GENERAL ELECTRIC CAPITAL CORP
Form 10-Q
July 27, 2007

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM
10-Q

(**Mark One)**
þ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 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	**13-1500700**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
3135 Easton Turnpike, Fairfield, Connecticut	**06828-0001**
(Address of principal executive offices)	(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 **þ** No ¨

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 **þ**

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

At July 26, 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

Part I – Financial Information Page

Item 1. Financial Statements	
Condensed Statement of Current and Retained Earnings	3
Condensed Statement of Financial Position	4
Condensed Statement of Cash Flows	5
Notes to Condensed, Consolidated Financial Statements (Unaudited)	6
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	11
Item 4. Controls and Procedures	20

Part II – Other Information

Item 1. Legal Proceedings	20
Item 6. Exhibits	21
Signatures	22

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 the 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)

	Three months ended June 30		Six months ended June 30	
(In millions)	**2007**	**2006**	**2007**	**2006**
Revenues				
Revenues from services (note 3)	$ 15,914	$ 13,767	$ 31,508	$ 27,195
Sales of goods	28	712	60	1,267
Total revenues	15,942	14,479	31,568	28,462
Costs and expenses				
Interest	5,458	4,167	10,716	8,176
Operating and administrative	4,753	4,255	9,160	8,421
Cost of goods sold	23	659	48	1,172
Investment contracts, insurance losses and insurance annuity benefits	173	163	339	311
Provision for losses on financing receivables	1,303	891	2,545	1,716
Depreciation and amortization	1,931	1,565	3,851	3,051
Minority interest in net earnings of consolidated affiliates	46	51	150	145
Total costs and expenses	13,687	11,751	26,809	22,992
Earnings from continuing operations before income taxes	2,255	2,728	4,759	5,470
Provision for income taxes	(47)	(231)	(70)	(629)
Earnings from continuing operations	2,208	2,497	4,689	4,841
Earnings (loss) from discontinued operations, net of taxes (note 2)	–	(103)	(2)	25
Net earnings	2,208	2,394	4,687	4,866
Dividends	(932)	(1,259)	(3,906)	(6,008)
Retained earnings at beginning of period	37,056	33,229	37,551	35,506
Retained earnings at end of period	$ 38,332	$ 34,364	$ 38,332	$ 34,364

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

(In millions)		June 30, 2007 (Unaudited)			December 31, 2006			
Assets								
Cash and equivalents		$	12,989		$ 9,849			
Investment securities			21,953					
Deferred lease costs, less accumulated amortization	127,940			17,230	(b)	145,170	—	145,170
Investment in development authority bonds	120,000			—		120,000	—	120,000
Total assets	$	4,043,280		$ 153,889		$ 4,197,169	$225,000	$4,422,169

(a) Historical financial information derived from Columbia Property Trust's quarterly report on Form 10-Q as of September 30, 2017.

(b) Reflects the purchase price allocation for the properties acquired by Columbia Property Trust in connection with the New York Acquisitions, based on attributes of the acquired properties, in-place leases, and recent transactions involving similar properties in the New York market.

(c) Represents the portion of the price and related expenses assumed to be funded with cash on hand based on the assumptions outlined herein.

(d) Represents earnest money paid prior to September 30, 2017, which was applied to the New York Acquisitions and the 1800 M Street Joint Venture, respectively, at closing.

(e) Reflects the purchase price for a 55% equity interest in the 1800 M Street Joint Venture.

COLUMBIA PROPERTY TRUST, INC.
PRO FORMA BALANCE SHEET
SEPTEMBER 30, 2017
(in thousands, unaudited)

