

GENERAL ELECTRIC CO
Form 10-Q
July 25, 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 June 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 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, 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
Non-accelerated filer

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 9,948,028,000 shares of common stock with a par value of \$0.06 per share outstanding at June 27, 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 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.

(2)

Part I. Financial Information

Item 1. Financial Statements

Condensed Statement of Earnings

General Electric Company and consolidated affiliates

Three months ended June 30 (Unaudited)

(In millions; per-share amounts in dollars)	Consolidated		GE(a)		Financial Services (GECS)	
	2008	2007	2008	2007	2008	2007
Sales of goods	\$ 17,387	\$ 14,761	\$ 16,956	\$ 14,832	\$ 528	\$ 28
Sales of services	10,712	9,288	10,890	9,437	–	–
Other income	574	1,424	667	1,512	–	–
GECS earnings from continuing operations	–	–	2,774	2,421	–	–
GECS revenues from services	18,218	16,911	–	–	18,555	17,207
Total revenues	46,891	42,384	31,287	28,202	19,083	17,235
Cost of goods sold	13,885	11,905	13,522	11,980	461	23
Cost of services sold	6,844	5,603	7,022	5,752	–	–
Interest and other financial charges	6,626	5,645	554	422	6,348	5,467
Investment contracts, insurance losses and insurance annuity benefits	821	892	–	–	870	925
Provision for losses on financing receivables	1,490	1,057	–	–	1,490	1,057
Other costs and expenses	10,604	9,995	3,687	3,525	7,021	6,578
Minority interest in net earnings of consolidated affiliates	184	221	127	179	57	42
Total costs and expenses	40,454	35,318	24,912	21,858	16,247	14,092
Earnings from continuing operations before income taxes	6,437	7,066	6,375	6,344	2,836	3,143
Provision for income taxes	(1,043)	(1,453)	(981)	(731)	(62)	(722)
Earnings from continuing operations	5,394	5,613	5,394	5,613	2,774	2,421
Loss from discontinued operations, net of taxes	(322)	(231)	(322)	(231)	(337)	(255)
Net earnings	\$ 5,072	\$ 5,382	\$ 5,072	\$ 5,382	\$ 2,437	\$ 2,166
Per-share amounts						
Per-share amounts – earnings from continuing operations						
Diluted earnings per share	\$ 0.54	\$ 0.54				
Basic earnings per share	\$ 0.54	\$ 0.55				
Per-share amounts – net earnings						

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Diluted earnings per share	\$	0.51	\$	0.52
Basic earnings per share	\$	0.51	\$	0.52
Dividends declared per share	\$	0.31	\$	0.28

(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)

Condensed Statement of Earnings
General Electric Company and consolidated affiliates

Six months ended June 30 (Unaudited)

(In millions; per-share amounts in dollars)	Consolidated		GE(a)		Financial Services (GECS)	
	2008	2007	2008	2007	2008	2007
Sales of goods	\$ 32,168	\$ 27,998	\$ 31,403	\$ 28,102	\$ 895	\$ 60
Sales of services	20,253	17,566	20,629	17,855	–	–
Other income	1,149	1,935	1,325	2,086	–	–
GECS earnings from continuing operations	–	–	5,240	5,845	–	–
GECS revenues from services	35,594	34,085	–	–	36,271	34,660
Total revenues	89,164	81,584	58,597	53,888	37,166	34,720
Cost of goods sold	25,793	22,494	25,145	22,610	778	48
Cost of services sold	12,929	10,860	13,305	11,150	–	–
Interest and other financial charges	13,156	11,223	1,156	955	12,527	10,712
Investment contracts, insurance losses and insurance annuity benefits	1,625	1,752	–	–	1,718	1,855
Provision for losses on financing receivables	2,849	1,993	–	–	2,849	1,993
Other costs and expenses	20,839	19,592	7,239	6,952	13,833	12,818
Minority interest in net earnings of consolidated affiliates	346	444	258	309	88	135
Total costs and expenses	77,537	68,358	47,103	41,976	31,793	27,561
Earnings from continuing operations before income taxes	11,627	13,226	11,494	11,912	5,373	7,159
Provision for income taxes	(1,872)	(2,685)	(1,739)	(1,371)	(133)	(1,314)
Earnings from continuing operations	9,755	10,541	9,755	10,541	5,240	5,845
Loss from discontinued operations, net of taxes	(379)	(588)	(379)	(588)	(408)	(656)
Net earnings	\$ 9,376	\$ 9,953	\$ 9,376	\$ 9,953	\$ 4,832	\$ 5,189
Per-share amounts						
Per-share amounts – earnings from continuing operations						
Diluted earnings per share	\$ 0.98	\$ 1.02				
Basic earnings per share	\$ 0.98	\$ 1.03				
Per-share amounts – net earnings						
Diluted earnings per share	\$ 0.94	\$ 0.97				
Basic earnings per share	\$ 0.94	\$ 0.97				
Dividends declared per share	\$ 0.62	\$ 0.56				

