

GENERAL ELECTRIC CO
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 001-00035

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

New York
(State or other jurisdiction of
incorporation or organization)

14-0689340
(I.R.S. Employer Identification No.)

3135 Easton Turnpike, Fairfield, CT
(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

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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

There were 9,955,456,000 shares of common stock with a par value of \$0.06 per share outstanding at September 26, 2008.

(1)

General Electric Company

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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 the 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.

(2)

Part I. Financial Information

Item 1. Financial Statements

Condensed Statement of Earnings

General Electric Company and consolidated affiliates

Three months ended September 30 (Unaudited)

(In millions; per-share amounts in dollars)	Consolidated		GE(a)		Financial Services (GECS)	
	2008	2007	2008	2007	2008	2007
Sales of goods	\$ 17,924	\$ 15,354	\$ 17,473	\$ 15,271	\$ 579	\$ 277
Sales of services	11,236	9,301	11,395	9,419	–	–
Other income	544	384	659	464	–	–
GECS earnings from continuing operations	–	–	2,010	3,219	–	–
GECS revenues from services	17,530	17,473	–	–	17,852	17,789
Total revenues	47,234	42,512	31,537	28,373	18,431	18,066
Cost of goods sold	14,184	12,113	13,826	12,071	486	236
Cost of services sold	7,953	6,145	8,112	6,262	–	–
Interest and other financial charges	6,955	6,070	525	473	6,723	5,780
Investment contracts, insurance losses and insurance annuity benefits	787	849	–	–	839	889
Provision for losses on financing receivables	1,641	1,190	–	–	1,641	1,190
Other costs and expenses	10,542	10,204	3,541	3,684	7,093	6,694
Minority interest in net earnings of consolidated affiliates	156	190	60	136	96	54
Total costs and expenses	42,218	36,761	26,064	22,626	16,878	14,843
Earnings from continuing operations before income taxes	5,016	5,751	5,473	5,747	1,553	3,223
Benefit (provision) for income taxes	(539)	(640)	(996)	(636)	457	(4)
Earnings from continuing operations	4,477	5,111	4,477	5,111	2,010	3,219
Earnings (loss) from discontinued operations, net of taxes	(165)	448	(165)	448	(170)	(1,352)
Net earnings	\$ 4,312	\$ 5,559	\$ 4,312	\$ 5,559	\$ 1,840	\$ 1,867
Per-share amounts						
Per-share amounts – earnings from continuing operations						
Diluted earnings per share	\$ 0.45	\$ 0.50				
Basic earnings per share	\$ 0.45	\$ 0.50				

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Per-share amounts – net earnings

Diluted earnings per share	\$	0.43	\$	0.54
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Basic earnings per share	\$	0.43	\$	0.55
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Dividends declared per share	\$	0.31	\$	0.28
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(a) Represents the adding together of all affiliated companies except General Electric Capital Services, Inc. (GECS or financial services) which is presented on a one-line basis.

See accompanying notes. Separate information is shown for “GE” and “Financial Services (GECS).” Transactions between GE and GECS have been eliminated from the “Consolidated” columns.

(3)

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Condensed Statement of Earnings
General Electric Company and consolidated affiliates

Nine months ended September 30 (Unaudited)

(In millions; per-share amounts in dollars)	Consolidated		GE(a)		Financial Services (GECS)	
	2008	2007	2008	2007	2008	2007
Sales of goods	\$ 50,092	\$ 43,352	\$ 48,876	\$ 43,373	\$ 1,474	\$ 337
Sales of services	31,489	26,867	32,024	27,274	—	—
Other income	1,693	2,319	1,984	2,550	—	—
GECS earnings from continuing operations	—	—	7,240	9,042	—	—
GECS revenues from services	53,028	51,417	—	—	54,027	52,308
Total revenues	136,302	123,955	90,124	82,239	55,501	52,645
Cost of goods sold	39,977	34,607	38,971	34,681	1,264	284
Cost of services sold	20,882	17,005	21,417	17,412	—	—
Interest and other financial charges	20,103	17,279	1,681	1,428	19,242	16,478
Investment contracts, insurance losses and insurance annuity benefits	2,412	2,601	—	—	2,557	2,744
Provision for losses on financing receivables	4,453	3,132	—	—	4,453	3,132
Other costs and expenses	31,317	29,733	10,780	10,636	20,862	19,449
Minority interest in net earnings of consolidated affiliates	502	634	318	445	184	189
Total costs and expenses	119,646	104,991	73,167	64,602	48,562	42,276
Earnings from continuing operations before income taxes	16,656	18,964	16,957	17,637	6,939	10,369
Benefit (provision) for income taxes	(2,434)	(3,334)	(2,735)	(2,007)	301	(1,327)
Earnings from continuing operations	14,222	15,630	14,222	15,630	7,240	9,042
Loss from discontinued operations, net of taxes	(534)	(118)	(534)	(118)	(568)	(1,986)
Net earnings	\$ 13,688	\$ 15,512	\$ 13,688	\$ 15,512	\$ 6,672	\$ 7,056
Per-share amounts						
Per-share amounts – earnings from continuing operations						
Diluted earnings per share	\$ 1.42	\$ 1.52				
Basic earnings per share	\$ 1.43	\$ 1.53				
Per-share amounts – net earnings						
Diluted earnings per share	\$ 1.37	\$ 1.51				

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Basic earnings per share	\$	1.37	\$	1.52
Dividends declared per share	\$	0.93	\$	0.84

(a) Represents the adding together of all affiliated companies except General Electric Capital Services, Inc. (GECS or financial services) which is presented on a one-line basis.