LIABILITIES & EQUITY

	Columbia Property Trust, Inc. Historical(a)	New York Acquisitions: New York Acquisitions Pro Forma Adjustments		New York Acquisitions: Pro Forma Subtotal	1800 M Street Joint Venture: 1800 M Street Joint Venture Pro Forma Adjustments		Pro Forma Total
Liabilities:							
Line of credit and notes payable, net	$520,367	$135,000	(b)	$655,367	$225,000	(b)	$880,367
Bonds payable, net	693,562	—		693,562	—		693,562
Accounts payable, accrued expenses, and accrued capital expenditures	129,802	—		129,802	—		129,802
Deferred income	15,756	—		15,756	—		15,756
Intangible lease liabilities, less accumulated amortization	9,891	18,889	(c)	28,780	—		28,780
Obligations under capital leases	120,000	—		120,000	—		120,000
Total liabilities	1,489,378	153,889		1,643,267	225,000		1,868,267
Commitments and Contingencies	—	—		—			—
Equity:							
Common stock, $0.01 par value, 225,000,000 shares authorized, 119,803,608 shares issued and outstanding as of September 30, 2017	1,198	—		1,198	—		1,198
Additional paid-in capital	4,485,368	—		4,485,368	—		4,485,368
Cumulative distributions in excess of earnings	(1,931,927)	—		(1,931,927)	—		(1,931,927)
Cumulative other comprehensive loss	(737)	—		(737)	—		(737)
Total equity	2,553,902	—		2,553,902	—		2,553,902
Total liabilities and equity	$4,043,280	$153,889		$4,197,169	225,000		$4,422,169

(a) Historical financial information derived from Columbia Property Trust's quarterly report on Form 10-Q as of September 30, 2017.

(b) Represents the allocated amount drawn under the Company's line of credit for the purchase of the New York Acquisitions and the purchase of the Company's 55% interest in the 1800 M Street Joint Venture. The line of credit has a capacity of $500 million and matures on July 31, 2019, with two six-month extension options (the "Revolving Credit Facility"). Amounts outstanding under the Revolving Credit Facility bear interest at LIBOR, plus an applicable margin ranging from 0.875% to 1.55% for LIBOR-based borrowings, or an alternate base rate, plus an applicable margin ranging from 0.00% to 0.55% for base-rate borrowings, based on the Company's applicable credit rating. The per annum facility fee on the aggregate revolving commitment (used or unused) ranges from 0.125% to 0.300%, also based on the Company's applicable credit rating. Additionally, the Company has the ability to increase the capacity of the Revolving Credit Facility and its $300 Million Term Loan by an aggregate amount of up to $400.0 million on four occasions, subject to certain limitations.

(c)

Reflects the purchase price allocation to below-market intangible lease liabilities acquired by Columbia Property Trust in connection with the New York Acquisitions, based on attributes of the New York Acquisitions, in-place leases, and recent transactions involving similar properties in the New York market.

COLUMBIA PROPERTY TRUST, INC.
PRO FORMA STATEMENT OF OPERATIONS
NINE MONTHS ENDED SEPTEMBER 30, 2017
(in thousands, unaudited)

	Columbia Property Trust, Inc. Historical(a)	New York Acquisitions: New York Acquisitions Historical(b)		New York Acquisitions: New York Acquisitions Pro Forma Adjustments		Pro Forma Subtotal	1800 M Street Joint Venture: 1800 M Street Joint Venture Pro Forma Adjustments		Pro Forma Total
Revenues:									
Rental income	$ 193,309	$24,531	(c)	$ 2,014	(h)	$219,854	$—		$219,854
Tenant reimbursements	18,609	2,256	(d)	—		20,865	—		20,865
Hotel income	1,339	—		—		1,339	—		1,339
Asset and property management fee income	2,126	—		—		2,126	—		2,126
Other property income	1,992	—		—		1,992	—		1,992
	217,375	26,787		2,014		246,176	—		246,176
Expenses:									
Property operating costs	64,503	5,970	(e)	—		70,473	—		70,473
Hotel operating costs	2,085	—		—		2,085	—		2,085
Asset and property management fee expenses	717	283	(f)	—		1,000	—		1,000
Depreciation	60,529	—		7,741	(i)	68,270	—		68,270
Amortization	24,518	—		5,562	(j)	30,080	—		30,080
General and administrative	25,003	111	(g)	—		25,114	—		25,114
Acquisition expenses	713	—		—		713	—		713
	178,068	6,364		13,303		197,735	—		197,735
Real estate operating income (loss)	39,307	20,423		(11,289)		48,441	—		48,441
Other income (expense):									—
Interest expense	(44,308)	—		(2,238)	(k)	(46,546)	(3,729)	(k)	(50,275)
Interest and other income	7,668	—		—		7,668	—		7,668
Loss on early extinguishment of debt	(325)	—		—		(325)	—		(325)
	(36,965)	—		(2,238)		(39,203)	(3,729)		(42,932)
Income before income taxes, unconsolidated joint ventures, and sales of real estate:	2,342	20,423		(13,527)		9,238	(3,729)		5,509
Income tax expense	378	—		—		378	—		378
Income (loss) from unconsolidated joint ventures	(849)	—		—		(849)	8,082	(l)	
							(7,192)	(m)	41
Income (loss) before sales of real estate assets	1,871	20,423		(13,527)		8,767	(2,839)		5,928
Gains on sales of real estate assets	175,518	—		—		175,518	—		175,518
Net income	$ 177,389	$20,423		$ (13,527)		$184,285	$(2,839)		$181,446
Net income per share - basic	$ 1.46					$1.52			$1.49

