

GENERAL ELECTRIC CO  
Form 10-Q  
May 07, 2010

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 March 31, 2010

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 10,676,518,000 shares of common stock with a par value of \$0.06 per share outstanding at March 26, 2010.

(1)

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## 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 General Electric Capital Corporation’s (GECC) funding and on our ability to reduce GECC’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 GECC 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.

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## Part I. Financial Information

## Item 1. Financial Statements.

## General Electric Company and consolidated affiliates

## Condensed Statement of Earnings

(In millions, except share amounts)	Three months ended March 31 (Unaudited)					
	Consolidated		GE(a)		Financial Services (GECS)	
	2010	2009	2010	2009	2010	2009
<b>Revenues</b>						
Sales of goods	\$ 13,765	\$ 14,072	\$ 13,489	\$ 13,813	\$ 281	\$ 273
Sales of services	9,908	10,055	10,020	10,209	—	—
Other income	350	428	376	479	—	—
GECS earnings from continuing operations	—	—	539	979	—	—
GECS revenues from services	12,582	13,883	—	—	12,890	14,184
Total revenues	36,605	38,438	24,424	25,480	13,171	14,457
<b>Costs and expenses</b>						
Cost of goods sold	10,572	11,433	10,311	11,222	265	224
Cost of services sold	6,940	6,633	7,052	6,787	—	—
Interest and other financial charges	4,161	5,327	343	376	3,938	5,121
Investment contracts, insurance losses and insurance annuity benefits	747	746	—	—	787	773
Provision for losses on financing receivables	2,263	2,336	—	—	2,263	2,336
Other costs and expenses	9,095	9,337	3,537	3,364	5,733	6,129
Total costs and expenses	33,778	35,812	21,243	21,749	12,986	14,583
<b>Earnings (loss) from continuing operations</b>						
before income taxes	2,827	2,626	3,181	3,731	185	(126)
Benefit (provision) for income taxes	(431)	309	(788)	(842)	357	1,151
Earnings from continuing operations	2,396	2,935	2,393	2,889	542	1,025
Loss from discontinued operations, net of taxes	(390)	(21)	(390)	(21)	(387)	(4)
Net earnings	2,006	2,914	2,003	2,868	155	1,021
Less net earnings attributable to						

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noncontrolling interests	61	85	58	39	3	46
Net earnings attributable to the Company	1,945	2,829	1,945	2,829	152	975
Preferred stock dividends declared	(75)	(75)	(75)	(75)	—	—
Net earnings attributable to GE common shareowners	\$ 1,870	\$ 2,754	\$ 1,870	\$ 2,754	\$ 152	\$ 975
Amounts attributable to the Company						
Earnings from continuing operations	\$ 2,335	\$ 2,850	\$ 2,335	\$ 2,850	\$ 539	\$ 979
Loss from discontinued operations, net of taxes	(390)	(21)	(390)	(21)	(387)	(4)
Net earnings attributable to the Company	\$ 1,945	\$ 2,829	\$ 1,945	\$ 2,829	\$ 152	\$ 975
Per-share amounts						
Earnings from continuing operations						
Diluted earnings per share	\$ 0.21	\$ 0.26				
Basic earnings per share	\$ 0.21	\$ 0.26				
Net earnings						
Diluted earnings per share	\$ 0.17	\$ 0.26				
Basic earnings per share	\$ 0.17	\$ 0.26				
Dividends declared per common 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.

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General Electric Company and consolidated affiliates  
Condensed Statement of Financial Position

(In million, except share amounts)	Consolidated		GE(a)		Financial Services (GECS)	
	March 31,	December 31,	March 31,	December 31,	March 31,	December 31,
	2010 (Unaudited)	2009	2010 (Unaudited)	2009	2010 (Unaudited)	2009
<b>Assets</b>						
Cash and equivalents	\$ 69,628	\$ 72,260	\$ 10,238	\$ 8,654	\$ 60,039	\$ 64,356
Investment securities	41,549	51,941	28	30	41,523	51,913
Current receivables	17,729	16,458	9,380	9,818	—	—
Inventories	11,751	11,987	11,674	11,916	77	71
Financing receivables – net	346,939	329,232	—	—	356,185	336,926
Other GECS receivables	9,993	14,177	—	—	14,527	18,752
Property, plant and equipment – net	68,016	69,212	12,090	12,495	55,926	56,717
Investment in GECS	—	—	68,517	70,833	—	—
Goodwill	64,910	65,574	36,411	36,613	28,499	28,961
Other intangible assets – net	11,545	11,929	8,307	8,450	3,238	3,479
All other assets	100,475	103,417	17,511	17,097	84,145	87,471
Assets of businesses held for sale	33,735	34,111	32,786	33,986	949	125
Assets of discontinued operations	1,085	1,520	50	50	1,035	1,470
<b>Total assets(b)</b>	<b>\$ 777,355</b>	<b>\$ 781,818</b>	<b>\$ 206,992</b>	<b>\$ 209,942</b>	<b>\$ 646,143</b>	<b>\$ 650,241</b>
<b>Liabilities and equity</b>						
Short-term borrowings	\$ 123,931	\$ 130,252	\$ 899	\$ 504	\$ 124,457	\$ 131,137
Accounts payable, principally trade accounts	14,498	19,703	10,013	10,373	8,261	13,275
Progress collections and price adjustments accrued	11,468	12,192	11,982	12,957	—	—
Other GE current liabilities	14,429	14,527	14,429	14,527	—	—
Non-recourse borrowings of consolidated securitization entities	36,780	3,883	—	—	36,780	3,883
Bank deposits	38,310	38,923	—	—	38,310	38,923
Long-term borrowings	317,606	337,134	11,389	11,681	307,102	326,391
Investment contracts, insurance liabilities and insurance annuity benefits	31,451	31,641	—	—	31,990	32,009
All other liabilities	55,652	58,861	35,210	35,232	20,566	23,756
Deferred income taxes	2,615	2,173	(4,285)	(4,620)	6,900	6,793
Liabilities of businesses held for sale	6,416	6,092	6,386	6,037	30	55
Liabilities of discontinued operations	1,248	1,301	176	163	1,072	1,138

