

GENERAL ELECTRIC CO
Form 10-Q
November 02, 2009

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, 2009

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 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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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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 10,647,495,000 shares of common stock with a par value of \$0.06 per share outstanding at September 25, 2009.

(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 financial condition, and often contain words such as “expect,” “anticipate,” “intend,” “plan,” “believe,” “seek,” “see,” or “will.” Forward-looking statements by their nature address matters that are, to different degrees, uncertain. For us, particular uncertainties that could cause our actual results to be materially different than those expressed in our forward-looking statements include: the severity and duration of current economic and financial conditions, including volatility in interest and exchange rates, commodity and equity prices and the value of financial assets; the impact of U.S. and foreign government programs to restore liquidity and stimulate national and global economies; the impact of conditions in the financial and credit markets on the availability and cost of GE Capital’s funding and on our ability to reduce GE Capital’s asset levels as planned; the impact of conditions in the housing market and unemployment rates on the level of commercial and consumer credit defaults; our ability to maintain our current credit rating and the impact on our funding costs and competitive position if we do not do so; the soundness of other financial institutions with which GE Capital does business; the adequacy of our cash flow and earnings and other conditions which may affect our ability to maintain our quarterly dividend at the current level; the level of demand and financial performance of the major industries we serve, including, without limitation, air and rail transportation, energy generation, network television, real estate and healthcare; the impact of regulation and regulatory, investigative and legal proceedings and legal compliance risks, including the impact of proposed financial services regulation; strategic actions, including

acquisitions and dispositions and our success in integrating acquired businesses; 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.

General Electric Company and consolidated affiliates

Condensed Statement of Earnings

Three months ended September 30, 2009 (Unaudited)

(In millions; except share amounts)	Consolidated		GE(a)		Financial Services (GECS)	
	2009	2008	2009	2008	2009	2008
Revenues						
Sales of goods	\$ 14,627	\$ 17,924	\$ 14,486	\$ 17,473	\$ 213	\$ 579
Sales of services	10,516	11,236	10,639	11,395	—	—
Other income	438	544	476	659	—	—
GECS earnings from continuing operations	—	—	133	2,010	—	—
GECS revenues from services	12,218	17,530	—	—	12,533	17,852
Total revenues	37,799	47,234	25,734	31,537	12,746	18,431
Costs and expenses						
Cost of goods sold	11,775	14,184	11,666	13,826	181	486
Cost of services sold	6,773	7,953	6,897	8,112	—	—
Interest and other financial charges	4,322	6,955	352	525	4,128	6,723
Investment contracts, insurance losses and insurance annuity benefits	732	787	—	—	785	839
Provision for losses on financing receivables	2,868	1,641	—	—	2,868	1,641
Other costs and expenses	9,354	10,542	3,714	3,541	5,781	7,093
Total costs and expenses	35,824	42,062	22,629	26,004	13,743	16,782
Earnings (loss) from continuing operations						
before income taxes	1,975	5,172	3,105	5,533	(997)	1,649
Benefit (provision) for income taxes	484	(539)	(654)	(996)	1,138	457
Earnings from continuing operations	2,459	4,633	2,451	4,537	141	2,106
Earnings (loss) from discontinued operations, net of taxes	40	(165)	40	(165)	40	(170)
Net earnings	2,499	4,468	2,491	4,372	181	1,936

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Less net earnings (loss) attributable to noncontrolling interests	5	156	(3)	60	8	96
Net earnings attributable to the Company	2,494	4,312	2,494	4,312	173	1,840
Preferred stock dividends declared	(75)	–	(75)	–	–	–
Net earnings attributable to GE common shareowners	\$ 2,419	\$ 4,312	\$ 2,419	\$ 4,312	\$ 173	\$ 1,840
Amounts attributable to the Company						
Earnings from continuing operations	\$ 2,454	\$ 4,477	\$ 2,454	\$ 4,477	\$ 133	\$ 2,010
Earnings (loss) from discontinued operations, net of taxes	40	(165)	40	(165)	40	(170)
Net earnings attributable to the Company	\$ 2,494	\$ 4,312	\$ 2,494	\$ 4,312	\$ 173	\$ 1,840
Per-share amounts						
Earnings from continuing operations						
Diluted earnings per share	\$ 0.22	\$ 0.45				
Basic earnings per share	\$ 0.22	\$ 0.45				
Net earnings						
Diluted earnings per share	\$ 0.23	\$ 0.43				
Basic earnings per share	\$ 0.23	\$ 0.43				
Dividends declared per share	\$ 0.10	\$ 0.31				

(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 Note 3 for other-than-temporary impairment amounts.

