CPIM

Center for Public Investment Management

THE SEAL OF THE TREASURER OF THE STATE OF OHIO

WITH GOD ALL THINGS ARE POSSIBLE

A Program Brought to You By:

JOSH MANDEL

State Treasurer of Ohio

INVESTMENTS 320:

COMMERCIAL PAPER & BANKERS ACCEPTANCES

2013 CPIM Academy

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CENTER FOR PUBLIC INVESTMENT MANAGEMENT

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INVESTMENTS 320: COMMERCIAL PAPER & BANKERS ACCEPTANCES

2013 CPIM Academy

Commercial Paper & Bankers Acceptances

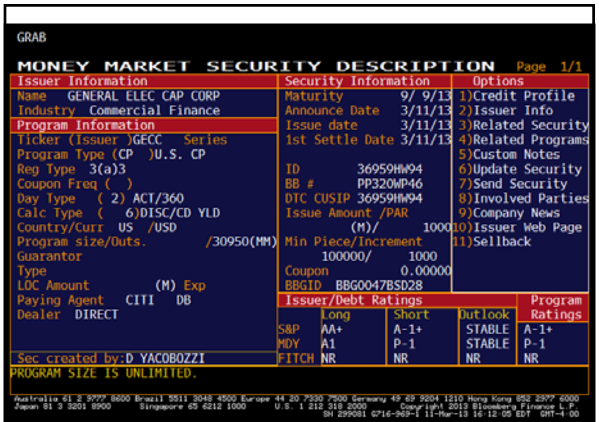
- Additional short-tem investment alternatives
  - Front-end liquidity
  - Additional yield spreads vs. agency discount notes
  - STAR Ohio, repurchase agreements
  - Yield spreads will vary based upon market conditions

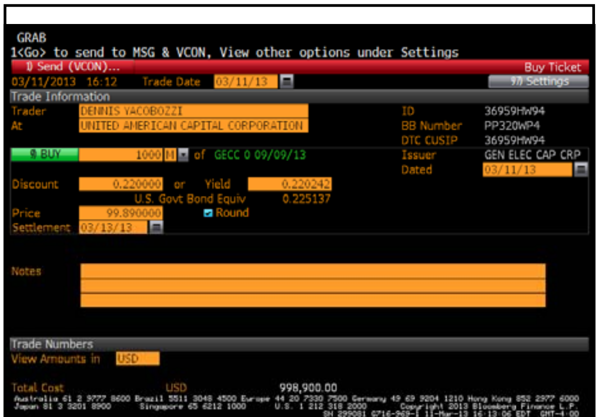
Commercial Paper (CP)

- Short-term, unsecured promissory notes
- Issued by various corporations
- Used to finance short-term credit needs
- Maximum maturity
  - 135.14 = 180 Days
  - 135.35 = 270 Days
  - 135.142 = 180 Days
- Commercial paper issuers are rated by nationally recognized rating agencies such as S&P, Moody's, and Fitch.

Issuers with A1+/P1 Ratings

- G.E. Capital Corporation
- J.P. Morgan Chase
- Exxon Mobil Corp
- Toyota Motor Credit





Investment Accounting Components

- G.E. Capital Corp
- Maturity: 9/9/13
- Settlement: 3/13/13
- Discount Yield: 0.22%
- Dollar Price: 99.89

Par Value:	1,000,000.00
Discount:	1,100.00
Cost:	998,900.00

Bankers Acceptances (BA)

- Time draft drawn on and accepted by a bank
- To pay a specified amount on a specified date
- An unconditional liability of the bank
- Final Maturities = 180 Days
- Primarily used in international trade.
- No rating criteria is specified in the law.
- Ratings should be considered prior to purchase.
- Several Ohio banks issue Bankers Acceptances.

Legal Limitations

- May invest ***up to 25%*** of a public entity's interim funds in either CP or BA.
- Eligible CP issuers must have assets exceeding $500MM.
- CP issuers (at the time of purchase) must be rated in the highest classification established by two NRSRO (nationally recognized statistical rating organizations).

Legal Limitations

- The aggregate value of outstanding notes must not exceed *10%* of the aggregate value of the outstanding CP of the issuing corporation.
- No investment of CP or BA is permissible unless the treasurer of the governing board has completed additional training, as approved by the Auditor of State.

