

GENERAL ELECTRIC CAPITAL CORP
Form 10-Q
November 02, 2007

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, 2007
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

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

Large accelerated filer Accelerated filer Non-accelerated filer

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

At November 1, 2007, 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 and commodity and equity prices; 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)**

<i>(In millions)</i>	Three months ended		Nine months ended	
	September 30		September 30	
	2007	2006	2007	2006
Revenues				
Revenues from services (note 3)	\$ 16,792	\$ 14,122	\$ 48,582	\$ 40,303
Sales of goods	277	519	337	1,786
Total revenues	17,069	14,641	48,919	42,089
Costs and expenses				
Interest	5,638	4,623	16,202	12,703
Operating and administrative	4,567	4,100	13,332	12,133
Cost of goods sold	236	480	284	1,652
Investment contracts, insurance losses and insurance annuity benefits	178	169	517	480
Provision for losses on financing receivables	1,220	790	3,283	2,195
Depreciation and amortization	1,993	1,645	5,831	4,679
Minority interest in net earnings of consolidated affiliates	58	61	211	206
Total costs and expenses	13,890	11,868	39,660	34,048
Earnings from continuing operations before income taxes				
	3,179	2,773	9,259	8,041
Benefit (provision) for income taxes	24	(251)	(714)	(855)
Earnings from continuing operations	3,203	2,522	8,545	7,186
Earnings (loss) from discontinued operations, net of taxes (note 2)	(1,362)	16	(2,017)	218
Net earnings	1,841	2,538	6,528	7,404
Dividends	(1,225)	(1,081)	(5,131)	(7,089)
Retained earnings at beginning of period	38,332	34,364	37,551	35,506
Retained earnings at end of period	\$ 38,948	\$ 35,821	\$ 38,948	\$ 35,821

The notes to condensed, consolidated financial statements are an integral part of this statement.

(3)

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

<i>(In millions)</i>	September 30, 2007 (Unaudited)	December 31, 2006
Assets		
Cash and equivalents	\$ 11,840	\$ 9,672
Investment securities	22,117	21,325
Inventories	69	54
Financing receivables – net (note 5)	356,786	323,943
Other receivables	31,912	35,896
Property, plant and equipment, less accumulated amortization of \$24,000 and \$22,362	62,701	57,908
Intangible assets – net (note 6)	28,397	25,205
Other assets	78,660	58,543
Assets of discontinued operations (note 2)	7,372	11,119
Total assets	\$ 599,854	\$ 543,665
Liabilities and equity		
Short-term borrowings (note 7)	\$ 171,622	\$ 168,894
Accounts payable	14,423	15,436
Long-term borrowings (note 7)	308,419	256,807
Investment contracts, insurance liabilities and insurance annuity benefits	12,225	12,418
Other liabilities	21,008	20,242
Deferred income taxes	8,848	11,080
Liabilities of discontinued operations (note 2)	1,929	201
Total liabilities	538,474	485,078
Minority interest in equity of consolidated affiliates	1,352	2,002
Capital stock	56	56
Accumulated gains (losses) – net		
Investment securities	241	481
Currency translation adjustments	7,148	4,809
Cash flow hedges	(277)	(199)
Benefit plans	(262)	(278)
Additional paid-in capital	14,174	14,088
Retained earnings	38,948	37,628
Total shareowner's equity	60,028	56,585
Total liabilities and equity	\$ 599,854	\$ 543,665

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 \$6,850 million and \$4,813 million at September 30, 2007, and December 31, 2006, respectively.

The notes to condensed, consolidated financial statements are an integral part of this statement.

(4)

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

<i>(In millions)</i>	Nine months ended	
	September 30	
	2007	2006
Cash flows – operating activities		
Net earnings	\$ 6,528	\$ 7,404
Loss (earnings) from discontinued operations	2,017	(218)
Adjustments to reconcile net earnings to cash provided from operating activities		
Depreciation and amortization of property, plant and equipment	5,831	4,679
Decrease in accounts payable	(604)	(269)
Provision for losses on financing receivables	3,283	2,195
All other operating activities	(2,838)	400
Cash from operating activities – continuing operations	14,217	14,191
Cash from operating activities – discontinued operations	4,777	485
Cash from operating activities	18,994	14,676
Cash flows – investing activities		
Additions to property, plant and equipment	(10,170)	(8,355)
Dispositions of property, plant and equipment	7,092	3,749
Increase in loans to customers	(251,182)	(228,129)
Principal collections from customers – loans	224,609	209,174
Investment in equipment for financing leases	(19,598)	(18,861)
Principal collections from customers – financing leases	18,492	15,793
Net change in credit card receivables	3,309	743
Payments for principal businesses purchased	(7,522)	(6,898)
Proceeds from sales of discontinued operations	–	2,753
Proceeds from principal business dispositions	1,102	–
All other investing activities	(4,120)	(11,326)
Cash used for investing activities – continuing operations	(37,988)	(41,357)
Cash used for investing activities – discontinued operations	(4,811)	(422)
Cash used for investing activities	(42,799)	(41,779)
Cash flows – financing activities		
Net increase (decrease) in borrowings (maturities of 90 days or less)	(9,934)	984
Newly issued debt		
Short-term (91 to 365 days)	815	605
Long-term (longer than one year)	77,912	61,596
Non-recourse, leveraged lease	24	920
Repayments and other debt reductions		
Short-term (91 to 365 days)	(32,251)	(24,859)
Long-term (longer than one year)	(4,518)	(3,928)
Non-recourse, leveraged lease	(681)	(597)
Dividends paid to shareowner	(4,973)	(6,729)
All other financing activities	(455)	2,143
Cash from financing activities – continuing operations	25,939	30,135
Cash used for financing activities – discontinued operations	(3)	(43)
Cash from financing activities	25,936	30,092

Increase in cash and equivalents	2,131	2,989
Cash and equivalents at beginning of year	9,849	160