Weighted average common shares outstanding - basic	121,270	121,270	121,270
Net income per share - diluted	$ 1.46	$ 1.52	$ 1.49
Weighted average common shares outstanding - diluted	121,458	121,458	121,458

(a) Historical financial information derived from Columbia Property Trust's quarterly report on Form 10-Q for the nine months ended September 30, 2017.

(b) Historical financial information derived from the New York Acquisitions Statement of Revenues over Certain Expenses for the nine months ended September 30, 2017, contained in the report on Form 8-K as filed on December 21, 2017.

(c) Rental income consists primarily of base rent pursuant to leases in place for the periods presented. Base rent is recognized on a straight-line basis beginning on the pro forma acquisition date of January 1, 2016.

(d) Consists of reimbursements for property operating costs pursuant to the leases in place for the periods presented.

(e) Consists of property operating expenses, primarily related to real estate taxes, insurance, utilities, and maintenance and support services.

(f) Consists of property management fees incurred for oversight of the day-to-day operations of the property.

(g) Consists primarily of professional fees related to various projects at the property.

(h) Consists of adjustments for the amortization of the net (above) below market in-place leases acquired with the New York Acquisitions.

(i) Depreciation expense is calculated using the straight-line method based on the purchase price allocated to building over a 40-year life; depreciation expense related to tenant improvements is calculated over the average remaining life of in-place leases.

(j) Amortization of other in-place lease intangibles is recognized using the straight-line method over approximately 8.3 years, the average remaining life of in-place leases.

(k) Interest expense relates to additional borrowings on the Revolving Credit Facility using the LIBOR rate of 2.21%.

(l) Reflects the Company's 55% equity interest in the historical revenues over certain expenses, as shown on the Statement of Revenues over Certain Expenses for the nine months ended September 30, 2017, contained in the current report on Form 8-K

(m) Reflects the Company's 55% equity interest in (1) depreciation expense, calculated using a straight-line method, for buildings over a 40-year life and for tenant improvements over the average remaining life of in-place leases; and (2) amortization of other in-place lease intangibles, which is recognized using the straight-line method over approximately 8.9 years, the average remaining life of in-place leases.

COLUMBIA PROPERTY TRUST, INC.
PRO FORMA STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2016
(in thousands, unaudited)