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)

General Electric Company and consolidated affiliates

Condensed Statement of Earnings

Nine months ended September 30, 2009 (Unaudited)

(In millions; except share amounts)	Consolidated		GE(a)		Financial Services (GECS)	
	2009	2008	2009	2008	2009	2008
Revenues						
Sales of goods	\$ 44,605	\$ 50,092	\$ 44,000	\$ 48,876	\$ 691	\$ 1,474
Sales of services	30,743	31,489	31,159	32,024	—	—
Other income	900	1,693	1,035	1,984	—	—
GECS earnings from continuing operations	—	—	1,479	7,240	—	—
GECS revenues from services	39,097	53,028	—	—	39,969	54,027
Total revenues	115,345	136,302	77,673	90,124	40,660	55,501
Costs and expenses						
Cost of goods sold	35,658	39,977	35,175	38,971	569	1,264
Cost of services sold	19,760	20,882	20,177	21,417	—	—
Interest and other financial charges	14,302	20,103	1,076	1,681	13,717	19,242
Investment contracts, insurance losses and insurance annuity benefits	2,257	2,412	—	—	2,381	2,557
Provision for losses on financing receivables	8,021	4,453	—	—	8,021	4,453
Other costs and expenses	27,624	31,317	10,634	10,780	17,381	20,862
Total costs and expenses	107,622	119,144	67,062	72,849	42,069	48,378
Earnings (loss) from continuing operations						
before income taxes	7,723	17,158	10,611	17,275	(1,409)	7,123
Benefit (provision) for income taxes	566	(2,434)	(2,393)	(2,735)	2,959	301
Earnings from continuing operations	8,289	14,724	8,218	14,540	1,550	7,424
Loss from discontinued operations, net of taxes	(175)	(534)	(175)	(534)	(157)	(568)
Net earnings	8,114	14,190	8,043	14,006	1,393	6,856
Less net earnings attributable to noncontrolling interests	102	502	31	318	71	184
Net earnings attributable to the Company	8,012	13,688	8,012	13,688	1,322	6,672
Preferred stock dividends declared	(225)	—	(225)	—	—	—

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Net earnings attributable to GE
common

shareowners	\$	7,787	\$	13,688	\$	7,787	\$	13,688	\$	1,322	\$	6,672
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Amounts attributable to the
Company

Earnings from continuing operations	\$	8,187	\$	14,222	\$	8,187	\$	14,222	\$	1,479	\$	7,240
Loss from discontinued operations, net of taxes		(175)		(534)		(175)		(534)		(157)		(568)
Net earnings attributable to the Company	\$	8,012	\$	13,688	\$	8,012	\$	13,688	\$	1,322	\$	6,672

Per-share amounts

Earnings from continuing operations

Diluted earnings per share	\$	0.75	\$	1.42
Basic earnings per share	\$	0.75	\$	1.43

Net earnings

Diluted earnings per share	\$	0.73	\$	1.37
Basic earnings per share	\$	0.73	\$	1.37

Dividends declared per share	\$	0.51	\$	0.93
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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 Note 3 for other-than-temporary impairment amounts.

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)

