

GENERAL ELECTRIC CAPITAL CORP
Form 10-Q
July 29, 2011

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, 2011

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 001-06461

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.)

901 Main Avenue, Norwalk, Connecticut
(Address of principal executive offices)

06851-1168
(Zip Code)

(Registrant's telephone number, including area code) (203) 840-6300

(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

At July 29, 2011, 3,985,404 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 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: current economic and financial conditions, including volatility in interest and exchange rates, commodity and equity prices and the value of financial assets; potential market disruptions or other impacts arising in the United States or Europe from sovereign debt issues, including developments in connection with the U.S. indebtedness cap; the impact of conditions in the financial and credit markets on the availability and cost of our funding and on our ability to reduce our asset levels as planned; the impact of conditions in the housing market and unemployment rates on the level of commercial and consumer credit defaults; changes in Japanese consumer behavior that may affect our estimates of liability for excess interest refund claims (Grey Zone); potential financial implications from the Japanese natural disaster; 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 level of demand and financial performance of the major industries we serve, including, without limitation, air transportation, real estate and healthcare; the impact of regulation and regulatory, investigative and legal proceedings and legal compliance risks, including the impact of financial services regulation; strategic actions, including acquisitions, joint ventures and dispositions and our success in completing announced transactions and 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.

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 June 30,		Six months ended June 30,	
	2011	2010	2011	2010
Revenues				
Revenues from services (a)	\$ 11,638	\$ 11,667	\$ 23,868	\$ 23,252
Other-than-temporary impairment on investment securities:				
Total other-than-temporary impairment on investment securities	(112)	(95)	(177)	(247)
Less: Portion of other-than-temporary impairment recognized in accumulated other comprehensive income	58	42	62	121
Net other-than-temporary impairment on investment securities recognized in earnings	(54)	(53)	(115)	(126)
Revenues from services (Note 9)	11,584	11,614	23,753	23,126
Sales of goods	42	168	84	449
Total revenues	11,626	11,782	23,837	23,575
Costs and expenses				
Interest	3,583	3,638	7,164	7,327
Operating and administrative	3,319	3,471	6,671	6,980
Cost of goods sold	38	154	78	419
Investment contracts, insurance losses and insurance annuity benefits	30	38	54	73
Provision for losses on financing receivables	811	2,007	1,968	4,187
Depreciation and amortization	1,792	1,848	3,567	3,762
Total costs and expenses	9,573	11,156	19,502	22,748
Earnings from continuing operations before income taxes	2,053	626	4,335	827
Benefit (provision) for income taxes	(378)	95	(824)	459
Earnings from continuing operations	1,675	721	3,511	1,286
Earnings (loss) from discontinued operations, net of taxes (Note 2)	218	(100)	275	(450)
Net earnings	1,893	621	3,786	836

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Less net earnings (loss) attributable to noncontrolling interests	20	(22)	51	(27)
Net earnings attributable to GECC	1,873	643	3,735	863
Dividends	—	1	—	—
Retained earnings at beginning of period	49,829	45,863	47,967	45,644
Retained earnings at end of period	\$ 51,702	\$ 46,507	\$ 51,702	\$ 46,507
Amounts attributable to GECC				
Earnings from continuing operations	\$ 1,655	\$ 743	\$ 3,460	\$ 1,313
Earnings (loss) from discontinued operations, net of taxes	218	(100)	275	(450)
Net earnings attributable to GECC	\$ 1,873	\$ 643	\$ 3,735	\$ 863

(a) Excluding net other-than-temporary impairment on investment securities.

See accompanying notes.

(3)

General Electric Capital Corporation and consolidated affiliates

Condensed Statement of Financial Position

(In millions)	June 30, 2011 (Unaudited)	December 31, 2010
Assets		
Cash and equivalents	\$ 77,258	\$ 59,538
Investment securities (Note 3)	18,372	17,952
Inventories	52	66
Financing receivables – net (Notes 4 and 12)	300,749	312,234
Other receivables	13,657	13,674
Property, plant and equipment, less accumulated amortization of \$24,961 and \$25,390	55,307	53,747
Goodwill (Note 5)	28,173	27,508
Other intangible assets – net (Note 5)	1,843	1,874
Other assets	74,410	79,045
Assets of businesses held for sale (Note 2)	895	3,127
Assets of discontinued operations (Note 2)	6,407	12,375
Total assets(a)	\$ 577,123	\$ 581,140
Liabilities and equity		
Short-term borrowings (Note 6)	\$ 118,599	\$ 113,646
Accounts payable	7,739	6,839
Non-recourse borrowings of consolidated securitization entities (Note 6)	29,075	30,018
Bank deposits (Note 6)	41,548	37,298
Long-term borrowings (Note 6)	268,830	