

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		