.

Consumer receivables at year-end 1995 and 1994 are shown in the following table:

(In millions)	1995	1994
Credit card and personal loans	$23,937	$19,124
Auto loans	5,555	3,991
Auto finance leases	12,461	7,473
Total consumer	$41,953	$30,588
Nonearning and reduced earning	$ 671	$ 422
- As a percentage of total	1.6%	1.4%
Receivable write offs for the year	$ 644	$ 482

Most of the nonearning consumer receivables were U.S. private-label credit card loans, the majority of which were subject to various loss sharing arrangements that provide full or partial recourse to the originating retailer. Delinquencies in the consumer portfolio were slightly higher at the end of 1995 than 1994, consistent with overall industry experience.

Commercial real estate portfolio at year-end 1995 and 1994 amounted to $17.4 billion and $16.9 billion, respectively, as shown in the following table:

(In millions)	1995	1994
Loans	$13,405	$13,282
Nonearning and reduced earning loans	179	179
Receivable write offs for the year	147	209
Assets acquired for resale	2,335	2,103
Other (primarily ventures)	1,651	1,508

Commercial real estate loans are generally secured by first mortgages. Assets are acquired for resale from various financial institutions. Values realized during 1995 and 1994 on disposition of assets acquired for resale have met or exceeded expectations at the time of purchase.

The commercial real estate portfolio included investments in a variety of property types and continues to be well dispersed geographically, principally in the continental United States. Write offs in the commercial real estate portfolio declined during 1995, as markets continued to stabilize.

Other financing receivables, totaling $40.4 billion at December 31, 1995, consisted of a diverse commercial, industrial and equipment loan and lease portfolio. This portfolio increased $5.9 billion during 1995, primarily because of acquisitions. The related nonearning and reduced-earning receivables increased to $285 million at year-end 1995 from $165 million at year-end 1994.

The Corporation has loans and leases to commercial airlines, as discussed in note 6 to the consolidated financial statements, amounting to $8.3 billion at the end of 1995, up from $7.6 billion at the end of 1994. At year-end 1995, the Corporation's commercial aircraft positions included financial guarantees and funding commitments amounting to $409 million ($506 million in 1994) and conditional commitments to purchase aircraft at a cost of $141 million ($81 million at December 31, 1994). On January 22, 1996, the Corporation announced that it had placed a multi-year order for various Boeing aircraft with list prices approximating $4 billion.

Entering 1996, management believes that vigilant attention to risk management and controllership and a strong focus on complete satisfaction of customer needs position it to deal effectively with the increasing competition in an ever-changing global economy.

New Accounting Standards

Two newly-issued accounting standards will be adopted in the first quarter of 1996 and are not expected to have a material effect on the Corporation's financial position or results of operations. A summary of these standards follows.

SFAS No. 121, *Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of*, requires that certain long-lived assets be reviewed for impairment when events or circumstances indicate that the carrying amounts of the assets may not be recoverable. If such review indicates that the carrying amount of an asset exceeds the sum of its expected future cash flows, the asset's carrying value must be written down to fair value.

SFAS No. 122, *Accounting for Mortgage Servicing Rights*, requires that capitalized rights to service mortgage loans be assessed for impairment by individual risk stratum by comparing each stratum's carrying amount with its fair value. Impairment, if any, would be recognized in earnings.

Item 8. *Financial Statements and Supplementary Data.*

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
General Electric Capital Services, Inc.

We have audited the consolidated financial statements of General Electric Capital Services, Inc. and consolidated affiliates as listed in Item 14. In connection with our audits of the consolidated financial statements, we also have audited the financial statement schedules as listed in Item 14. These consolidated financial statements and financial statement schedules are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedules based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of General Electric Capital Services, Inc. and consolidated affiliates at December 31, 1995 and 1994, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1995 in conformity with generally accepted accounting principles. Also in our opinion, the related financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

/s/ KPMG Peat Marwick LLP

Stamford, Connecticut
February 9, 1996

Statement of Current and Retained Earnings

For the years ended December 31 (In millions)	1995	1994	1993
EARNED INCOME			
Time sales, loan, investment and other income (Note 13)	$13,004	$ 9,709	$ 7,997
Financing leases (Note 13)	3,176	2,539	2,315
Operating lease rentals (Note 6)	4,080	3,802	3,267
Premium and commission income of insurance affiliates (Note 10)	6,232	3,825	3,697
Total earned income	26,492	19,875	17,276
EXPENSES			
Interest (Note 9)	6,661	4,545	3,538
Operating and administrative (Note 14)	7,756	6,200	5,644
Insurance losses and policyholder and annuity benefits (Note 10)	5,285	3,507	3,172
Provision for losses on financing receivables (Note 5)	1,117	873	987
Depreciation and amortization of buildings and equipment and equipment on operating leases (Notes 6 & 7)	2,013	1,662	1,591
Minority interest in net earnings of consolidated affiliates	140	139	134
Total expenses	22,972	16,926	15,067
Earnings from continuing operations before income taxes	3,520	2,949	2,209
Provision for income taxes (Note 15)	(1,105)	(864)	(642)
Earnings from continuing operations	2,415	2,085	1,567
Earnings (loss) from discontinued operations (Note 2)	-	(1,189)	240
NET EARNINGS	2,415	896	1,807
Dividends paid (Note 12)	(1,09[illegible])	(914)	(610)
Retained earnings at January 1	8,194	8,212	7,015
RETAINED EARNINGS AT DECEMBER 31	$ 9,518	$ 8,194	$ 8,212

See Notes to Consolidated Financial Statements.

GENERAL ELECTRIC CAPITAL SERVICES, INC. AND CONSOLIDATED AFFILIATES

Statement of Financial Position

At December 31 (In millions)	1995	1994
ASSETS		
Cash and equivalents	$ 1,949	$ 1,218
Investment securities (Note 3)	41,063	30,872
Financing receivables (Note 4):		
Time sales and loans, net of deferred income	59,591	50,021
Investment in financing leases, net of deferred income	36,200	28,398
	95,791	78,419
Allowance for losses on financing receivables (Note 5)	(2,519)	(2,062)
Financing receivables--net	93,272	76,357
Other receivables--net	12,897	6,012
Equipment on operating leases (at cost), less accumulated amortization of $4,670 and $4,029 (Note 6)	13,793	12,859
Buildings and equipment (at cost), less accumulated depreciation of $964 and $794 (Note 7)	1,652	1,081
Other assets (Note 8)	21,103	16,568
Total assets	$185,729	$144,967
LIABILITIES AND EQUITY		
Short-term borrowings (Note 9)	$ 62,808	$ 57,087
Long-term borrowings (Note 9)	48,790	34,312
Total borrowings	111,598	91,399
Accounts payable	5,952	3,777
Insurance liabilities, reserves and annuity benefits (Note 10)	39,699	29,438
Other liabilities	6,312	4,571
Deferred income taxes (Note 15)	6,872	4,937
Total liabilities	170,433	134,122
Minority interest in equity of consolidated affiliates (Note 11)	2,522	1,465
Cumulative preferred stock, $10,000 par value (80,000 shares authorized; [illegible] shares issued and held primarily by consolidated affiliates at December 31, 1995 and December 31, 1994)	10	10
Common stock, $10,000 par value (100 shares authorized and outstanding)	1	1
Additional paid-in capital	2,314	2,064
Retained earnings	9,518	8,194
Unrealized gains (losses) on investment securities	989	(821)
Foreign currency translation adjustments	(58)	(68)
Total equity (Note 12)	12,774	9,380
Total liabilities and equity	$185,729	$144,967

See Notes to Consolidated Financial Statements

GENERAL ELECTRIC CAPITAL SERVICES, INC. AND CONSOLIDATED AFFILIATES

Statement of Cash Flows

For the years ended December 31 (In millions)	1995	1994	1993
CASH FLOWS FROM OPERATING ACTIVITIES			
Net earnings	$ 2,415	$ 896	$ 1,807
Adjustments for discontinued operations	-	1,189	(240)
Adjustments to reconcile net earnings to cash provided from operating activities:			
Provision for losses on financing receivables	1,117	873	987
Increase in insurance liabilities, reserves and annuity benefits	2,490	1,624	1,479
Increase in deferred income taxes	678	653	428
Depreciation and amortization of buildings and equipment and equipment on operating leases	2,013	1,662	1,592
Increase (decrease) in accounts payable	418	(222)	540
Other--net	946	140	770
Cash from operating activities	10,077	6,815	7,363
CASH FLOWS FROM INVESTING ACTIVITIES			
Net increase in financing receivables (Note 19)	(11,309)	(9,525)	(4,164)
Buildings and equipment and equipment on operating leases			
-- additions	(4,616)	(5,749)	(3,139)
-- dispositions	1,504	2,420	1,084
Payments for principal businesses purchased, net of cash acquired	(5,403)	(2,031)	(2,090)
All other investing activities (Note 19)	(3,913)	176	(6,793)
Cash used for investing activities	(23,737)	(14,709)	(15,102)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net change in borrowings (maturities 90 days or less)	(4,510)	(2,261)	2,404
Newly issued debt (maturities longer than 90 days) (Note 19)	36,778	22,473	15,253
Repayments and other reductions (maturities longer than 90 days) (Note 19)	(17,045)	(11,699)	(9,526)
Dividends paid	(1,091)	(904)	(610)
All other financing activities (Note 19)	259	183	(69)
Cash from financing activities	14,391	7,792	7,452
Cash used for discontinued operations (Note 19)	-	(200)	-
INCREASE (DECREASE) IN CASH AND EQUIVALENTS DURING THE YEAR	731	(302)	(287)
CASH AND EQUIVALENTS AT BEGINNING OF YEAR	1,218	1,520	1,807
CASH AND EQUIVALENTS AT END OF YEAR	$ 1,949	$ 1,218	$ 1,520

See Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation--GE Capital Services (the "Corporation") owns all of the common stock of General Electric Capital Corporation ("GE Capital") and GE Global Insurance Holding Corporation ("GE Global Insurance"). The consolidated financial statements represent the adding together of GE Capital Services and all majority-owned and controlled affiliates ("consolidated affiliates"), including GE Capital and GE Global Insurance.

All significant transactions among the Corporation and consolidated affiliates have been eliminated. Other affiliates, generally companies in which the Corporation owns 20 to 50 percent of the voting rights ("nonconsolidated affiliates"), are included in other assets and valued at the appropriate share of equity plus loans and advances. Certain prior period data have been reclassified to conform to the current year presentation.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts and related disclosures. Actual results could differ from those estimates.

Cash Equivalents--Certificates and other time deposits are treated as cash equivalents.