Safekeeping Issues (CP)

- Deliverable in book entry form to your custodian bank.
- May be purchased "Direct"
- Available on the secondary market
- Compare "offerings" – prices will vary (Direct vs. Broker)
- Observe names and structures if prices seem cheap (higher than expected yields)

Safekeeping Issues (BA)

- Physical document
- Usually held in safekeeping by an agent of custodian bank
  - Correspondent bank in New York
  - Members of DTC (Depository Trust Co.)
  - "Cede & Co."

Consider Liquidity Needs

- Maintain short-maturity securities to meet liquidity needs (***liquidity percentage method***):
  - Maintain a minimum balance in STAR (as a percentage of average invested funds) so that any cash demands can be met at all times. By using STAR as a liquidity "anchor," the portfolio can be managed without having to sell any securities to meet unexpected cash needs.
  - Combination of STAR and other short-maturity securities (smaller percentage in STAR combined with CP, BA, Agency discount notes, etc.).

Consider Liquidity Needs

Asset Liability Method

- On the basis of a cash flow analysis, match the maturities of short-term investments with projected monthly cash outflows.

The choice of investment is based upon the market yields at the time of purchase.

Eligible short-term securities include Agency discount notes, CP and BA.

Trade Execution Considerations

- Know the shape of the money market curve and yield spreads (CP vs. Agency discount notes).
- Consider purchasing CP through the direct offerings of the issuers.
- If utilizing a broker/dealer, compare several offerings.

Trade Execution Considerations

- Yield spreads have narrowed, but excessive "mark-ups" are still possible, which diminish the yield and violate the "best price and execution" rule.
- Asset-backed CP is not an eligible investment for public entities, except the Treasurer of State.
- Delivery should be made to a third party custody bank.

Learning Objectives

- Credit Research for Commercial Paper Issuers
  - The Basics
  - Resources
  - Fundamental Analysis
  - Market Analysis

The Basics

- Credit Research for Commercial Paper Issuers
  - Why you could find a use for credit research.
  - Where to gather information for credit research.
  - How to use the information.

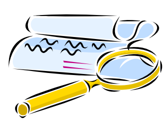
The Resources

From the commercial paper issuer

- Financial Statements/ Notes to the Statements
- Earnings Releases
- Offering Circular
- Presentations

The Resources

- What to look for…
  - Annual and Quarterly Reports
  - Income Statement
  - Balance Sheet
  - Cash Flow Statement



The Resources

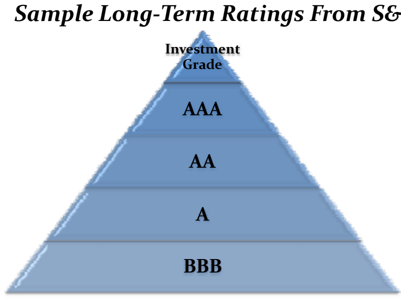
- Credit Rating Agencies – Who are they?
  - Standard & Poor's
  - Moody's Investor Service
  - Fitch Ratings Service

The Resources

- Credit Rating Agencies – What is their purpose?
  - Credit rating agencies provide and opinion.
  - Credit rating agencies provide a congruent credit rating with their opinion.
  - Credit rating agencies provide an outlook.