		New York Acquisitions					1800 M Street Joint Venture		
	Columbia Property Trust, Inc. Historical(a)	New York Acquisitions Historical(b)		New York Acquisitions Pro Forma Adjustments		Pro Forma Subtotal	1800 M Street Joint Venture Pro Forma Adjustments		Pro Forma Total
Revenues:									
Rental income	$ 366,186	$32,699	(c)	$ 2,686	(h)	$401,571	$—		$401,571
Tenant reimbursements	69,770	2,108	(d)	—		71,878	—		71,878
Hotel income	22,661	—		—		22,661	—		22,661
Asset and property management fee income	2,122	—		—		2,122	—		2,122
Other property income	12,804	157		—		12,961	—		12,961
	473,543	34,964		2,686		511,193	—		511,193
Expenses:									
Property operating costs	154,968	7,481	(e)	—		162,449	—		162,449
Hotel operating costs	18,686	—		—		18,686	—		18,686
Asset and property management fee expenses	1,415	99	(f)	—		1,514	—		1,514
Depreciation	108,543	—		10,321	(i)	118,864	—		118,864
Amortization	56,775	—		7,416	(j)	64,191	—		64,191
General and administrative	33,876	206	(g)	—		34,082	—		34,082
	374,263	7,786		17,737		399,786	—		399,786
Real estate operating income (loss)	99,280	27,178		(15,051)		111,407	—		111,407
Other income (expense):									
Interest expense	(67,609)	—		(2,984)	(k)	(70,593)	(4,973)	(k)	(75,566)
Interest and other income	7,288	—		—		7,288	—		7,288
Loss on early extinguishment of debt	(18,997)	—		—		(18,997)	—		(18,997)
	(79,318)	—		(2,984)		(82,302)	(4,973)		(87,275)
Income before income taxes, unconsolidated joint ventures, and sales of real estate:	19,962	27,178		(18,035)		29,105	(4,973)		24,132
Income tax expense	(445)	—		—		(445)	—		(445)
Income (loss) from unconsolidated joint ventures	(7,561)	—		—		(7,561)	8,883	(l)	
							(9,589)	(m)	(8,267)
Income (loss) before sales of real estate assets	11,956	27,178		(18,035)		21,099	(5,679)		15,420
Gains on sales of real estate assets	72,325	—		—		72,325	—		72,325
Net income	$ 84,281	$27,178		$ (18,035)		$93,424	$(5,679)		$87,745
Net income per share - basic	$ 0.68					$0.76			$0.71
	123,130					123,130			123,130

Weighted average common shares outstanding - basic			
Net income per share - diluted	$ 0.68	$0.76	$0.71
Weighted average common shares outstanding - diluted	123,228	123,228	123,228

(a) Historical financial information derived from Columbia Property Trust's quarterly report on Form 10-K for the year ended December 31, 2017.

(b) Historical financial information derived from the New York Acquisitions Statement of Revenues over Certain Expenses for the year ended December 31, 2016, contained in the report on Form 8-K as filed on December 21, 2017.

(c) Rental income consists primarily of base rent pursuant to leases in place for the periods presented. Base rent is recognized on a straight-line basis beginning on the pro forma acquisition date of January 1, 2016.

(d) Consists of reimbursements for property operating costs pursuant to the leases in place for the periods presented.

(e) Consists of property operating expenses, primarily related to real estate taxes, insurance, utilities, and maintenance and support services.

(f) Consists of property management fees incurred for oversight of the day-to-day operations of the property.

(g) Consists primarily of professional fees related to various projects at the property.

(h) Consists of adjustments for the amortization of the net (above) below market lease assets in place leases acquired with the New York Acquisitions.

(i) Depreciation expense is calculated using the straight-line method based on the purchase price allocated to building over a 40-year life; depreciation expense related to tenant improvements is calculated over the average remaining life of in-place leases.

(j) Amortization of other in-place lease intangibles is recognized using the straight-line method over approximately 8.3 years, the average remaining life of in-place leases.

(k) Interest expense relates to additional borrowings on the Revolving Credit Facility using the LIBOR rate of 2.21%.

F - 10

(l) Reflects the Company's 55% equity interest in the historical revenues over certain expenses, as shown on the Statement of Revenues over Certain Expenses for the year ended December 31, 2016, contained in the current report on Form 8-K

(m) Reflects the Company's 55% equity interest in (1) depreciation expense, calculated using a straight-line method, for buildings over a 40-year life and for tenant improvements over the average remaining life of in-place leases; and (2) amortization of other in-place lease intangibles, which is recognized using the straight-line method over approximately 8.9 years, the average remaining life of in-place leases.

F - 11