Methods of Recording Earned Income--Income on all loans is recognized on the interest method. Accrual of interest income is suspended at the earlier of the time at which collection of an account becomes doubtful or the account becomes 90 days delinquent. Interest income on impaired loans is recognized either as cash is collected or on a cost recovery basis as conditions warrant.

Financing lease income is recorded on the interest method so as to produce a level yield on funds not yet recovered. Estimated unguaranteed residual values of leased assets are based primarily on periodic independent appraisals of the values of leased assets remaining at expiration of the lease terms. Operating lease income is recognized on a straight-line basis over the terms of the underlying leases.

Origination, commitment and other nonrefundable fees related to fundings are deferred and recorded in earned income on the interest method. Commitment fees related to loans not expected to be funded and line-of-credit fees are deferred and recorded in earned income on a straight-line basis over the period to which the fees relate. Syndication fees are recorded in earned income at the time the related services are performed unless significant contingencies exist.

Premiums on insurance contracts are reported as earned income over the terms of the related reinsurance treaties or insurance policies. In general, earned premiums are calculated on a pro-rata basis or are determined based on reports received from reinsureds. Premium adjustments under retrospectively rated assumed reinsurance contracts are recorded based on estimated losses and loss expenses, including both case and incurred-but-not-reported reserves. Premiums received under annuity contracts that do not have significant mortality or morbidity risk are not reported as revenues but as annuity benefits - a liability - and are adjusted according to the terms of the respective policies.

Allowance for Losses on Financing Receivables and Investments--GE Capital maintains an allowance for losses on financing receivables at an amount that it believes is sufficient to provide adequate protection against future losses in the portfolio. For small-balance receivables, the allowance for losses is determined principally on the basis of actual experience during the preceding three years. Further allowances are also provided to reflect management's judgment of additional loss potential. For other financing receivables, principally the larger loans and leases, the allowance for losses is determined primarily on the basis of management's judgment of net loss potential, including specific allowances for known troubled accounts.

All accounts or portions thereof deemed to be uncollectible or to require an excessive collection cost are written off to the allowance for losses. Generally, small-balance accounts are progressively written down (from 10% when more than three months delinquent to 100% when nine to twelve months delinquent) to record the balances at estimated realizable value. However, if at any time during that period an account is judged to be uncollectible, such as in the case of a bankruptcy, the uncollectible balance is written off. Large-balance accounts are reviewed at least quarterly, and those accounts with amounts that are judged to be uncollectible are written down to estimated realizable value.

When collateral is repossessed in satisfaction of a loan, the receivable is written down against the allowance for losses to estimated fair value less costs to sell, transferred to other assets and subsequently carried at the lower of cost or estimated fair value less costs to sell. This accounting method has been employed principally for specialized financing transactions.

Investment Securities--The Corporation has designated its investments in debt securities and marketable equity securities as available-for-sale. Those securities are reported at fair value, with net unrealized gains and losses included in equity, net of applicable taxes. Unrealized losses that are other than temporary are recognized in earnings.

Equipment on Operating Leases--Equipment is amortized, principally on a straight-line basis, to estimated net salvage value over the lease term or the estimated economic life of the equipment.

Buildings and Equipment--Depreciation is recorded on either a sum-of-the-years digits formula or a straight-line basis over the lives of the assets.

Goodwill--Goodwill is amortized over its estimated period of benefit on a straight-line basis. No amortization period exceeds 30 years. Goodwill in excess of associated expected operating cash flows is considered to be impaired and is written down to fair value.

Deferred Insurance Acquisition Costs--For the property and casualty businesses, deferred insurance acquisition costs are amortized pro-rata over the contract periods in which the related premiums are earned. For the life insurance businesses, these costs are amortized over the premium-paying periods of the contracts in proportion either to anticipated premium income or to gross profit, as appropriate. For certain annuity contracts, such costs are amortized on the basis of anticipated gross profits. For other lines of business, acquisition costs are amortized over the life of the related insurance contracts. Deferred insurance acquisition costs are reviewed for recoverability; anticipated investment income is considered in making recoverability evaluations.

Insurance Liabilities and Reserves--The estimated liability for insurance losses and loss expenses consists of both case and incurred-but-not-reported reserves. Where experience is not sufficient to determine reserves, industry averages are used. Estimated amounts of salvage and subrogation recoverable on paid and unpaid losses are deducted from outstanding losses.

The liability for future policyholder benefits of the life insurance affiliates has been computed mainly by a net-level-premium method based on assumptions for investment yields, mortality and terminations that were appropriate at date of purchase or at the time the policies were developed, including provisions for adverse deviations.

Interest Rate and Currency Risk Management--As a matter of policy, the Corporation does not engage in derivatives trading, market-making or other speculative activities. Any instrument designated but ineffective as a hedge is marked to market and recognized in operations immediately. The Corporation uses swaps primarily to optimize funding costs. To a lesser degree, and in combination with options and limit contracts, the Corporation uses swaps to stabilize cash flows from mortgage-related assets.

Interest rate and currency swaps that modify borrowings or designated assets, including swaps associated with forecasted commercial paper renewals, are accounted for on an accrual basis. The Corporation requires all other swaps, as well as options and forwards, to be designated and accounted for as hedges of specific assets, liabilities or committed transactions; resulting payments and receipts are recognized contemporaneously with effects of hedged transactions. A payment or receipt arising from early termination of an effective hedge is accounted for as an adjustment to the basis of the hedged transaction.

NOTE 2. DISCONTINUED OPERATIONS

In November 1994, the Corporation elected to terminate the operations of Kidder, Peabody Group, Inc. ("Kidder, Peabody"), its securities broker-dealer, by initiating an orderly liquidation of its assets and liabilities. As part of the liquidation plan, the Corporation received securities of Paine Webber Group Inc. valued at $657 million in exchange for certain broker-dealer assets and operations. Summary operating results of the discontinued operations are as follows.

(In millions)	1994	1993
Revenues	$4,578	$4,861
Earnings (loss) before income taxes	(551)	43[illegible]
Income tax benefit (provision)	230	(199)
Earnings (loss) from discontinued operations	(321)	240
Provision for loss, net of income tax benefit of $266	(868)	-
Earnings (loss) from discontinued operations	$(1,189)	$240

The 1994 provision of $868 million after taxes, shown in the summary above, related to exit costs associated with liquidation of Kidder, Peabody. This liquidation was substantially complete as of December 31, 1995.

NOTE 3. INVESTMENT SECURITIES

A summary of investment securities follows:

(In millions) December 31, 1995	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Corporate and other	$12,313	$ 463	$ (63)	$12,713
State and municipal	9,460	570	(11)	10,019
Mortgage-backed	5,991	255	(65)	6,181
Non-U.S.	6,887	213	(37)	7,063
Equity	2,843	412	(59)	3,196
U.S. government and federal agency	1,817	77	(3)	1,891
	$39,311	$ 1,990	$ (238)	$41,063
December 31, 1994				
Corporate and other	$10,883	$ 4	$ (763)	$10,124
State and municipal	9,193	146	(392)	8,947
Mortgage-backed	4,927	82	(220)	4,789
Non-U.S.	3,892	20	(76)	3,836
Equity	2,147	201	(180)	2,168
U.S. government and federal agency	1,185	-	(177)	1,008
	$32,227	$ 453	$(1,808)	$30,872

Contractual maturities of debt securities at December 31, 1995, other than mortgage-backed securities, are shown below.

(In millions)	Amortized cost	Estimated fair value
Due in		
1996	$ 2,359	$ 2,386
1997-2000	9,753	9,982
2001-2005	6,821	7,129
2006 and later	11,544	12,189

It is expected that actual maturities will differ from contractual maturities because borrowers have the right to call or prepay certain obligations, sometimes without call or prepayment penalties. Proceeds from sales of investment securities in 1995, 1994 and 1993 were $11,017 million, $5,821 million and $6,112 million, respectively; gross realized gains were $503 million, $281 million and $173 million, respectively; and gross realized losses were $157 million, $112 million and $34 million, respectively.

NOTE 4. FINANCING RECEIVABLES

Financing receivables at December 31, 1995 and 1994 are shown below.

(In millions)	1995	1994
Time sales and loans:		
Consumer services	$33,430	$25,906
Specialized financing	18,230	17,988
Mid-market financing	8,795	5,916
Equipment management	1,371	1,516
Specialty insurance	189	-
	62,015	51,326
Deferred income	(2,424)	(1,305)
Time sales and loans--net of deferred income	59,591	50,021
Investment in financing leases:		
Direct financing leases	33,291	25,916
Leveraged leases	2,909	2,482
Investment in financing leases	36,200	28,398
	95,791	78,419
Less allowance for losses (Note 5)	(2,519)	(2,062)
	$93,272	$76,357

Time sales and loans represent transactions in a variety of forms, including time sales, revolving charge and credit arrangements, mortgages, installment loans, intermediate-term loans and revolving loans secured by business assets. The portfolio includes time sales and loans carried at the principal amount on which finance charges are billed periodically, and time sales and loans carried at gross book value, which includes finance charges. At year-end 1995 and 1994, specialized financing and consumer services loans included $13,405 million and $13,282 million, respectively, for commercial real estate loans. Note 6 contains information on commercial airline loans and leases.

At December 31, 1995, contractual maturities for time sales and loans were $24,543 million in 1996, $11,933 million in 1997, $6,635 million in 1998, $5,052 million in 1999, $4,424 million in 2000 and $9,428 million thereafter, aggregating $62,015 million. Experience of the Corporation has shown that a substantial portion of receivables will be paid prior to contractual maturity. Accordingly, the contractual maturities of time sales and loans are not to be regarded as forecasts of future cash collections.

Investment in financing leases consists of direct financing and leveraged leases of aircraft, railroad rolling stock, automobiles and other transportation equipment, data processing equipment, medical equipment, as well as other manufacturing, power generation, mining and commercial equipment and facilities.

As the sole owner of assets under direct financing leases and as the equity participant in leveraged leases, the Corporation is taxed on total lease payments received and is entitled to tax deductions based on the cost of leased assets and tax deductions for interest paid to third-party participants. The

Corporation is also generally entitled to any residual value of leased assets and to any investment tax credit on leased equipment.

Investments in direct financing and leveraged leases represent unpaid rentals and estimated unguaranteed residual values of leased equipment, less related deferred income. Because the Corporation has no general obligation for principal and interest on notes and other instruments representing third-party participation related to leveraged leases, such notes and other instruments have not been included in liabilities but have been offset against the related rentals receivable. The Corporation's share of rentals receivable on leveraged leases is subordinate to the share of the other participants who also have security interests in the leased equipment.

The Corporation's net investment in financing leases at December 31, 1995 and 1994, is shown below.