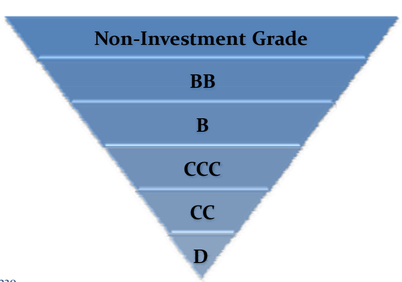
The Resources

Sample Long-Term Ratings From S&P



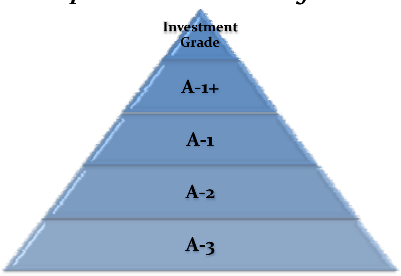
The Resources

Sample Long-Term Ratings From S&P



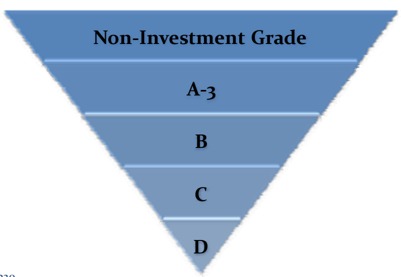
The Resources

Sample Short-Term Ratings From S&P



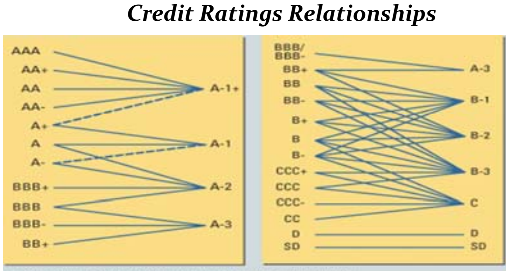
The Resources

Sample Short-Term Ratings From S&P



The Resources

Credit Ratings Relationships



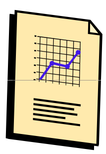
* Dotted lines indicate combinations that are highly unusual.

The Resources

- Alternative Sources
  - News outlets/Media
  - Broker/Dealer Research
  - Industry News Sources

Fundamental Analysis

- Analyzing the Income Statement
  - Revenue growth
  - Expense control
  - Margin stability
  - Profit growth



Fundamental Analysis

- Analyzing the Balance Sheet

Total Assets	• What is liquid; what is not?
Total Liabilities	• What is the debt position?
Current Assets	• Cash and marketable securities
Current Liabilities	• Payables

Fundamental Analysis

- Analyzing the Cash Flow Statement
  - Cash from operations
    - Uses of cash
    - Sources of cash
  - Cash from investing
  - Cash from financing

Fundamental Analysis

- Analyzing the Financial Statements
  - Revenue growth
  - Expense control
  - Margin stability
  - Profit growth

Fundamental Analysis

- Liquidity Analysis
  - Ratios
    - Current Ratio (Current Assets/Current Liabilities)
    - Quick Ratio (CA-Inventories/CL)
    - Cash Ratio (Cash Items/CL)
  - Ability to cover short-term obligations
  - What can be converted to cash quickly
  - Credit enhancements

Fundamental Analysis

- Leverage Analysis
  - Ratios
    - Short-term debt/Total Assets
    - Long-term debt/Total Assets
  - How much financial stress on the company
  - Maturity schedule of the outstanding debt

Fundamental Analysis

- Debt Service Coverage Analysis
  - Ratios
    - EBIT/Debt Service (coverage with income)
    - Total Assets – (Current Liabilities + ST Debt)/Total Debt (coverage with assets)
  - What is the probability a coupon payment will be missed?
  - Can future coupon payments be made?

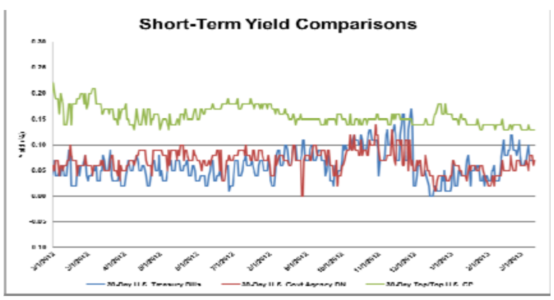
Fundamental Analysis

- Capital Investment Analysis
  - Ratios
    - Return on Capital (ROC)
      - NI-Div/(Debt+Equity+Preferred)
    - Return on Equity (ROE)
      - NI/Equity
    - Return on Assets (ROA)
      - NI/Total Assets
  - Are uses of capital managed wisely?

Market Analysis

- Yield Spread Analysis
  - Compare yields to a benchmark
    - U.S. Treasury Bills
    - U.S. Government Agency Discount Notes
  - Compare yields to a comparable issuer
    - General Electric Capital Corporation
    - Industry Peers

Market Analysis



Conclusion

- Credit Research
  - Can be helpful
  - Can be supportive
  - Does not have to be difficult

OFFERING MEMORANDUM

U.S. BANK NATIONAL ASSOCIATION
$20,000,000,000

PLACEMENT OF COMMERCIAL PAPER NOTES

By its purchase of a Note, the purchaser represents and agrees that it has had the opportunity, prior to purchasing any Note, to ask questions of, and receive answers from, the Issuer concerning the offering of Notes and to obtain relevant additional information the Issuer possesses or can acquire without unreasonable effort or expense.