- (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)	
	June 30, 2008 (Unaudited)	December 31, 2007	June 30, 2008 (Unaudited)	December 31, 2007	June 30, 2008 (Unaudited)	December 31, 2007
Cash and equivalents	\$ 18,989	\$ 15,731	\$ 3,041	\$ 6,702	\$ 16,476	\$ 9,439
Investment securities	45,861	45,276	326	343	45,541	44,941
Current receivables	22,330	22,259	14,803	15,093	—	—
Inventories	15,012	12,897	14,930	12,834	82	63
Financing receivables – net	415,302	376,123	—	—	423,845	384,067
Other GECS receivables	16,205	16,514	—	—	21,789	22,078
Property, plant and equipment (including equipment leased to others) – net	79,925	77,888	14,527	14,142	65,398	63,746
Investment in GECS	—	—	60,114	57,676	—	—
Goodwill	84,439	81,116	57,081	55,689	27,358	25,427
Other intangible assets – net	15,932	16,142	11,671	11,633	4,261	4,509
All other assets	124,417	122,844	43,470	40,608	82,511	83,388
Assets of discontinued operations	8,576	8,547	65	66	8,511	8,481
Total assets	\$ 846,988	\$ 795,337	\$ 220,028	\$ 214,786	\$ 695,772	\$ 646,139
Short-term borrowings	\$ 204,837	\$ 195,100	\$ 3,625	\$ 4,106	\$ 202,359	\$ 192,420
Accounts payable, principally trade accounts	22,278	21,338	11,391	11,120	15,946	14,714
Progress collections and price adjustments accrued	12,461	9,885	13,044	10,374	—	—
Other GE current liabilities	19,991	18,916	20,133	18,916	—	—
Long-term borrowings	351,264	319,013	10,059	11,656	342,488	308,502
Investment contracts, insurance liabilities and insurance annuity benefits	34,298	34,068	—	—	34,685	34,359
All other liabilities	59,642	59,316	32,990	32,859	26,749	26,522
Deferred income taxes	12,708	12,490	3,545	3,391	9,163	9,099
Liabilities of discontinued operations	2,329	1,648	233	302	2,096	1,346
Total liabilities	719,808	671,774	95,020	92,724	633,486	586,962
Minority interest in equity of consolidated affiliates	8,794	8,004	6,622	6,503	2,172	1,501
Common stock (9,948,028,000 and 9,987,599,000 shares outstanding at June 30, 2008 and						

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December 31, 2007, respectively)	669	669	669	669	1	1
Accumulated gains (losses) – net						
Investment securities	(1,204)	124	(1,204)	124	(1,204)	110
Currency translation adjustments	12,112	10,708	12,112	10,708	8,268	7,472
Cash flow hedges	(546)	(668)	(546)	(668)	(608)	(727)
Benefit plans	(1,126)	(1,840)	(1,126)	(1,840)	(87)	(105)
Other capital	26,160	26,100	26,160	26,100	12,580	12,574
Retained earnings	120,537	117,362	120,537	117,362	41,164	38,351
Less common stock held in treasury	(38,216)	(36,896)	(38,216)	(36,896)	–	–
Total shareowners' equity	118,386	115,559	118,386	115,559	60,114	57,676
Total liabilities and equity	\$ 846,988	\$ 795,337	\$ 220,028	\$ 214,786	\$ 695,772	\$ 646,139

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 \$9,236 million and \$8,324 million at June 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)

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Condensed Statement of Cash Flows
General Electric Company and consolidated affiliates

Six months ended June 30 (Unaudited)