	Direct financing leases		Leveraged leases		Total financing leases	
(In millions)	1995	1994	1995	1994	1995	1994
Total minimum lease payments receivable..	$37,434	$30,338	$12,625	$9,630	$50,059	$39,968
Less principal and interest on third-party nonrecourse debt...........	-	-	(9,329)	(7,103)	(9,329)	(7,103)
Net rentals receivable.............	37,434	30,338	3,296	2,527	40,730	32,865
Estimated unguaranteed residual value of leased assets.........................	4,630	3,767	1,138	1,122	5,768	4,889
Less deferred income......................	(8,773)	(8,189)	(1,525)	(1,167)	(10,298)	(9,356)
Investment in financing leases...........	33,291	25,916	2,909	2,482	36,200	28,398
Less:						
Allowance for losses................	(669)	(471)	(76)	(99)	(745)	(570)
Deferred taxes arising from financing leases..................	(2,959)	(2,470)	(2,787)	(2,605)	(5,746)	(5,075)
Net investment in financing leases.......	$29,663	$22,975	$ 46	$(222)	$29,709	$22,753

At December 31, 1995, contractual maturities for finance lease rentals receivable were $8,780 million in 1996, $10,418 million in 1997, $6,837 million in 1998, $3,631 million in 1999, $2,126 million in 2000 and $8,938 million thereafter aggregating $40,730 million. As with time sales and loans, experience has shown that a portion of receivables will be paid prior to contractual maturity and these amounts should not be regarded as forecasts of future cash flows.

In connection with the sales of financing receivables with recourse, GE Capital received proceeds of $2,139 million in 1995, $1,239 million in 1994 and $1,105 million in 1993. GE Capital's exposure under such recourse provisions is included in "credit and liquidity support - securitizations" in note 20.

Nonearning consumer receivables, primarily private-label credit card receivables, amounted to $671 million and $422 million at December 31, 1995 and 1994, respectively. A majority of these receivables were subject to various loss-sharing arrangements that provide full or partial recourse to the originating private-label entity. Nonearning and reduced earning receivables other than consumer receivables were $464 million and $346 million at year-ends 1995 and 1994, respectively.

On January 1, 1995, the Corporation adopted Statement of Financial Accounting Standards (SFAS) No. 114, *Accounting by Creditors for Impairment of a Loan*, and the related SFAS No. 118, *Accounting by Creditors for Impairment of* *a Loan--Income Recognition and Disclosures*. These Statements do not apply to, among other things, leases or large groups of smaller-balance, homogeneous loans, and therefore are principally relevant to commercial loans. There was no effect of adopting the Statements on 1995 results of operations or financial position because the allowance for losses established under the previous accounting policy continued to be appropriate following the accounting change. The Statements require disclosures of impaired loans--loans for which it is probable that the lender will be unable to collect all amounts due according to original contractual terms of the loan agreement, based on current information and events. At December 31, 1995, loans that required disclosure as impaired amounted to $867 million, principally commercial real estate loans. For $647 million of such loans, the required allowance for losses was $285 million. The remaining $220 million of loans represents the recorded investment in loans that are fully recoverable, but only because the recorded investment had been reduced through charge-offs or deferral of income recognition. These loans must be disclosed under the Statements' technical definition of "impaired" because the Corporation will be unable to collect all amounts due according to original contractual terms of the loan agreement. Under the Statements, such loans do not require an allowance for losses. The average investment in impaired loans requiring disclosure under the Statements was $1,037 million during 1995, with revenue of $49 million recognized, principally on the cash basis.

NOTE 5. ALLOWANCE FOR LOSSES ON FINANCING RECEIVABLES

The allowance for losses on financing receivables represented 2.63% of total financing receivables at year-end 1995 and 1994. The table below shows the activity in the allowance for losses on financing receivables during each of the past three years.

(In millions)	1995	1994	1993
Balance at January 1	$2,062	$1,730	$1,607
Provisions charged to operations	1,117	873	987
Net transfers related to companies acquired or sold	217	199	126
Amounts written off--net	(877)	(740)	(990)
Balance at December 31	$2,519	$2,062	$1,730

NOTE 6. EQUIPMENT ON OPERATING LEASES

Equipment on operating leases by type of equipment and accumulated amortization at December 31, 1995 and 1994, are shown below.

(In millions)	1995	1994
Original Cost		
Aircraft	$5,682	$4,601
Vehicles	4,948	4,542
Marine shipping containers	3,253	3,333
Railroad rolling stock	1,811	1,605
Other	2,769	2,807
	18,463	16,888
Accumulated amortization	(4,670)	(4,029)
	$13,793	$12,859

Amortization of equipment on operating leases was $1,702 million, $1,435 million and $1,395 million in 1995, 1994 and 1993, respectively. Noncancelable future rentals due from customers for equipment on operating leases at year-end 1995 totaled $8,412 million and are due as follows: $2,501 million in 1996, $1,657 million in 1997, $1,119 million in 1998, $732 million in 1999, $450 million in 2000, and $1,953 million thereafter.

The Corporation acts as a lender and lessor to the commercial airline industry. At December 31, 1995 and 1994, the balance of such loans, leases and equipment leased to others was $8,337 million and $7,571 million, respectively. In addition, the Corporation had issued financial guarantees and funding commitments of $409 million at December 31, 1995 ($506 million at year-end 1994) and had conditional commitments to purchase aircraft at a cost of $141 million ($81 million at year-end 1994). Included in the Corporation's equipment leased to others at year-end 1995 was $101 million of commercial aircraft off-lease ($226 million at the end of 1994).

NOTE 7. BUILDINGS AND EQUIPMENT

Buildings and equipment include office buildings, satellite communications equipment, data processing equipment, vehicles, furniture and office equipment. Depreciation expense was $311 million for 1995, $227 million for 1994 and $197 million for 1993.

NOTE 8. OTHER ASSETS

Other assets at December 31, 1995 and 1994, are shown in the table below.

(In millions)	1995	1994
Assets acquired for resale	$ 3,998	$ 3,867
Goodwill	3,984	2,513
Investments in and advances to nonconsolidated affiliates	3,566	2,098
Miscellaneous investments	2,072	1,652
Real estate ventures	1,564	1,400
Mortgage servicing rights	1,688	1,351
Deferred insurance acquisition costs	1,336	1,290
Other intangibles	1,027	1,173
Other	1,868	1,224
	$21,103	$16,568

Goodwill, mortgage servicing rights and other intangibles are shown net of accumulated amortization of $1,494 million at December 31, 1995 and $988 million at December 31, 1994.

NOTE 9. BORROWINGS

Total short-term borrowings at December 31, 1995 and 1994 consisted of the following:

(Dollars in millions)	1995 Amount	1995 Average rate	1994 Amount	1994 Average rate
Commercial paper - U.S.	$37,432	5.82%	$41,759	5.88%
Commercial paper - Non-U.S.	3,796	6.33	1,938	6.27
Current portion of long-term debt	15,719		9,695	
Other	5,861		3,695	
	$62,808		$57,087	

Total long-term borrowings at December 31, 1995 and 1994, were as follows:

(Dollars in millions)	Weighted average interest rate (a)	Maturities	1995	1994
Senior notes	6.56%	1997-2055	$47,794	$33,615
Subordinated notes (b)	7.88	2006-2035	996	697
			$48,790	$34,312

(a) Includes the effects of associated interest rate and currency swaps.
(b) Guaranteed by GE Company.

Interest rate and currency swaps are employed to achieve the lowest cost of funds for a particular funding strategy. The Corporation enters into interest rate swaps and currency swaps (including non-U.S. currency and cross-currency interest rate swaps) to modify interest rates and/or currencies of specific debt instruments. For example, to fund U.S. operations, GE Capital may issue fixed-rate debt denominated in a currency other than the U.S. dollar and simultaneously enter into a currency swap to create synthetic fixed-rate U.S. dollar debt with a lower yield than could be achieved directly. Such interest rate and currency swaps have been designated as modifying interest rates, currencies or both. The Corporation does not engage in derivatives trading, market-making or other speculative activities.

The Corporation used a portion of this interest rate swap portfolio to convert interest rate exposure on short-term and floating rate long-term borrowings to interest rates that are fixed over the terms of the related swaps; interest rate basis swaps also are employed to manage short-term financing factors--for example, to convert commercial paper-based interest costs to prime rate-based costs. At December 31, 1995 and 1994, such swaps were outstanding for principal amounts equivalent to $11,451 million and $9,301 million with maturities from 1996 to 2029 and weighted average interest rates of 6.86% and 6.80%, respectively.

At December 31, 1995, long-term borrowing maturities, including the current portion of long-term debt, were $15,719 million in 1996, $14,012 million in 1997, $11,517 million in 1998, $5,480 million in 1999, and $4,494 million in 2000. Additional information about borrowings, as well as associated swaps, is provided in note 20.

At December 31, 1995, GE Capital had committed lines of credit aggregating $20.4 billion with 128 banks, including $9.5 billion of revolving credit agreements pursuant to which GE Capital has the right to borrow funds for periods exceeding one year. A total of $2.5 billion and $1.5 billion of these lines were also available for use by GE Capital Services and GE Company, respectively. In addition, at December 31, 1995, approximately $108 million of committed lines of credit were directly available to a non-U.S. affiliate of GE Capital. Also, at December 31, 1995, substantially all of the approximately $3.1 billion of GE Company's credit lines were available for use by GE Capital and GE Capital Services. During 1995, GE Capital, GE Capital Services and GE Company did not borrow under any of these credit lines. The Corporation compensates banks for credit facilities in the form of fees which were insignificant in each of the past three years.

NOTE 10. INSURANCE LIABILITIES, RESERVES AND ANNUITY BENEFITS

Insurance liabilities, reserves and annuity benefits comprises policyholders' benefits, unearned premiums and provisions for policy losses and benefits relating to insurance and annuity businesses. The related balances at December 31, 1995 and 1994, follow:

(In millions)	1995	1994
Annuity benefits	$11,994	$13,186
Other policyholder benefits	11,781	6,569
Property and casualty reserves	11,386	6,186
Financial and mortgage guaranty reserves	731	725
Unearned premiums	3,807	2,772
	$39,699	$29,438

The liability for future policy benefits of the life insurance affiliates, included in other policyholder benefits above, has been computed using average yields of 2.0% to 9.0% in 1995 and 4.0% to 9.1% in 1994.

Activity in the liability for unpaid claims and claims adjustment expenses is summarized as follows for the past three years.