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Total liabilities(b)	654,404	656,682	86,199	86,854	575,468	577,360
Preferred stock (30,000 shares outstanding at both March 31, 2010 and December 31, 2009)	—	—	—	—	—	—
Common stock (10,676,518,000 and 10,663,075,000 shares outstanding at March 31, 2010 and December 31, 2009, respectively)	702	702	702	702	1	1
Accumulated other comprehensive income – net(c)						
Investment securities	(342)	(435)	(342)	(435)	(343)	(436)
Currency translation adjustments	1,424	3,836	1,424	3,836	13	1,372
Cash flow hedges	(1,332)	(1,734)	(1,332)	(1,734)	(1,356)	(1,769)
Benefit plans	(16,534)	(16,932)	(16,534)	(16,932)	(392)	(434)
Other capital	37,588	37,729	37,588	37,729	27,588	27,591
Retained earnings	125,446	126,363	125,446	126,363	43,006	44,508
Less common stock held in treasury	(31,757)	(32,238)	(31,757)	(32,238)	—	—
Total GE shareowners' equity	115,195	117,291	115,195	117,291	68,517	70,833
Noncontrolling interests(d)	7,756	7,845	5,598	5,797	2,158	2,048
Total equity	122,951	125,136	120,793	123,088	70,675	72,881
Total liabilities and equity	\$ 777,355	\$ 781,818	\$ 206,992	\$ 209,942	\$ 646,143	\$ 650,241

(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) Assets and liabilities of consolidated variable interest entities (VIEs) were \$57,571 million and \$49,056 million, respectively, at March 31, 2010. Substantially all of the assets of the VIEs can only be used to settle obligations of those VIEs. See Note 16.

(c) The sum of accumulated other comprehensive income - net was \$(16,784) million and \$(15,265) million at March 31, 2010 and December 31, 2009, respectively.

(d) Included accumulated other comprehensive income - net attributable to noncontrolling interests of \$(187) million and \$(188) million at March 31, 2010 and December 31, 2009, 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.



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General Electric Company and consolidated affiliates  
Condensed Statement of Cash Flows

Three months ended March 31 (Unaudited)

(In millions)	Consolidated		GE(a)		Financial Services (GECS)	
	2010	2009	2010	2009	2010	2009
Cash flows – operating activities						
Net earnings	\$ 2,006	\$ 2,914	\$ 2,003	\$ 2,868	\$ 155	\$ 1,021
Less net earnings attributable to noncontrolling interests	61	85	58	39	3	46
Net earnings attributable to the Company	1,945	2,829	1,945	2,829	152	975
Loss from discontinued operations	390	21	390	21	387	4
Adjustments to reconcile net earnings attributable to the Company to cash provided from operating activities						
Depreciation and amortization of property, plant and equipment	2,475	2,731	550	550	1,925	2,181
Earnings from continuing operations retained by GECS	–	–	(539)	(979)	–	–
Deferred income taxes	320	(528)	40	74	280	(602)
Decrease (increase) in GE current receivables	514	1,952	319	2,225	–	–
Decrease (increase) in inventories	186	(158)	213	(170)	(6)	12
Increase (decrease) in accounts payable	679	(1,672)	188	(555)	322	(1,655)
Increase (decrease) in GE progress collections	(743)	(724)	(994)	(755)	–	–
Provision for losses on GECS financing receivables	2,263	2,336	–	–	2,263	2,336
All other operating activities	(866)	(6,943)	439	(165)	(1,168)	(6,698)
Cash from (used for) operating activities – continuing operations	7,163	(156)	2,551	3,075	4,155	(3,447)
Cash from (used for) operating activities – discontinued operations	(69)	(45)	–	–	(69)	(45)
Cash from (used for) operating activities	7,094	(201)	2,551	3,075	4,086	(3,492)
Cash flows – investing activities						
Additions to property, plant and equipment	(1,302)	(2,560)	(522)	(756)	(857)	(1,896)
	1,597	1,183	–	–	1,597	1,183

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Dispositions of property, plant and equipment						
Net decrease (increase) in GECS financing receivables	10,880	18,004	–	–	11,340	17,962
Proceeds from principal business dispositions	1,842	9,021	1,672	175	–	8,846
Payments for principal businesses purchased	(18)	(7,128)				