(In millions)	Consolidated		GE(a)		Financial Services (GECS)	
	2008	2007	2008	2007	2008	2007
Cash flows – operating activities						
Net earnings	\$ 9,376	\$ 9,953	\$ 9,376	\$ 9,953	\$ 4,832	\$ 5,189
Loss from discontinued operations	379	588	379	588	408	656
Adjustments to reconcile net earnings to cash provided from operating activities						
Depreciation and amortization of property, plant and equipment	5,356	4,851	1,089	994	4,267	3,857
Net earnings from continuing operations retained by GECS	–	–	(3,221)	(1,213)	–	–
Deferred income taxes	(326)	697	(534)	94	208	603
Decrease (increase) in GE current receivables	(842)	736	110	1,599	–	–
Decrease (increase) in inventories	(1,949)	(1,408)	(1,930)	(1,379)	(19)	10
Increase (decrease) in accounts payable	1,003	(485)	477	(573)	1,089	278
Increase in GE progress collections	2,776	1,758	2,866	1,601	–	–
Provision for losses on GECS financing receivables	2,849	1,993	–	–	2,849	1,993
All other operating activities	(1,020)	(3,728)	680	(105)	(1,868)	(3,482)
Cash from operating activities – continuing operations	17,602	14,955	9,292	11,559	11,766	9,104
Cash from (used for) operating activities – discontinued operations	488	3,405	(9)	(54)	497	3,739
Cash from operating activities	18,090	18,360	9,283	11,505	12,263	12,843
Cash flows – investing activities						
Additions to property, plant and equipment	(8,064)	(8,935)	(1,640)	(1,569)	(6,599)	(7,496)
Dispositions of property, plant and equipment	5,325	4,795	–	–	5,325	4,795
Net increase in GECS financing receivables	(23,770)	(10,969)	–	–	(24,781)	(11,673)
Proceeds from sale of discontinued operations	203	–	203	–	–	–
Proceeds from principal business dispositions	4,346	2,114	(76)	1,012	4,422	1,102
Payments for principal businesses purchased	(14,678)	(13,185)	(1,916)	(7,356)	(12,762)	(5,829)
All other investing activities	(3,366)	(285)	212	(622)	(3,571)	65
	(40,004)	(26,465)	(3,217)	(8,535)	(37,966)	(19,036)

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Cash used for investing activities – continuing operations						
Cash from (used for) investing activities – discontinued operations	(453)	(3,291)	–	178	(453)	(3,749)
Cash used for investing activities	(40,457)	(29,756)	(3,217)	(8,357)	(38,419)	(22,785)
Cash flows – financing activities						
Net increase (decrease) in borrowings (maturities of 90 days or less)						
	7,001	(6,883)	(2,015)	(2,805)	8,737	(6,622)
Newly issued debt (maturities longer than 90 days)	61,355	52,369	98	4,679	61,396	47,739
Repayments and other reductions (maturities longer than 90 days)						
	(34,766)	(24,648)	(52)	(125)	(34,714)	(24,523)
Net purchases of GE shares for treasury	(1,543)	(1,392)	(1,543)	(1,392)	–	–
Dividends paid to shareowners	(6,215)	(5,768)	(6,215)	(5,768)	(2,019)	(4,632)
All other financing activities	(163)	(579)	–	–	(163)	(579)
Cash from (used for) financing activities – continuing operations	25,669	13,099	(9,727)	(5,411)	33,237	11,383
Cash used for financing activities – discontinued operations	(5)	(128)	–	(124)	(5)	(4)
Cash from (used for) financing activities	25,664	12,971	(9,727)	(5,535)	33,232	11,379
Increase (decrease) in cash and equivalents	3,297	1,575	(3,661)	(2,387)	7,076	1,437
Cash and equivalents at beginning of year	16,031	14,275	6,702	4,480	9,739	12,629
Cash and equivalents at June 30	19,328	15,850	3,041	2,093	16,815	14,066
Less cash and equivalents of discontinued operations at June 30	339	176	–	–	339	176
Cash and equivalents of continuing operations at June 30	\$ 18,989	\$ 15,674	\$ 3,041	\$ 2,093	\$ 16,476	\$ 13,890

(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 and are discussed in Note 16.

(6)

Summary of Operating Segments
General Electric Company and consolidated affiliates

(In millions)	Three months ended June 30 (Unaudited)		Six months ended June 30 (Unaudited)	
	2008	2007	2008	2007
Revenues				