(In millions)	1995	1994	1993
Balance at January 1 - gross..........	$ 7,032	$6,405	$5,484
Less reinsurance recoverables.........	(1,084)	(1,142)	(1,191)
Balance at January 1 - net............	5,948	5,263	4,293
Claims and expenses incurred			
Current year.......................	3,268	2,016	2,051
Prior years........................	492	558	359
Claims and expenses paid			
Current year.......................	(706)	(543)	(378)
Prior years........................	(1,908)	(1,432)	(1,048)
Claim reserves related to acquired companies...........................	3,696	49	-
Other.................................	19	37	(14)
Balance at December 31 - net..........	10,809	5,948	5,263
Add reinsurance recoverables..........	1,853	1,084	1,142
Balance at December 31 - gross........	$ 12,662	$7,032	$6,405

Financial guarantees of insurance affiliates as of December 31, 1995 and 1994, are summarized below.

(In millions)	1995	1994
Guarantees, principally on municipal bonds and structured finance issues.....	$119,406	$106,726
Mortgage insurance risk in force.........	32,599	31,463
Credit life insurance risk in force......	13,670	13,713
Other.....................................	110	147
Less reinsurance..........................	(21,749)	(19,426)
	$144,036	$132,623

The Corporation's Specialty Insurance businesses are involved significantly in the reinsurance business, ceding reinsurance on both a pro-rata and an excess basis. When the Corporation cedes business to third parties, it is not relieved of its primary obligation to policyholders and reinsureds. Consequently, the Corporation establishes allowances for amounts deemed uncollectible due to the failure of reinsurers to honor their obligations. The Corporation monitors both the financial condition of individual reinsurers and risk concentrations arising from similar geographic regions, activities and economic characteristics of reinsurers. The maximum amount of individual life insurance retained on any one life is $2.5 million.

The effects of reinsurance on premiums written and earned were as follows for the past three years.

	Written premiums			Earned premiums		
(In millions)	1995	1994	1993	1995	1994	1993
Direct............	$2,984	$1,816	$1,639	$2,604	$1,787	$1,480
Assumed...........	3,978	2,696	2,540	4,414	2,596	2,424
Ceded.............	(804)	(550)	(223)	(786)	(558)	(207)
Net Premiums......	$6,158	$3,962	$3,956	$6,232	$3,825	$3,697

Reinsurance recoveries recognized as a reduction of insurance losses and policyholder and annuity benefits amounted to $459 million, $434 million and $304 million for the periods ended December 31, 1995, 1994 and 1993, respectively.

NOTE 11. MINORITY INTEREST

Minority interest in equity of consolidated GE Capital Services affiliates includes preferred stock issued by GE Capital and by a subsidiary of GE Capital. The preferred stock pays cumulative dividends at variable rates. The liquidation preference of the preferred shares at December 31, 1995 and 1994, is summarized below.

(In millions)	1995	1994
GE Capital..................................	$1,800	$ 875
GE Capital subsidiary.......................	360	240

Dividend rates on the preferred stock ranged from 4.2% to 5.2% during 1995, from 2.3% to 4.9% during 1994 and from 2.3% to 2.8% during 1993.

NOTE 12. EQUITY

Changes in equity for each of the years ended December 31, 1995, 1994 and 1993 are as follows:

(In millions)	Cumulative preferred stock	Common stock	Additional paid-in capital	Retained earnings	Unrealized gains (losses) on investment securities	Foreign currency translations	Total
Balance at January 1, 1993	$ -	$ 1	$ 1,877	$ 7,015	$ 36	$ (45)	$8,884
Net unrealized gains on investment securities	-	-	-	-	776	-	776
Currency translation adjustments	-	-	-	-	-	(48)	(48)
Net earnings	-	-	-	1,807	-	-	1,807
Dividends declared:							
Common stock	-	-	-	(610)	-	-	(610)
Balance at December 31, 1993	-	1	1,877	8,212	812	(93)	10,809
Capital contributions	-	-	187	-	-	-	187
Net unrealized losses on investment securities	-	-	-	-	(1,633)	-	(1,633)
Currency translation adjustments	-	-	-	-	-	25	25
Net earnings	-	-	-	896	-	-	896
Dividends declared:							
Stock dividend	10	-	-	(10)	-	-	-
Common stock	-	-	-	(903)	-	-	(903)
Preferred stock	-	-	-	(1)	-	-	(1)
Balance at December 31, 1994	10	1	2,064	8,194	(821)	(68)	9,380
Capital contributions	-	-	250	-	-	-	250
Net unrealized gains on investment securities	-	-	-	-	1,810	-	1,810
Currency translation adjustments	-	-	-	-	-	10	10
Net earnings	-	-	-	2,415	-	-	2,415
Dividends declared:							
Common stock	-	-	-	(1,090)	-	-	(1,090)
Preferred stock	-	-	-	(1)	-	-	(1)
Balance at December 31, 1995	$ 10	$ 1	$ 2,314	$ 9,518	$ 989	$ (58)	$12,774

GE Capital Services' outstanding preferred stock amounted to $510 million at December 31, 1995, all of which was held by consolidated affiliates with the exception of $10 million of such shares, which were dividended to GE Company in 1994. All other equity is owned entirely by GE Company. In 1995, GE Company contributed to the Corporation certain assets of Caribe GE Products, Inc. and Fee For Service, which increased the Corporation's additional paid-in capital by $250 million. In 1994, GE Company contributed to the Corporation the net assets of Consolidated Insurance Group, which increased the Corporation's additional paid-in capital by $187 million.

Changes in fair value of investment securities are reflected, net of tax, in equity. The changes from year to year were primarily attributable to the effects of changes in year-end market interest rates on the fair value of the securities.

At December 31, 1995 and 1994, the statutory capital and surplus of the Corporation's insurance affiliates totaled $7,678 million and $5,657 million, respectively, and amounts available for the payment of dividends without the approval of the insurance regulators totaled $479 million and $413 million, respectively.

NOTE 13. EARNED INCOME

Time sales, loan, investment and other income includes the Corporation's share of earnings from equity investees of approximately $116 million, $169 million and $106 million for 1995, 1994 and 1993, respectively.

Included in earned income from financing leases for 1995, 1994 and 1993 were gains on the sale of equipment at lease completion of $191 million, $180 million and $145 million, respectively.

NOTE 14. OPERATING AND ADMINISTRATIVE EXPENSES

Employees and retirees of the Corporation and its affiliates are covered under a number of pension, health and life insurance plans. The principal pension plan is the GE Company Pension Plan, a defined benefit plan, while employees of certain affiliates, including ERC, are covered under separate plans. The Corporation provides health and life insurance benefits to certain of its retired employees, principally through GE Company's benefit program, as well as through plans sponsored by ERC and other affiliates. The annual cost to the Corporation of providing these benefits is not material.

GE Company adopted SFAS No. 112, *Employers' Accounting for Postemployment Benefits*, in the second quarter of 1993. The Corporation adopted this standard in conjunction with its parent. This Statement requires that employers expense the costs of postemployment benefits (as distinct from postretirement pension, medical and life insurance benefits) over the working lives of their employees. This change principally affects the Corporation's accounting for severance benefits, which previously were expensed when the severance event occurred. The net transition obligation related to the Corporation's employees covered under GE Company postemployment benefit plans is not separately determinable from the GE Company plans as a whole. The net transition obligation for employees covered under separate plans is not material.

Rental expense relating to equipment the Corporation leases from others for the purposes of subleasing was $273 million in 1995, $262 million in 1994 and $239 million in 1993. Other rental expense was $251 million in 1995, $206 million in 1994 and $174 million in 1993, principally for the rental of office space and data processing equipment. Minimum future rental commitments under noncancelable leases at December 31, 1995, are $434 million in 1996, $384 million in 1997, $345 million in 1998, $320 million in 1999, $288 million in 2000 and $1,348 million thereafter. The Corporation, as a lessee, has no material lease agreements classified as capital leases.

Amortization of deferred insurance acquisition costs charged to operations in 1995, 1994 and 1993 was $1,319 million, $945 million and $817 million, respectively.

NOTE 15. INCOME TAXES

The provision for income taxes is summarized in the following table.

(In millions)	1995	1994	1993
Estimated amounts payable	$ 434	$ 447	$ 221
Deferred tax expense from temporary differences	678	431	428
Investment tax credit amortized - net	(7)	(14)	(7)
	$1,105	$ 864	$ 642

Estimated amounts payable includes amounts applicable to non-U.S. jurisdictions of $172 million, $224 million and $138 million in 1995, 1994 and 1993, respectively.

GE Company files a consolidated U.S. federal income tax return which includes GE Capital Services. The provisions for estimated taxes payable include the effect of the Corporation and its affiliates on the consolidated return.

Except for certain earnings that GE Capital Services intends to reinvest indefinitely, provision has been made for the estimated U.S. federal income tax liabilities applicable to undistributed earnings of affiliates and associated companies.

A reconciliation of the U.S. federal statutory rate to the actual income tax rate follows.

	1995	1994	1993
Statutory U.S. federal income tax rate	35.0%	35.0%	35.0%
Increase (reduction) in rate resulting from:			
Rate increase - deferred taxes	-	-	5.2
Amortization of goodwill	1.1	1.0	1.2
Tax-exempt income	(5.8)	(6.9)	(8.3)
Dividends received, not fully taxable	(0.8)	(0.8)	(1.2)
All other--net	1.9	1.0	(2.8)
Actual income tax rate	31.4%	29.3%	29.1%

Principal components of the net deferred tax liability balances at December 31, 1995 and 1994 are as follows:

(In millions)	1995	1994
Assets		
Allowance for losses	$ (852)	$ (876)
Net unrealized losses on investment securities	-	(468)
Insurance reserves	(497)	(460)
Other	(834)	(838)
Total deferred tax assets	(2,183)	(2,642)
Liabilities		
Financing leases	5,746	5,075
Operating leases	1,367	1,234
Net unrealized gains on investment securities	608	-
Other	1,334	1,270
Total deferred tax liabilities	9,055	7,579
Net deferred tax liability	$6,872	$4,937

NOTE 16. INDUSTRY SEGMENT DATA

Industry segment operating data and identifiable assets for continuing operations are shown below. Corporate level expenses principally include interest expense related to acquisition debt and other unallocated expenses.

