

GENERAL ELECTRIC CAPITAL CORP
Form 10-Q
October 30, 2008

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2008

OR

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

For the transition period from _____ to _____

Commission file number 1-6461

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

Delaware
(State or other jurisdiction of
incorporation or organization)

13-1500700
(I.R.S. Employer Identification No.)

3135 Easton Turnpike, Fairfield,
Connecticut
(Address of principal executive offices)

06828-0001
(Zip Code)

(Registrant's telephone number, including area code) (203) 373-2211

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

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

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

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

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

At October 29, 2008, 3,985,403 shares of voting common stock, which constitute all of the outstanding common equity, with a par value of \$14 per share were outstanding.

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

(1)

General Electric Capital Corporation

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Forward-Looking Statements

This document contains “forward-looking statements” – that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance, and often contain words such as “expect,” “anticipate,” “intend,” “plan,” “believe,” “seek,” or “will.” Forward-looking statements by their nature address matters that are, to different degrees, uncertain. For us, particular uncertainties that could adversely or positively affect our future results include: the behavior of financial markets, including fluctuations in interest and exchange rates, commodity and equity prices and the value of financial assets; continued volatility and further deterioration of the capital markets; the commercial and consumer credit environment; the impact of regulation and regulatory, investigative and legal actions; strategic actions, including acquisitions and dispositions; future integration of acquired businesses; future financial performance of major industries which we serve, including, without limitation, the air and rail transportation, energy generation, media, real estate and healthcare industries; and numerous other matters of national, regional and global scale, including those of a political, economic, business and competitive nature. These uncertainties may cause our actual future results to be materially different than those expressed in our forward-looking statements. We do not undertake to update our forward-looking statements.

Part I. Financial Information

Item 1. Financial Statements

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

| (In millions) | Three months ended | | Nine months ended | |
|---|--------------------|-----------|-------------------|-----------|
| | September 30 | | September 30 | |
| | 2008 | 2007 | 2008 | 2007 |
| Revenues | | | | |
| Revenues from services (Note 3) | \$ 17,045 | \$ 16,738 | \$ 51,422 | \$ 48,387 |
| Sales of goods | 579 | 277 | 1,474 | 337 |
| Total revenues | 17,624 | 17,015 | 52,896 | 48,724 |
| Costs and expenses | | | | |
| Interest | 6,675 | 5,631 | 19,021 | 16,181 |
| Operating and administrative | 4,580 | 4,537 | 13,946 | 13,241 |
| Cost of goods sold | 486 | 236 | 1,264 | 284 |
| Investment contracts, insurance losses and insurance annuity benefits | 108 | 178 | 373 | 517 |
| Provision for losses on financing receivables | 1,634 | 1,189 | 4,437 | 3,200 |
| Depreciation and amortization | 2,355 | 1,993 | 6,612 | 5,830 |
| Minority interest in net earnings of consolidated affiliates | 111 | 58 | 210 | 211 |
| Total costs and expenses | 15,949 | 13,822 | 45,863 | 39,464 |
| Earnings from continuing operations before income taxes | | | | |
| Earnings from continuing operations before income taxes | 1,675 | 3,193 | 7,033 | 9,260 |
| Benefit (provision) for income taxes | 413 | 15 | 286 | (732) |
| Earnings from continuing operations | 2,088 | 3,208 | 7,319 | 8,528 |
| Loss from discontinued operations, net of taxes (Note 2) | (169) | (1,367) | (551) | (2,000) |
| Net earnings | 1,919 | 1,841 | 6,768 | 6,528 |
| Dividends | (273) | (1,225) | (2,292) | (5,131) |
| Retained earnings at beginning of period | 43,343 | 38,332 | 40,513 | 37,551 |
| Retained earnings at end of period | \$ 44,989 | \$ 38,948 | \$ 44,989 | \$ 38,948 |

See accompanying notes.

(3)

General Electric Capital Corporation and consolidated affiliates
Condensed Statement of Financial Position