General Electric Company and consolidated affiliates

Condensed Statement of Financial Position

	Consolidated		GE(a)		Financial Services (GECS)	
	September 30,	December 31,	September 30,	December 31,	September 30,	December 31,
(In millions; except share amounts)	2009 (Unaudited)	2008	2009 (Unaudited)	2008	2009 (Unaudited)	2008
Assets						
Cash and equivalents	\$ 61,374	\$ 48,187	\$ 5,207	\$ 12,090	\$ 56,898	\$ 37,486
Investment securities	52,761	41,446	40	213	52,723	41,236
Current receivables	19,613	21,411	12,872	15,064	—	—
Inventories	13,092	13,674	13,013	13,597	79	77
Financing receivables – net	340,688	365,168	—	—	348,518	372,456
Other GECS receivables	14,339	13,439	—	—	18,625	18,636
Property, plant and equipment (including equipment leased to others) – net	72,993	78,530	14,281	14,433	58,712	64,097
Investment in GECS	—	—	70,658	53,279	—	—
Goodwill	84,880	81,759	56,696	56,394	28,184	25,365
Other intangible assets – net	15,010	14,977	11,172	11,364	3,838	3,613
All other assets	110,235	106,899	23,787	22,435	87,941	85,721
Assets of businesses held for sale	1,263	10,556	—	—	1,263	10,556
Assets of discontinued operations	1,598	1,723	65	64	1,533	1,659
Total assets	\$ 787,846	\$ 797,769	\$ 207,791	\$ 198,933	\$ 658,314	\$ 660,902
Liabilities and equity						
Short-term borrowings	\$ 160,115	\$ 193,695	\$ 565	\$ 2,375	\$ 160,938	\$ 193,533
Accounts payable, principally trade accounts	18,931	20,819	10,391	11,699	12,501	13,882
Progress collections and price adjustments accrued	12,511	12,536	13,232	13,058	—	—
Other GE current liabilities	19,229	21,560	19,229	21,624	—	—
Long-term borrowings	358,092	330,067	11,683	9,827	347,415	321,068
Investment contracts, insurance liabilities and insurance annuity benefits	32,549	34,032	—	—	32,948	34,369
All other liabilities	53,708	64,796	32,813	32,767	21,021	32,090
Deferred income taxes	5,308	4,584	(4,126)	(3,949)	9,434	8,533
Liabilities of businesses held for sale	143	636	—	—	143	636
	1,451	1,432	172	189	1,279	1,243

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Liabilities of discontinued operations						
Total liabilities	662,037	684,157	83,959	87,590	585,679	605,354
Preferred stock (30,000 shares outstanding at both September 30, 2009 and December 31, 2008)	—	—	—	—	—	—
Common stock (10,647,495,000 and 10,536,897,000 shares outstanding at September 30, 2009 and December 31, 2008, respectively)	702	702	702	702	1	1
Accumulated other comprehensive income – net(b)						
Investment securities	(479)	(3,094)	(479)	(3,094)	(478)	(3,097)
Currency translation adjustments	4,043	(299)	4,043	(299)	1,409	(1,258)
Cash flow hedges	(1,856)	(3,332)	(1,856)	(3,332)	(1,894)	(3,134)
Benefit plans	(14,469)	(15,128)	(14,469)	(15,128)	(374)	(367)
Other capital	37,861	40,390	37,861	40,390	27,578	18,079
Retained earnings	124,530	122,123	124,530	122,123	44,416	43,055
Less common stock held in treasury	(32,803)	(36,697)	(32,803)	(36,697)	—	—
Total GE shareowners' equity	117,529	104,665	117,529	104,665	70,658	53,279
Noncontrolling interests(c)	8,280	8,947	6,303	6,678	1,977	2,269
Total equity	125,809	113,612	123,832	111,343	72,635	55,548
Total liabilities and equity	\$ 787,846	\$ 797,769	\$ 207,791	\$ 198,933	\$ 658,314	\$ 660,902

(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.

(b) The sum of accumulated other comprehensive income - net was \$(12,761) million and \$(21,853) million at September 30, 2009 and December 31, 2008, respectively.

(c) Included accumulated other comprehensive income attributable to noncontrolling interests of \$(83) million and \$(194) million at September 30, 2009 and December 31, 2008, respectively.

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.

General Electric Company and consolidated affiliates

Condensed Statement of Cash Flows

(In millions)	Nine months ended September 30 (Unaudited)					
	Consolidated		GE(a)		Financial Services (GECS)	
	2009	2008	2009	2008	2009	2008
Cash flows – operating activities						
Net earnings attributable to the Company	\$ 8,012	\$ 13,688	\$ 8,012	\$ 13,688	\$ 1,322	\$ 6,672
Loss from discontinued operations	175	534	175	534	157	568
Adjustments to reconcile net earnings attributable to the Company to cash provided from operating activities						
Depreciation and amortization of property, plant and equipment	7,893	8,216	1,696	1,587	6,197	6,629
Earnings from continuing operations retained by GECS						