(In millions)	1995	1994	1993
Earned income:			
Consumer Services	$ 7,586	$ 5,508	$ 4,061
Specialized Financing	3,099	2,640	2,543
Equipment Management	6,173	5,209	4,323
Mid-Market Financing	2,184	1,575	1,472
Specialty Insurance	7,444	4,926	4,862
	26,486	19,858	17,261
Corporate	6	17	15
Total earned income	$ 26,492	$ 19,875	$ 17,276
Segment operating profit:			
Consumer Services	$ 1,030	$ 1,067	$ 709
Specialized Financing	673	536	366
Equipment Management	897	624	246
Mid-Market Financing	445	435	406
Specialty Insurance	1,020	589	770
Total segment operating profit	4,065	3,251	2,497
Corporate	(545)	(302)	(288)
Earnings from continuing operations before income taxes	$ 3,520	$ 2,949	$ 2,209
Identifiable assets at December 31:			
Consumer Services	$ 73,076	$ 54,171	$ 45,773
Specialized Financing	30,297	28,183	27,102
Equipment Management	25,145	23,250	19,968
Mid-Market Financing	21,544	16,362	14,011
Specialty Insurance	34,795	22,058	18,915
Corporate	872	943	868
Total assets	$185,729	$144,967	$126,637

NOTE 17. QUARTERLY FINANCIAL DATA (unaudited)

Summarized quarterly financial data are as follows:

(In millions)	First quarter		Second quarter		Third quarter		Fourth quarter	
	1995	1994	1995	1994	1995	1994	1995	1994
Earned income	$5,754	$4,393	$6,415	$4,730	$7,099	$5,097	$7,224	$5,655
Expenses:								
Interest	1,543	1,011	1,677	1,083	1,726	1,128	1,715	1,323
Operating and administrative	1,736	1,442	1,901	1,500	1,913	1,386	2,206	1,872
Insurance losses and policyholder and annuity benefits	1,091	693	1,223	779	1,540	1,089	1,431	946
Provision for losses on financing receivables	79	170	279	251	352	186	407	266
Depreciation and amortization of buildings and equipment and equipment on operating leases	452	385	491	383	491	426	579	468
Minority interest in net earnings of consolidated affiliates	27	24	26	50	29	25	58	40
Earnings from continuing operations before income taxes	826	668	818	684	1,048	857	828	740
Provision for income taxes	(267)	(187)	(246)	(189)	(337)	(242)	(255)	(246)
Earnings from continuing operations	559	481	572	495	711	615	573	494
Earnings (loss) from discontinued operations	-	(151)	-	(32)	-	(89)	-	(917)
Net earnings (loss)	$ 559	$ 330	$ 572	$ 463	$ 711	$ 526	$ 573	$ (423)

NOTE 18. RESTRICTED NET ASSETS OF AFFILIATES

Certain consolidated affiliates are restricted from remitting funds to the Corporation in the form of dividends or loans by a variety of regulations, the purpose of which is to protect affected insurance policyholders, depositors or investors. At year-end 1995, net assets of the Corporation's regulated affiliates amounted to $14.7 billion, of which $12.5 billion was restricted.

NOTE 19. SUPPLEMENTAL CASH FLOWS INFORMATION

"Other-net operating activities" in the Statement of Cash Flows consists principally of adjustments to current and noncurrent accruals of costs and expenses, amortization of premium and discount on debt, and adjustments to assets such as amortization of goodwill and intangibles.

The Statement of Cash Flows excludes certain noncash transactions that had no significant effect on the investing or financing activities of the Corporation.

Certain supplemental information related to the Corporation's cash flows is shown below.

For the years ended December 31 (In millions)	1995	1994	1993
Financing receivables			
Increase in loans to customers	$(46,154)	$(37,059)	$(30,002)
Principal collections from customers	44,840	31,264	27,571
Investment in equipment for financing leases	(17,182)	(10,528)	(7,204)
Principal collections on financing leases	8,821	8,461	6,011
Net change in credit card receivables	(3,773)	(2,902)	(1,645)
Sales of financing receivables with recourse	2,139	1,239	1,105
	$(11,309)	$ (9,525)	$ (4,164)
All other investing activities			
Purchases of securities by insurance and annuity businesses	$(14,452)	$ (8,663)	$(10,488)
Dispositions and maturities of securities by insurance and annuity businesses	12,460	6,338	7,698
Proceeds from principal business dispositions	575	-	-
Other	(2,496)	2,501	(4,003)
	$ (3,913)	$ 176	$ (6,793)
Newly issued debt having maturities longer than 90 days			
Short-term (91 to 365 days)	$ 2,545	$ 3,214	$ 4,315
Long-term (longer than one year)	32,507	19,228	10,885
Long-term subordinated	298	-	-
Proceeds -- nonrecourse, leveraged lease debt	1,428	31	53
	$ 36,778	$ 22,473	$ 15,253
Repayments and other reductions of debt having maturities longer than 90 days			
Short-term (91 to 365 days)	$(16,075)	$(10,460)	$ (9,008)
Long-term (longer than one year)	(678)	(930)	(206)
Principal payments -- nonrecourse, leveraged lease debt	(292)	(309)	(312)
	$(17,045)	$(11,699)	$ (9,526)
All other financing activities			
Proceeds from sales of investment and annuity contracts	$ 1,754	$ 1,207	$ 509
Preferred stock issued by GE Capital and consolidated affiliate	1,045	240	-
Redemption of investment and annuity contracts	(2,540)	(1,264)	(578)
	$ 259	$ 183	$ (69)
Cash from (used for) discontinued operations			
Cash from (used for) GECS broker-dealer operating activities	$ 1,414	$ 1,635	$ (1,910)
Cash from (used for) GECS broker-dealer investing activities	92	334	(107)
Cash (used for) from GECS broker-dealer financing activities	(1,506)	(2,169)	2,017
	-	(200)	-
Cash recovered (paid) during the year for:			
Interest	$ (6,177)	$ (4,150)	$ (3,281)
Income taxes	168	(321)	(189)

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

"Payments for principal businesses purchased" in the Statement of Cash Flows is net of cash acquired and includes debt assumed and immediately repaid in acquisitions. In conjunction with the acquisitions, liabilities were assumed as follows.

	1995	1994	1993
Fair value of assets acquired	$23,534	$10,197	$15,175
Cash paid	(5,980)	(2,225)	(2,988)
Liabilities assumed	$17,554	$ 7,972	$12,187

NOTE 20. ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS

This note contains estimated fair values of certain financial instruments to which the Corporation is a party. Apart from the Corporation's own borrowings and certain marketable securities, relatively few of these instruments are actively traded. Thus, fair values must often be determined using one or more models that indicate value based on estimates of quantifiable characteristics as of a particular date. Because this undertaking is, by its nature, difficult and highly judgmental, for a limited number of instruments, alternative valuation techniques may have produced disclosed values different from those that could have been realized at December 31, 1995 or 1994. Moreover, the disclosed values are representative of fair values only as of the dates indicated. Assets that, as a matter of accounting policy, are reflected in the accompanying financial statements at fair value are not included in the following disclosures; such assets include cash and equivalents, investment securities, and other receivables.

Values are estimated as follows.

Time sales and loans. Based on quoted market prices, recent transactions and/or discounted future cash flows, using rates at which similar loans would have been made to similar borrowers.

Borrowings. Based on quoted market prices or market comparables. Fair values of interest rate and currency swaps on borrowings are based on quoted market prices and include the effects of counterparty creditworthiness.

Annuity benefits. Based on expected future cash flows, discounted at currently offered discount rates for immediate annuity contracts or cash surrender value for single premium deferred annuities.

Financial guarantees. Based on future cash flows, considering expected renewal premiums, claims, refunds and servicing costs, discounted at a market rate.

All other instruments. Based on comparable transactions, market comparables, discounted future cash flows, quoted market prices, and/or estimates of the cost to terminate or otherwise settle obligations to counterparties.

Information about financial instruments that were not carried at fair value at December 31, 1995 and 1994, is shown below.

At December 31 (In millions)	1995 Notional amount	1995 Assets (liabilities) Carrying amount (net)	1995 Assets (liabilities) Estimated fair value High	1995 Assets (liabilities) Estimated fair value Low	1994 Notional amount	1994 Assets (liabilities) Carrying amount (net)	1994 Assets (liabilities) Estimated fair value High	1994 Assets (liabilities) Estimated fair value Low
Assets								
Time sales and loans	$ (a)	$57,817	$59,188	$58,299	$ (a)	$48,529	$49,496	$48,842
Integrated interest rate swaps	1,703	-	(93)	(93)	1,163	-	64	64
Purchased options	1,213	24	11	11	107	[illegible]	[illegible]	[illegible]
Mortgage-related positions								
Mortgage purchase commitments	1,360	-	17	17	205	-	[illegible]	[illegible]
Mortgage sale commitments	1,334	-	(11)	(11)	1,792	-	[illegible]	[illegible]
Memo: mortgages held for sale (b)	(a)	1,663	1,663	1,663	(a)	1,764	1,764	1,764
Options, including "floors"	18,522	67	144	144	-	-	-	-
Interest rate swaps	1,990	-	31	31	950	-	(127)	(127)
Other cash financial instruments	(a)	1,514	1,967	1,705	(a)	1,897	2,026	1,924
Liabilities								
Borrowings and related instruments								
Borrowings (c)(d)	(a)	(111,598)	(113,105)	(113,105)	(a)	(91,399)	(89,797)	(89,797)
Interest rate swaps	43,681	-	(630)	(630)	21,996	-	199	199
Currency swaps	22,342	-	937	937	11,695	-	86	86
Purchased options	2,751	26	12	11	130	12	11	11
Other	515	-	(65)	(65)	-	-	-	-
Annuity benefits	(a)	(11,994)	(11,728)	(11,728)	(a)	(13,186)	(12,788)	(12,788)
Insurance -- financial guarantees and credit life (e)	144,036	(1,570)	(832)	(922)	132,623	(1,562)	(663)	(806)
Credit and liquidity support -- securitizations	7,035	(58)	(65)	(65)	5,808	(22)	(22)	(22)
Performance guarantees -- principally letters of credit	2,920	(48)	(78)	(78)	2,227	(18)	(98)	(101)
Other -- principally liquidity commitments	3,556	1	(36)	(45)	3,166	-	42	38
Other firm commitments								
Currency forwards and options	7,657	-	69	69	3,372	-	12	12
Currency swaps	280	-	(22)	(22)	488	-	(3)	(3)
Ordinary course of business lending commitments	6,929	-	(60)	(60)	6,687	-	(50)	(50)
Unused revolving credit lines								
Commercial	3,223	-	-	-	2,580	-	-	-
Consumer -- principally credit cards	118,710	-	-	-	101,582	-	-	-

(a) Not applicable.
(b) Included in other cash financial instruments.
(c) See note 9.
(d) Includes interest rate and currency swaps.
(e) See note 10.

Additional information about certain financial instruments in the above table follows.

Currency forwards and options are employed by the Corporation to manage exposures to changes in currency exchange rates associated with commercial purchase and sale transactions. These financial instruments generally are used to fix the local currency cost of purchased goods or services or selling prices denominated in currencies other than the functional currency. Currency exposures that result from net investments in affiliates are managed principally by funding assets denominated in local currency with debt denominated in those same currencies. In certain circumstances, net investment exposures are managed using currency forwards and currency swaps.

Options other than currency options. The Corporation is exposed to prepayment risk in certain of its business activities, such as in its mortgage servicing and annuities activities. In order to hedge those exposures, the Corporation uses one-sided financial instruments containing option features. These instruments generally behave based on limits ("caps," "floors" or "collars") on interest rate movement.