See accompanying notes. Separate information is shown for "GE" and "Financial Services (GECS)." Transactions between GE and GECS have been eliminated from the "Consolidated" columns.

(4)

Condensed Statement of Financial Position
General Electric Company and consolidated affiliates

(In millions; except share amounts)	Consolidated		GE(a)		Financial Services (GECS)	
	September 30, 2008 (Unaudited)	December 31, 2007	September 30, 2008 (Unaudited)	December 31, 2007	September 30, 2008 (Unaudited)	December 31, 2007
Cash and equivalents	\$ 16,301	\$ 15,731	\$ 3,498	\$ 6,702	\$ 13,075	\$ 9,439
Investment securities	43,459	45,276	276	343	43,188	44,941
Current receivables	22,439	22,259	14,792	15,093	—	—
Inventories	14,719	12,897	14,646	12,834	73	63
Financing receivables – net	413,170	376,123	—	—	421,788	384,067
Other GECS receivables	15,620	16,514	—	—	21,072	22,078
Property, plant and equipment (including equipment leased to others) – net	80,095	77,888	14,316	14,142	65,779	63,746
Investment in GECS	—	—	55,698	57,676	—	—
Goodwill	83,061	81,116	56,742	55,689	26,319	25,427
Other intangible assets – net	15,593	16,142	11,401	11,633	4,192	4,509
All other assets	123,855	122,848	43,481	40,608	81,628	83,392
Assets of discontinued operations	1,238	8,889	—	66	1,238	8,823
Total assets	\$ 829,550	\$ 795,683	\$ 214,850	\$ 214,786	\$ 678,352	\$ 646,485
Short-term borrowings	\$ 218,748	\$ 195,100	\$ 4,394	\$ 4,106	\$ 215,409	\$ 192,420
Accounts payable, principally trade accounts	20,679	21,338	11,409	11,120	13,952	14,714
Progress collections and price adjustments accrued	12,835	9,885	13,422	10,374	—	—
Other GE current liabilities	20,344	18,916	20,447	18,916	—	—
Long-term borrowings	329,915	319,013	10,018	11,656	321,019	308,502
Investment contracts, insurance liabilities and insurance annuity benefits	34,533	34,068	—	—	34,886	34,359
All other liabilities	55,933	59,316	32,034	32,859	23,951	26,522
Deferred income taxes	14,269	12,490	3,942	3,391	10,327	9,099
Liabilities of discontinued operations	931	1,994	188	302	743	1,692
Total liabilities	708,187	672,120	95,854	92,724	620,287	587,308
Minority interest in equity of consolidated affiliates	9,036	8,004	6,669	6,503	2,367	1,501
Common stock (9,955,456,000 and 9,987,599,000 shares outstanding at September 30, 2008 and						

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December 31, 2007, respectively)	669	669	669	669	1	1
Accumulated gains (losses) – net						
Investment securities	(2,290)	124	(2,290)	124	(2,251)	110
Currency translation adjustments	7,200	10,708	7,200	10,708	4,816	7,472
Cash flow hedges	(2,168)	(668)	(2,168)	(668)	(2,096)	(727)
Benefit plans	(916)	(1,840)	(916)	(1,840)	(84)	(105)
Other capital	25,906	26,100	25,906	26,100	12,580	12,574
Retained earnings	121,755	117,362	121,755	117,362	42,732	38,351
Less common stock held in treasury	(37,829)	(36,896)	(37,829)	(36,896)	–	–
Total shareowners' equity	112,327	115,559	112,327	115,559	55,698	57,676
Total liabilities and equity	\$ 829,550	\$ 795,683	\$ 214,850	\$ 214,786	\$ 678,352	\$ 646,485

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 \$1,826 million and \$8,324 million at September 30, 2008, and December 31, 2007, respectively.

- (a) Represents the adding together of all affiliated companies except General Electric Capital Services, Inc. (GECS or financial services) which is presented on a one-line basis.

See accompanying notes. Separate information is shown for “GE” and “Financial Services (GECS).” Transactions between GE and GECS have been eliminated from the “Consolidated” columns.

(5)

Condensed Statement of Cash Flows
General Electric Company and consolidated affiliates

Nine months ended September 30 (Unaudited)

(In millions)	Consolidated		GE(a)		Financial Services (GECS)	
	2008	2007	2008	2007	2008	2007
Cash flows – operating activities						
Net earnings	\$ 13,688	\$ 15,512	\$ 13,688	\$ 15,512	\$ 6,672	\$ 7,056
Loss from discontinued operations	534	118	534	118	568	1,986
Adjustments to reconcile net earnings to cash provided from operating activities						
Depreciation and amortization of property, plant and equipment	8,216	7,431	1,587	1,577	6,629	5,854
Net earnings from continuing operations retained by GECS	–	–	(4,949)	(3,171)	–	–
Deferred income taxes	1,798	828	(454)	278	2,252	550
Decrease (increase) in GE current receivables	(1,344)	(159)	41	1,004	–	–
Increase in inventories	(1,765)	(2,017)	(1,624)	(1,959)	(10)	(4)
Increase (decrease) in accounts payable	(411)	(2,665)	444	(1,071)	(669)	(1,359)
Increase in GE progress collections	3,103	2,998	3,241	2,805	–	–
Provision for losses on GECS financing receivables	4,453	3,132	–	–	4,453	3,132
All other operating activities	(468)	(1,052)	1,127	1,574	(1,751)	(3,000)
Cash from operating activities – continuing operations	27,804	24,126	13,635	16,667	18,144	14,215
Cash from (used for) operating activities – discontinued operations	497	4,099	(9)	(856)	506	4,757
Cash from operating activities	28,301	28,225	13,626	15,811	18,650	18,972