PLACEMENT AGENT
U.S. BANK NATIONAL ASSOCIATION

The date of this Offering Memorandum is March 1, 2010

TERMS OF COMMERCIAL PAPER NOTES

Issuer:	U.S. Bank National Association, organized under the laws of the United States
Program Size:	Authorized to a maximum outstanding $20,000,000,000
Securities:	Unsecured notes (the "Notes"), ranking *pari passu* with the Issuer's other senior, unsecured and unsubordinated indebtedness, except obligations, including deposits, that are subject to any priorities or preferences by law
Exemption:	The Notes are exempt from registration under the Securities Act of 1933, as amended, pursuant to Section 3(a)(3)
Offering Price:	100% of the face value of the Notes
Redemption Price:	100% of the face value of the Notes
Denominations:	Minimum of $25,000.00
Maturities:	Not to exceed 270 days from date of issue
Redemption:	The Notes may be redeemed or subject to voluntary prepayment on a daily basis on any trading day during the term of the Notes at the redemption price referenced above
Form:	Each Note will be evidenced by (i) a note certificate issued in bearer form or (ii) one or more master notes recorded in the book-entry system maintained by U.S. Bank National Association. Each master note (the "Book-Entry Notes") will be deposited with U.S. Bank National Association, Issuing and Paying Agent as depository. U.S. Bank National Association will record, by appropriate entries on its book-entry registration and transfer system, the respective amounts payable in respect of Book-Entry Notes
Settlement:	Unless otherwise agreed to, same day basis, in immediately available funds
Interest Rate Accrual Method:	Daily on an actual/360 basis

Issuing and Paying Agent:	U.S. Bank National Association, acting through its Treasury Division

USE OF PROCEEDS

Proceeds from the sale of commercial paper notes will be used for current operational business requirements as permitted under Section 3(a)(3) of the Securities Act.

U.S. Bank National Association

Minneapolis, Minnesota

U.S. BANK NATIONAL ASSOCIATION

U.S. Bank National Association ("USBNA") is a national banking association organized under the laws of the United States and is the largest subsidiary of U.S. Bancorp ("USB"). USBNA is engaged in the general banking business, principally in domestic markets and provides a wide range of products and services to individuals, businesses, institutional organizations, governmental entities and other financial institutions. Commercial and consumer lending services are principally offered to customers within USBNA's domestic markets, to domestic customers with foreign operations and within certain niche national venues. Lending services include traditional credit products as well as credit card services, financing and import/export trade, asset-backed lending, agricultural finance and other products. Depository services include checking accounts, savings accounts and time certificate contracts. Ancillary services such as foreign exchange, treasury management and receivable lock-box collection are provided to corporate customers. USBNA also provides a full range of asset management and fiduciary services for individuals, estates, foundations, business corporations and charitable organizations.

You should refer to the documents incorporated by reference as described in the section "Available Information," below, for more information about USBNA and its business.

AVAILABLE INFORMATION

The rules of the Comptroller of the Currency (the "OCC") allow USBNA to "incorporate by reference" information into this offering memorandum which means that USBNA can disclose important information to you by referring you to documents that USBNA has filed with the OCC.

USBNA incorporates by reference the following documents filed with the OCC: (i) the publicly available portions of its Call Reports (as defined below) for the quarters in the year ended December 31, 2009; and (ii) any future Call Reports filed after the date of this offering memorandum, until USBNA sells all of the Notes.

USBNA submits quarterly to its primary federal regulator, the OCC, certain unaudited financial reports called "Consolidated Reports of Condition and Income for a Bank with Domestic and Foreign Offices," which are referred to as Call Reports, on Federal Financial Institutions Examination Council, or FFIEC, Form 031 or Form 032. Each Call Report consists of a balance sheet, income statement, changes in equity capital and other supporting schedules as of the end of the period to which that Call Report relates. The Call Reports are prepared according to regulatory instructions issued by the FFIEC. While the Call Reports are supervisory and regulatory documents, and do not provide complete financial disclosure about USBNA, they nevertheless provide important information concerning USBNA's financial condition and results of operations.

You may request a copy of the publicly available portions of the most recent Call Reports by writing to the FDIC, at 3501 Fairfax Drive, Room E-1005, Arlington, VA 22226, Attention: Public Information Center, or by calling the FDIC at (877) 275-3342. These reports are also available to the public on the FDIC's web site at http://www.fdic.gov.

USBNA is a wholly owned subsidiary of USB. USB files reports and other information with the Securities and Exchange Commission ("SEC"). Those reports and other information may be inspected without charge at the SEC's Public Reference Room located at 100 F. Street, N.E., Washington, D.C. 20549. Information regarding the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330. The SEC also maintains a web site at http://www.sec.gov, which contains most corporate disclosure documents filed since May 1996, such as reports, proxy statements and other information regarding companies such as USB that file such materials electronically with the SEC.