Interest rate and currency swaps are used by the Corporation to optimize borrowing costs for a particular funding strategy (see note 9) and to establish specific hedges of mortgage-related assets and to manage net investment exposures. Such swaps are evaluated by management under the credit criteria set forth below. In addition, as part of its ongoing customer activities, the Corporation may enter into swaps that are integrated with investments in or loans to particular customers and do not involve assumption of third-party credit risk. Such integrated swaps are evaluated and monitored like their associated investments or loans, and are not therefore subject to the same credit criteria that would apply to a stand-alone swap.

Counterparty credit risk. Given the ways in which the Corporation uses swaps, purchased options and forwards, the principal risk is credit risk--risk that counterparties will be financially unable to make payments in accordance with the agreements. Associated market risk is meaningful only as it relates to how changes in market value affect credit exposure to individual counterparties. Except as noted above for positions that are integrated into financings, all swaps, purchased options and forwards are carried out within the following credit policy constraints:

- Once a counterparty reaches a credit exposure limit (see table below), no additional transactions are permitted until the exposure with that counterparty is reduced to an amount that is within the established limit. Open contracts remain in force.

Counterparty credit criteria	Credit rating	
	Moody's	**Standard & Poor's**
Term of transaction		
Five years or less	Aa3	AA-
Greater than five years	Aaa	AAA
Credit exposure limits		
Up to $50 million	Aa3	AA-
Up to $75 million	Aaa	AAA

- All swaps are executed under master swap agreements containing mutual credit downgrade provisions that provide the ability to require assignment or termination in the event either party is downgraded below A3 or A-.

Because of their lower risk, more credit latitude is permitted for original maturities shorter than one year.

NOTE 21. GEOGRAPHIC SEGMENT INFORMATION

Geographic segment operating data and total assets are as follows.

(In millions)	Earned income			Operating profit		
	1995	1994	1993	1995	1994	1993
United States....	$18,374	$15,213	$13,722	$ 2,752	$ 2,413	$ 1,970
Europe...........	4,974	2,457	1,838	469	252	10
Global-including other areas of the world.......	3,144	2,205	1,716	299	284	229
Total.........	$26,492	$19,875	$17,276	$ 3,520	$ 2,949	$ 2,209

(In millions)	Total assets		
	1995	1994	1993
United States....	$132,415	$114,069	$104,717
Europe...........	33,462	14,378	8,250
Global-including other areas of the world.......	19,852	16,520	13,670
Total.........	$185,729	$144,967	$126,637

The basis of presentation of geographic segment information was revised in 1995 to reclassify the results of certain business activities within GECS that are essentially global in nature to "Global-including other areas of the world." Prior-year amounts have been restated to conform to the current year presentation.

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

Not applicable

PART III

Item 10. ***Directors and Executive Officers of the Registrant.***

Omitted

Item 11. ***Executive Compensation.***

Omitted

Item 12. ***Security Ownership of Certain Beneficial Owners and Management.***

Omitted

Item 13. ***Certain Relationships and Related Transactions.***

Omitted

PART IV

Item 4. ***Exhibits, Financial Statement Schedules, and Reports on Form 8-K.***

(a) 1. **Financial Statements**

Included in Part II of this report:

- Independent Auditors' Report
- Statement of Current and Retained Earnings for each of the years in the three-year period ended December 31, 1995
- Statement of Financial Position at December 31, 1995 and 1994
- Statement of Cash Flows for each of the years in the three-year period ended December 31, 1995
- Notes to Consolidated Financial Statements

Incorporated by reference:

The consolidated financial statements of General Electric Company, set forth in the Annual Report on Form 10-K of General Electric Company (S.E.C. File No. 001-00035) for the year ended December 31, 1995 (pages F-1 through F-40) and Exhibit 12 (Ratio of Earnings to Fixed Charges) of General Electric Company.

(a) 2. **Financial Statement Schedules**

I. Condensed financial information of registrant.

V. Supplemental information concerning property and casualty insurance operations.

All other schedules are omitted because of the absence of conditions under which they are required or because the required information is shown in the financial statements or notes thereto.

(a) 3. **Exhibit Index**

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

Exhibit Number	**Description**
3 (i)	A complete copy of the Certificate of Incorporation of the Corporation as last amended on February 10, 1993, and currently in effect. (Incorporated by reference to Exhibit 3(i) of the Corporation's Form 10-K Report for the year ended December 31, 1993.)
3 (ii)	A complete copy of the By-Laws of the Corporation as last amended on June 30, 1994, and currently in effect. (Incorporated by reference to Exhibit 3(ii) of the Corporation's Form 10-K Report for the year ended December 31, 1994.)
4 (iii)	Agreement to furnish to the Securities and Exchange Commission upon request a copy of instruments defining the rights of holders of certain long-term debt of the registrant and all subsidiaries for which consolidated or unconsolidated financial statements are required to be filed.
12 (a)	Computation of ratio of earnings to fixed charges.
12 (b)	Computation of ratio of earnings to combined fixed charges and preferred stock dividends.
23 (ii)	Consent of KPMG Peat Marwick LLP.
24	Power of Attorney.
27	Financial Data Schedule (filed electronically herewith).
99 (a)	Income Maintenance Agreement dated March 28, 1991, between General Electric Company and General Electric Capital Corporation. (Incorporated by reference to Exhibit 28 of the Corporation's Form 10-K Report for the year ended December 31, 1992).
99 (b)	The consolidated financial statements of General Electric Company, set forth in the Annual Report on Form 10-K of General Electric Company (S.E.C. File No. 001-00035) for the year ended December 31, 1995, (pages F-1 through F-40) and Exhibit 12 (Ratio of Earnings to Fixed Charges) of General Electric Company.
99 (c)	Item 1. Business - Property and Casualty Reserves for Unpaid Losses and Loss Adjustment Expenses, set forth in the Annual Report on Form 10-K of GE Global Insurance Holding Corporation (S.E.C. File No. 0-27394) for the year ended December 31, 1995 (Pages 7 through 12).

Exhibit Number	Description
99 (d)	Letter, dated June 29, 1995, from Dennis D. Dammerman of General Electric Company to Gary C. Wendt of General Electric Capital Corporation pursuant to which General Electric Company agrees to provide additional equity to General Electric Capital Corporation in conjunction with certain redemptions by General Electric Capital Corporation of shares of its Variable Cumulative Preferred Stock. (Incorporated by reference to Exhibit 99(g) to General Electric Capital Corporation's Registration Statement on Form S-3, File No. 33-61257)

(b) **Reports on Form 8-K**

None.

GENERAL ELECTRIC CAPITAL SERVICES, INC. AND CONSOLIDATED AFFILIATES

SCHEDULE I--CONDENSED FINANCIAL INFORMATION OF REGISTRANT

GENERAL ELECTRIC CAPITAL SERVICES, INC.

CONDENSED STATEMENT OF CURRENT AND RETAINED EARNINGS

For the years ended December 31 (In millions)	1995	1994	1993
Earned income	$ -	$ -	$ -
Expenses:			
Interest	195	132	91
Operating and administrative	293	128	211
Loss before income taxes and equity in earnings of affiliates	(488)	(260)	(302)
Income tax benefit	110	80	87
Equity in earnings from continuing operations of affiliates	2,793	2,265	1,782
Net earnings from continuing operations	2,415	2,085	1,567
Net earnings (loss) from discontinued operations	-	(1,189)	240
Net earnings	2,415	896	1,807
Dividends paid	(1,091)	(914)	(610)
Retained earnings at January 1	8,194	8,212	7,015
Retained earnings at December 31	$9,518	$8,194	$8,212

See Notes to Condensed Financial Statements.

GENERAL ELECTRIC CAPITAL SERVICES, INC. AND CONSOLIDATED AFFILIATES

SCHEDULE I--CONDENSED FINANCIAL INFORMATION OF REGISTRANT--(Continued)

GENERAL ELECTRIC CAPITAL SERVICES, INC.

CONDENSED STATEMENT OF FINANCIAL POSITION

At December 31 (In millions)	1995	1994
ASSETS		
Cash and equivalents	$ 27	$ 5
Investment securities	55	-
Receivables--net	27	14
Investment in and advances to affiliates	16,722	12,640
Total assets	$16,831	$12,659
LIABILITIES AND EQUITY		
Short-term borrowings	$ 2,936	$ 2,498
Long-term borrowings	298	-
Accounts payable	193	235
Other liabilities	130	46
Total liabilities	3,557	2,779
Cumulative preferred stock, $10,000 par value (80,000 shares authorized, 51,000 shares issued and held primarily by affiliates at December 31, 1995 and 1994)	510	510
Common stock, $10,000 par value (101 shares authorized and outstanding)	1	1
Additional paid-in capital	2,314	2,064
Retained earnings	9,518	8,194
Unrealized gains (losses) on investment securities held by affiliates	989	(821)
Foreign currency translation adjustments	(58)	(68)
Total equity	13,274	9,880
Total liabilities and equity	$16,831	$12,659

See Notes to Condensed Financial Statements.

GENERAL ELECTRIC CAPITAL SERVICES, INC. AND CONSOLIDATED AFFILIATES

SCHEDULE I--CONDENSED FINANCIAL INFORMATION OF REGISTRANT--(Continued)

GENERAL ELECTRIC CAPITAL SERVICES, INC.

CONDENSED STATEMENT OF CASH FLOWS

For the years ended December 31 (In millions)	1995	1994	1993
CASH FROM OPERATING ACTIVITIES	$722	$549	$412
CASH FLOWS FROM INVESTING ACTIVITIES			
Change in investment and advances to affiliates	(962)	16	18
Net change in investment securities	(55)	100	(100)
Net change in receivables	672	(14)	26
CASH (USED FOR) PROVIDED FROM INVESTING ACTIVITIES	(345)	102	(56)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net change in borrowings (less than 90-day maturities)	438	158	351
Newly issued debt--long-term subordinated	298	-	-
Dividends paid	(1,091)	(904)	(610)
CASH USED FOR FINANCING ACTIVITIES	(355)	(746)	(259)
INCREASE (DECREASE) IN CASH AND EQUIVALENTS DURING THE YEAR	22	(95)	97
CASH AND EQUIVALENTS AT BEGINNING OF YEAR	5	100	3
CASH AND EQUIVALENTS AT END OF YEAR	$ 27	$ 5	$100

See Notes to Condensed Financial Statements.

GENERAL ELECTRIC CAPITAL SERVICES, INC. AND CONSOLIDATED AFFILIATES

SCHEDULE I--CONDENSED FINANCIAL INFORMATION OF REGISTRANT--(Concluded)

GENERAL ELECTRIC CAPITAL SERVICES, INC.