| (In millions) | September 30, 2008 (Unaudited) | December 31, 2007 |
|---|--------------------------------------|----------------------|
| Assets | | |
| Cash and equivalents | \$ 12,200 | \$ 8,607 |
| Investment securities | 20,837 | 20,588 |
| Inventories | 73 | 63 |
| Financing receivables – net (Notes 5 and 6) | 419,442 | 378,467 |
| Other receivables | 25,162 | 28,708 |
| Property, plant and equipment, less accumulated amortization of \$28,891 and \$24,443 | 65,718 | 63,685 |
| Goodwill (Note 7) | 26,143 | 25,251 |
| Other intangible assets – net (Note 7) | 3,740 | 4,038 |
| Other assets | 80,660 | 82,502 |
| Assets of discontinued operations (Note 2) | 1,220 | 8,823 |
| Total assets | \$ 655,195 | \$ 620,732 |
| Liabilities and equity | | |
| Short-term borrowings (Note 8) | \$ 209,835 | \$ 186,769 |
| Accounts payable | 14,875 | 14,515 |
| Long-term borrowings (Note 8) | 321,912 | 309,231 |
| Investment contracts, insurance liabilities and insurance annuity benefits | 12,088 | 12,311 |
| Other liabilities | 23,100 | 25,580 |
| Deferred income taxes | 9,910 | 7,983 |
| Liabilities of discontinued operations (Note 2) | 351 | 1,506 |
| Total liabilities | 592,071 | 557,895 |
| Minority interest in equity of consolidated affiliates | 2,504 | 1,607 |
| Capital stock | 56 | 56 |
| Accumulated gains (losses) – net | | |
| Investment securities | (1,133) | (25) |
| Currency translation adjustments | 4,768 | 7,368 |
| Cash flow hedges | (2,148) | (749) |
| Benefit plans | (84) | (105) |
| Additional paid-in capital | 14,172 | 14,172 |
| Retained earnings | 44,989 | 40,513 |
| Total shareowner's equity | 60,620 | 61,230 |
| Total liabilities and equity | \$ 655,195 | \$ 620,732 |

The sum of accumulated gains (losses) on investment securities, currency translation adjustments, cash flow hedges and benefit plans constitutes "Accumulated nonowner changes other than earnings," and was \$1,403 million and \$6,489 million at September 30, 2008, and December 31, 2007, respectively.

See accompanying notes.

(4)

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

| (In millions) | Nine months ended | |
|--|-------------------|----------------------|
| | 2008 | September 30 2007 |
| Cash flows – operating activities | | |
| Net earnings | \$ 6,768 | \$ 6,528 |
| Loss from discontinued operations | 551 | 2,000 |
| Adjustments to reconcile net earnings to cash provided from operating activities | | |
| Depreciation and amortization of property, plant and equipment | 6,612 | 5,830 |
| Decrease in accounts payable | (62) | (536) |
| Provision for losses on financing receivables | 4,437 | 3,200 |
| All other operating activities | (462) | (2,789) |
| Cash from operating activities – continuing operations | 17,844 | 14,233 |
| Cash from operating activities – discontinued operations | 512 | 4,761 |
| Cash from operating activities | 18,356 | 18,994 |
| Cash flows – investing activities | | |
| Additions to property, plant and equipment | (9,348) | (10,169) |
| Dispositions of property, plant and equipment | 7,055 | 7,082 |
| Increase in loans to customers | (290,958) | (251,013) |
| Principal collections from customers – loans | 263,839 | 224,341 |
| Investment in equipment for financing leases | (18,477) | (19,598) |
| Principal collections from customers – financing leases | 17,850 | 18,492 |
| Net change in credit card receivables | (2,852) | 3,281 |
| Payments for principal businesses purchased | (24,989) | (7,522) |
| Proceeds from sale of discontinued operations | 5,220 | – |
| Proceeds from principal business dispositions | 4,422 | 1,102 |
| All other investing activities | (969) | (4,014) |
| Cash used for investing activities – continuing operations | (49,207) | (38,018) |
| Cash used for investing activities – discontinued operations | (631) | (4,781) |
| Cash used for investing activities | (49,838) | (42,799) |
| Cash flows – financing activities | | |
| Net decrease in borrowings (maturities of 90 days or less) | (16,888) | (9,934) |
| Newly issued debt | | |
| Short-term (91 to 365 days) | 26,982 | 815 |
| Long-term (longer than one year) | 72,175 | 77,914 |
| Non-recourse, leveraged lease | 113 | 24 |
| Repayments and other debt reductions | | |
| Short-term (91 to 365 days) | (41,778) | (32,251) |
| Long-term (longer than one year) | (2,471) | (4,518) |
| Non-recourse, leveraged lease | (524) | (681) |
| Dividends paid to shareowner | (2,291) | (4,973) |
| All other financing activities | (362) | (455) |
| Cash from financing activities – continuing operations | 34,956 | 25,941 |

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| | | |
|--|--------|--------|
| Cash used for financing activities – discontinued operations | (4) | (5) |
| Cash from financing activities | 34,952 | 25,936 |
| Increase in cash and equivalents | 3,470 | 2,131 |
| Cash and equivalents at beginning of year | | |