NOTES TO CONDENSED FINANCIAL STATEMENTS

Income taxes

GE Company files a consolidated U.S. federal income tax return which includes GE Capital Services. Income tax benefit includes the effect of GE Capital Services on the consolidated return.

Dividends from affiliates

In 1995 and 1994, GE Capital Services received dividends of $124 million and $150 million, respectively, from GE Global Insurance and $1,588 million and $575 million, respectively, from GE Capital. The 1995 dividend from GE Capital included certain assets that were subsequently sold. The proceeds on the sale were invested back into GE Capital.

Discontinued operations

In November 1994, GE Capital Services elected to terminate the operations of Kidder, Peabody Group Inc. by initiating an orderly liquidation of its assets and liabilities. As part of the liquidation plan, GE Capital Services received securities of Paine Webber Group Inc. valued at $657 million in exchange for certain broker-dealer assets and operations. The liquidation was substantially complete as of December 31, 1995.

GENERAL ELECTRIC CAPITAL SERVICES, INC. AND CONSOLIDATED AFFILIATES

SCHEDULE V - SUPPLEMENTAL INFORMATION CONCERNING
PROPERTY AND CASUALTY INSURANCE OPERATIONS

(in millions)

	Deferred policy acquisition costs	Reserves for unpaid claims and claims adjustment expenses	Discount deducted from unpaid losses and loss expenses	Unearned premiums	Earned premiums	Net investment income	Claims and claim adjustment expenses incurred related to Current Year	Claims and claim adjustment expenses incurred related to Prior Years	Amortization of deferred policy acquisition costs	Paid claims and claim adjustment expenses	Premiums written
1995	$ 821	$12,117	$ 32	$ 3,232	$ 5,118	$ 870	$ 3,013	$ 468	$ 927	$ 2,467	$ 4,976
1994	$ 581	$ 6,911	$ 27	$ 2,372	$ 3,375	$ 721	$ 1,885	$ 558	$ 606	$ 1,946	$ 3,51[illegible]
1993	$ 403	$ 6,405	$ 21	$ 1,639	$ 3,301	$ 594	$ 2,040	$ 359	$ 550	$ 1,425	$ 3,547

Exhibit 4(iii)

March 26, 1996

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Subject: General Electric Capital Services, Inc. Annual Report on Form 10-K for the fiscal year ended December 31, 1995--File No. 0-14804

Dear Sirs:

Neither General Electric Capital Services, Inc. (the "Corporation") nor any of its subsidiaries has outstanding any instrument with respect to its long-term debt under which the total amount of securities authorized exceeds 10% of the total assets of the registrant and its subsidiaries on a consolidated basis. In accordance with paragraph (b)(4)(iii) of Item 601 of Regulation S-K (17 CFR §229.601), the Corporation hereby agrees to furnish to the Securities and Exchange Commission, upon request, a copy of each instrument which defines the rights of holders of such long-term debt.

Very truly yours,

GENERAL ELECTRIC CAPITAL SERVICES, INC.

By: /s/ J. A. Parke

J. A. Parke,
Senior Vice President, Finance

Exhibit 12 (a)

GENERAL ELECTRIC CAPITAL SERVICES, INC.
AND CONSOLIDATED AFFILIATES

Computation of Ratio of Earnings to Fixed Charges

	Years ended December 31,				
(Dollar amounts in millions)	**1995**	**1994**	**1993**	**1992**	**1991**
Earnings from continuing operations	$ 2,415	$ 2,085	$ 1,567	$ 1,331	$ 1,215
Provision for income taxes	1,105	864	642	404	317
Minority interest	140	139	134	40	33
Cumulative effect to January 1, 1991, of accounting change for post retirement benefits other than pensions	-	-	-	-	6
Earnings before income taxes, minority interest and accounting change	3,660	3,088	2,343	1,775	1,571
Fixed charges:					
Interest	6,731	4,598	3,585	3,780	4,413
One-third of rentals	175	156	138	92	36
Total fixed charges	6,906	4,754	3,723	3,872	4,449
Less interest capitalized, net of amortization	21	9	4	6	7
Earnings before income taxes, minority interest and accounting change, plus fixed charges	$10,545	$ 7,833	$ [illegible]	$ 5,641	$ 6,013
Ratio of earnings to fixed charges	1.53	1.65	1.63	1.46	1.35

Exhibit 12 (b)

**GENERAL ELECTRIC CAPITAL SERVICES, INC.
AND CONSOLIDATED AFFILIATES**

Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends

(Dollar amounts in millions)	1995	1994	1993	1992	1991
	Years ended December 31,				
Earnings from continuing operations....	$ 2,415	$2,085	$1,567	$1,331	$1,215
Provision for income taxes............	1,105	864	642	404	317
Minority interest......................	140	139	134	40	33
Cumulative effect to January 1, 1991, of accounting change for post retirement benefits other than pensions..........................	-	-	-	-	6
Earnings before income taxes, minority interest and accounting change..............................	3,660	3,088	2,343	1,775	1,571
Fixed charges:					
Interest..............................	6,731	4,598	3,585	3,780	4,413
One-third of rentals.................	175	156	138	92	36
Total fixed charges....................	6,906	4,754	3,723	3,872	4,449
Less interest capitalized, net of amortization.........................	21	9	4	6	7
Earnings before income taxes, minority interest and accounting change, plus fixed charges...........	$10,545	$ 7,833	$ 6,062	$ 5,641	$ 6,013
Preferred stock dividend requirements..	$ 1	$ 1	$ -	$ -	$ -
Ratio of earnings from continuing operations before provisions for income taxes to earnings from continuing operations................	1.46	1.41	-	-	-
Preferred stock dividend factor on pre-tax basis.........................	1	1	-	-	-
Fixed charges..........................	6,906	4,754	3,723	3,872	4,449
Total fixed charges and preferred stock dividend requirements..........	$ 6,907	$ 4,755	$ 3,723	$ 3,872	$ 4,449
Ratio of earnings to combined fixed charges and preferred stock dividends............................	1.53	1.65	1.63	1.46	1.35

Exhibit 23(ii)

To the Board of Directors
General Electric Capital Services, Inc.

We consent to incorporation by reference in the Registration Statement (No. 33-7348) on Form S-3 of General Electric Capital Services, Inc., and in the Registration Statement (No. 33-61029) on Form S-3 jointly filed by General Electric Capital Services, Inc. and General Electric Company, of our report dated February 9, 1996, relating to the statement of financial position of General Electric Capital Services, Inc. and consolidated affiliates as of December 31, 1995 and 1994 and the related statements of current and retained earnings and cash flows for each of the years in the three-year period ended December 31, 1995, and related schedules which report appears in the December 31, 1995 annual report on Form 10-K of General Electric Capital Services, Inc.

/s/ KPMG Peat Marwick LLP

Stamford, Connecticut
March 28, 1996

Exhibit 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned, being directors and/or officers of General Electric Capital Services, Inc., a Delaware corporation (the "Corporation"), hereby constitutes and appoints Gary C. Wendt, James A. Parke, Joan C. Amble and Nancy E. Barton and each of them, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead in any and all capacities, to sign one or more Annual Reports for the Corporation's fiscal year ended December 31, 1995, on Form 10-K under the Securities Exchange Act of 1934, as amended, or such other form as such attorney-in-fact may deem necessary or desirable, any amendments thereto, and all additional amendments thereto in such form as they or any one of them may approve, and to file the same with all exhibits thereto and other documents in connection therewith with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done to the end that such Annual Report or Annual Reports shall comply with the Securities Exchange Act of 1934, as amended, and the applicable Rules and Regulations of the Securities and Exchange Commission adopted or issued pursuant thereto, as fully and to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them or their or his substitute or resubstitute, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, each of the undersigned has hereunto set his hand this 26th day of March, 1996.

/s/ Gary C. Wendt

Gary C. Wendt,
Chairman of the Board,
President and Chief Executive Officer
(Principal Executive Officer)

/s/ James A. Parke

James A. Parke,
Senior Vice President, Finance
(Principal Financial Officer)

/s/ Joan C. Amble

Joan C. Amble,
Vice President and Controller
(Principal Accounting Officer)

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/s/ Kaj Ahlmann

Kaj Ahlmann,
Director

/s/ Nigel D.T. Andrews

Nigel D.T. Andrews,
Director

/s/ James R. Bunt

James R. Bunt,
Director

/s/ Dennis D. Dammerman

Dennis D. Dammerman,
Director

Paolo Fresco,
Director

Dale F. Frey,
Director

Benjamin W. Heineman, Jr.,
Director

Hugh J. Murphy,
Director

/s/ Denis J. Nayden

Denis J. Nayden,
Director

/s/ Michael A. Neal

Michael A. Neal,
Director

John M. Samuels,
Director

/s/ Edward D. Stewart

Edward D. Stewart,
Director

/s/ John F. Welch, Jr.

John F. Welch, Jr.,
Director

A MAJORITY OF THE BOARD OF DIRECTORS

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GENERAL ELECTRIC CAPITAL SERVICES, INC.

March 26, 1996

By: /s/ Gary C. Wendt

(Gary C. Wendt)
President

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

Signature	Title	Date
/s/ Gary C. Wendt (Gary C. Wendt)	Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer)	March 26, 1996
/s/ James A. Parke (James A. Parke)	Senior Vice President, Finance (Principal Financial Officer)	March 26, 1996
/s/ Joan C. Amble (Joan C. Amble)	Vice President and Controller (Principal Accounting Officer)	March 26, 1996
KAJ AHLMANN*	Director	
NIGEL D. T. ANDREWS*	Director	
JAMES R. BUNT*	Director	
DENNIS D. DAMMERMAN*	Director	
DENIS J. NAYDEN*	Director	
MICHAEL A. NEAL*	Director	
EDWARD D. STEWART*	Director	
JOHN F. WELCH, JR.*	Director	

A MAJORITY OF THE BOARD OF DIRECTORS

/s/ Joan C. Amble
*By ------------------------- March 26, 1996
(Joan C. Amble)
Attorney-in-fact

EXHIBIT 2

Managerial Capability

MANAGERIAL QUALIFICATIONS

Gregg L. Haddad -- Chairman of the Board of Directors, President and General Manager of GE Capital Communication Services Corp.; President and General Manager of GE Capital Commercial Direct

Mr. Haddad has been President and General Manager of GE Capital Communication Services/GE EXCHANGE® since October 1994 and President and General Manager of GE Capital Commercial Direct since January 1996. Prior to joining GE Capital Communication Services, he held a variety of management and executive positions with GE Capital Corp. and its subsidiaries for six years, starting in July of 1988. From that date until April 1989, Mr. Haddad was a Finance Projects Manager at GE Capital Corp.'s headquarters at Stamford, Connecticut. He then served a year as Vice President, Sales Projects for GE Capital Mortgage Insurance in Raleigh, North Carolina, and then was a Manager, Marketing/Business Strategy at GE Capital Vendor Financial Services in Danbury, Connecticut from June 1990 to December of 1992. In January 1993 Mr. Haddad became Vice President and Operations Manager at GE Capital Vendor Services EKCC in Rochester, New York, an assignment which he performed until his current assignment. From 1983 to 1986 Mr. Haddad was a Senior Accountant at Peat, Marwick, Mitchell & Co. in Toledo, Ohio. Mr. Haddad is a graduate of the University of Chicago Graduate School of Business and of the University of Michigan, and is a Certified Public Accountant in the state of Ohio.

Albin Galonczyk, Jr. -- Senior Vice President, Chief Financial Officer and Member of Board of Directors of GE Capital Communication Services Corporation

Mr. Galonczyk is Senior Vice President, Chief Financial Officer and a Member of the Board of Directors of the GE Capital Communication Services Corporation, and has served in this capacity since January 1995. Mr. Galonczyk has over 17 years of experience in financial management with the General Electric Company and its subsidiaries. For over six years he was part of the Power Generation Services division of General Electric, beginning in January 1988 as a Business Analysis Manager in Schenectady, New York. He continued from October 1990 until March 1994 as Finance Manager for the Southern Region in Atlanta, Georgia. Mr. Galonczyk is a graduate of the State University of New York in Saratoga.

David M. Krew -- Executive Vice President, Product Management, of GE Capital Communication Services Corporation

Mr. Krew is Executive Vice President, Product Management of GE Capital Commercial Direct. Mr. Krew specializes in telecommunications marketing, where he has developed pricing plans, new products, distribution strategies and conducted market research for GE Capital in the area of long-distance services since January 1995. Prior to his employment with GE, he was a Product Manager for Progressive Corporation from 1988 to 1995, after his graduation from the University of Chicago Graduate School of Business. From 1983 to 1986, Mr. Krew was an engineer with the Standard Oil Company.

Daniel E. Rabin -- Executive Vice President, Operations, of GE Capital Communication Services Corporation

Mr. Rabin has been Vice President, Communication and Resale Products Operations, of GE Commercial Direct in Atlanta, Georgia, since May 1995, and was previously Operations Manager for GE Capital Communication Services from July 1993. He has been responsible for operations, overall operational performance measurements, facilities, and customer support for a start-up long distance reseller. During the start-up enterprise, he has been responsible for over 200 sales and 50 operations personnel. Mr. Rabin has been with GE for over 22 years, with management and supervisory experience in General Electric Company divisions, including Ordnance Systems in Pittsfield, Massachusetts and GE Drive Systems in Salem, Virginia, and culminating in his successful tenure as Mid-Atlantic Region Service Manager for GE Medical Systems in Hanover, Maryland, from October 1989 to July 1993. He has a Master's Degree in Business Administration from the University of Massachusetts in Amherst.

Timothy P. Dowd -- Executive Vice President, Customer Development, of GE Capital Communication Services Corporation

After simultaneously pursuing (and receiving) degrees in both Economics and Industrial Engineering from two separate institutions in 1985 and 1986, Mr. Dowd proceeded to attain a solid background in telecommunications and financial services while rising to his current position of Senior Vice President, Indirect Sales, of GE Capital Commercial Direct, which he held until January 1996 when he assumed his current position. In that position he has maintained a 350-person telesales team, and supported a GE company-wide cross selling program. Prior to that assignment, he held vice presidencies at both GE Capital Business Services and GE Capital Communication Services in the areas of sales and distribution, starting in February 1994.

Cary J. Claiborne -- Senior Vice President, Wholesale Operations, of GE Capital Communication Services Corporation

Mr. Claiborne has been Senior Vice President, Finance, of GE Capital Business Services since May of 1994, where he has provided strategic leadership for a high-performance financial organization. Since 1982 he has served in a variety of General Electric divisions (including Power Systems, Space Systems, the Aerospace Business Group, Government Services, Military & Data Systems, and Simulation & Control Systems) with a progressive level of responsibility for sophisticated financial analysis and planning, culminating in his penultimate assignment as Manager, Operations Analysis, of GE Capital Services from May 1992 to May 1994. He holds an M.B.A.from Villanova University.

Meredith H. Gifford -- Assistant Vice President, Regulatory Affairs, and Assistant Secretary of GE Capital Communication Services Corporation

Ms. Gifford has been Assistant Vice President, Regulatory Affairs and Assistant Secretary of GE Capital Commercial Direct since 1996. She has also practiced law as an attorney specializing in venture capital and securities activities in New York City from 1986 to 1990, Ms. Gifford has also been an Assistant Counsel for Confederation Life Insurance Company in Atlanta, Georgia from 1990 to 1992, and as a Senior Attorney for the Resolution Trust Company beginning in 1993. In the last of these positions she was responsible for nearly all primary and ancillary legal aspects of the stock sale of a $12 million company. She is admitted to practice law in five states (Georgia, New York, Rhode Island, Massachusetts and Pennsylvania) and clerked for the Supreme Court of Rhode Island following her graduation from the Catholic University School of Law in 1984.

Michael R. LaBlanc -- Senior Vice President, Information Management, and Chief Information Officer of GE Capital Corporation -- Commercial Direct

Mr. LaBlanc has been Senior Vice President, Information Management, and Chief Information Officer of GE Capital Corporation -- Commercial Direct since 1995, where he has had responsibility for strategic planning and vision as well as tactical hardware infrastructure support. Together with a Master's Degree in Computer Management Systems and four years in the United States Marine Corps, since 1984 Mr. LaBlanc has served in a number of technical leadership positions with several General Electric operations. From 1992 to 1994 he was Technical Leader for a start-up business, GE Capital Corporation's Insurance Services Group (ISG), an enterprise that required the conception and realization of an entirely new information technology infrastructure. Mr. LaBlanc has command of nearly every major technical environment currently extant, including Sun/UNIX and MS/Windows PC clients, Token Ring and Ethernet network architectures with all varieties of protocols, and various database servers.

Karen K. Davis -- Senior Vice President, Human Resources

Since May 1995 the Human Resources Manager for GE Capital Business Services, Ms. Davis has successfully overhauled and staffed the GE Capital Communication Services Corporation, and implemented innovative training and reward/recognition programs for its employees. She initially joined the General Electric family of companies in June 1993 as a Human Resources Program Leader for GE Exchange, where she was responsible for staffing, training, outside contracting and hiring matters. Ms. Davis holds an Master of Science degree in Industrial Relations from the London School of Economics, awarded to her in 1984. From 1985 to 1989 she was employed by the Ford Motor Company at its world headquarters in Detroit, Michigan, in industrial relations, personnel and labor relations capacities. From 1989 to 1993 she was a Human Resources Manager at The Pillsbury Company's headquarters in Minneapolis, Minnesota, where she had extensive experience in performance management, training and compensation matters for up to 550 employees. Ms. Davis is also a graduate of Mt. Holyoke College and has had graduate studies at Wayne State University.

Nancy L. Williams -- Senior Vice President, Technology

Ms. Williams is Information Systems Leader for the GE Exchange division of GE Capital Corporation in Atlanta, Georgia, a position she has held since July 1994. In this capacity she has provided overall technical leadership to the Information Management organization, and has therefore been critical to the vision and strategy of a team with over 50 employees and a $2.4 million budget. Prior to that responsibility, Ms. Williams was successively a Consultant and a Technical Manger with GE Information Services in Rockville, Maryland from 1989 to 1994. In 1988 and 1989 she was Vice President and Manager (Eastern Region) of Telmar Information Services, where she directed $2 million of production and distribution of advertising media planning and buying software, and from 1986 to 1988 she was Vice President, Client Services and Technical Marketing, for R.D. Percy & Co., a start-up television ratings firm in New York City. Ms. Davis graduated with a B.S. in Computer Science from Washington University in St. Louis, Missouri.

Kelly K. Sturdivant -- Senior Vice President, Quality

Currently the Senior Vice President, Quality, of GE Capital Corporation's Commercial Direct division, Ms. Sturdivant was from 1988 to 1996 with the Westinghouse Productivity & Quality Center, first as a Senior Consultant, and then as a Director, where she led a large staff of consultants and engineers to consult Westinghouse and other organizations on achieving superior performance in areas as diverse as R&D, technology transfer, and corporate reengineering. From 1985 to 1988 she was a Consultant at Management Analysis, Inc, leading project teams and developing new business in addition to providing consulting services to federal agencies. From 1979 to 1983 Ms. Sturdivant was an Industrial Engineer with Babcock & Wilcox, providing all support for an $80 million plant expansion. She holds an M.B.A. from the Darden Graduate School of Business Administration at the University of Virginia, and a dual major Bachelor's degree from Carnegie Mellon University.

Victor A. Allums -- Senior Vice President and General Counsel of GE Capital Commercial Direct

Mr. Allums joined GE Capital Commercial Direct as Senior Vice President and General Counsel in June 1996. Prior to joining GE Capital Commercial Direct, Mr. Allums was Assistant Division Counsel of the information of ALLTEL Corporation and its predecessors (since January 1989) where he was responsible for all aspects in-house representation of the business. From 1985 to 1988 he was an associate at the Atlanta, Georgia law firm of Troutman Sanders LLP, where he specialized in general corporate matters, including mergers and acquisitions, and software licensing and trademarks. He holds both a law degree and a Master of Business Administration degree from Emory University in Atlanta, and is also a graduate of Auburn University. He is admitted to practice law in the state of Georgia.

EXHIBIT 3

Technical Capability

GE Capital Communication Services Corporation
d/b/a GE EXCHANGE®
d/b/a GE Residential Communications, d/b/a GE Commercial Shopping Network
and d/b/a GE Capital Commercial Direct

Technical Qualifications

As is indicated by the Commission's approval of GECCS's interexchange application, GECCS is technically and managerially qualified to provide local exchange resale services within Florida. Applicant has the financing and capital necessary to conduct its telecommunications operations as specified in this Application. More particularly, GECCS has been a long distance service provider in Florida since August 1993. *See* Order No. PSC-93-1188-FOF-TI. GECCS will rely upon its existing financial, personnel and technological resources for planning, marketing, network and legal/regulatory assistance in providing local exchange services in the State. Accordingly, no additional investment will be needed to offer the proposed services. In addition, GECCS is authorized to provide resold long distance telecommunications services on an intrastate basis in every state except Alaska and Hawaii, pursuant to certification, registration, or (where appropriate) on a deregulated basis. The successful provision of telecommunications services in Florida and throughout the country is proof in the first instance of GECCS's technical qualifications.