The following documents, as filed by USB with the SEC, are incorporated herein by reference; (i) Annual Report on Form 10-K for the year ended December 31, 2009; (ii) Current Reports on Form 8-K filed on January 20, 2010, February 4, 2010, and February 18, 2010 (other than, in each case, information that is deemed not to have been filed in accordance with SEC rules); and (iii) any future filings of USB, made with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, until USBNA sells all of the Notes.

Except for the contents of this section, USBNA assumes no responsibility for the nature, contents, accuracy or completeness of the information set forth in this Offering Memorandum.

You may request a copy of any of the above filings, including the most recent Call Reports, at no cost, by writing or calling USBNA at the following address:

c/o U.S. Bancorp
800 Nicollet Mall
Minneapolis, Minnesota 55402
Attn: Investor Relations Department
(866) 775-9668

The information incorporated by reference is considered to be part of this offering memorandum, and later information that USBNA files with the OCC and that USB files with the SEC will automatically update and supersede this information.

GENERAL

In making an investment decision, investors must rely on their own examination of USBNA and the terms of the offering, including the merits and risks involved. This examination should include the review of USB's filings with the SEC, including information provided under the heading "Risk Factors" or similar headings, in such filings with the SEC. Your investment decision should not be based solely on this Offering Memorandum since it is not intended to be a complete explanation of the nature and risks of investing in the Notes. These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense. No placement agent, or any of their respective affiliates, makes any representation or warranty as to the accuracy or completeness of the information contained or referred to herein.

Neither the delivery of this Offering Memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of USB or USBNA since the date as of which information is given in this Offering Memorandum. This Offering Memorandum does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation.

* * * * *

CONSOLIDATED STATEMENTS OF INCOME

JPMorgan Chase & Co.

Year ended December 31, (in millions, except per share data)	2006	2005	2004[a]
Revenue			
Investment banking fees	$ 5,520	$ 4,088	$ 3,536
Principal transactions	10,346	7,669	5,148
Lending & deposit related fees	3,468	3,389	2,672
Asset management, administration and commissions	11,725	9,891	7,682
Securities gains (losses)	(543)	(1,336)	338
Mortgage fees and related income	591	1,054	803
Credit card income	6,913	6,754	4,840
Other income	2,175	2,684	826
Noninterest revenue	40,195	34,193	25,845
Interest income	59,107	45,075	30,460
Interest expense	37,865	25,520	13,933
Net interest income	21,242	19,555	16,527
Total net revenue	61,437	53,748	42,372
Provision for credit losses	3,270	3,483	2,544
Noninterest expense			
Compensation expense	21,191	18,065	14,291
Occupancy expense	2,335	2,269	2,058
Technology, communications and equipment expense	3,653	3,602	3,687
Professional & outside services	3,888	4,162	3,788
Marketing	2,209	1,917	1,335
Other expense	3,272	6,199	6,537
Amortization of intangibles	1,428	1,490	911
Merger costs	305	722	1,365
Total noninterest expense	38,281	38,426	33,972
Income from continuing operations before income tax expense	19,886	11,839	5,856
Income tax expense	6,237	3,585	1,596
Income from continuing operations	13,649	8,254	4,260
Income from discontinued operations	795	229	206
Net income	$ 14,444	$ 8,483	$ 4,466
Net income applicable to common stock	$ 14,440	$ 8,470	$ 4,414
Per common share data			
Basic earnings per share			
Income from continuing operations	$ 3.93	$ 2.36	$ 1.51
Net income	4.16	2.43	1.59
Diluted earnings per share			
Income from continuing operations	3.82	2.32	1.48
Net income	4.04	2.38	1.55
Average basic shares	3,470	3,492	2,780
Average diluted shares	3,574	3,557	2,851
Cash dividends per common share	$ 1.36	$ 1.36	$ 1.36

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results.

CONSOLIDATED BALANCE SHEETS

JPMorgan Chase & Co.

December 31, (in millions, except share data)	2006	2005
Assets		
Cash and due from banks	$ 40,412	$ 36,670
Deposits with banks	13,547	21,661
Federal funds sold and securities purchased under resale agreements	140,524	133,981
Securities borrowed	73,688	74,604
Trading assets (including assets pledged of $82,474 at December 31, 2006, and $79,657 at December 31, 2005)	365,738	298,377
Securities:		
Available-for-sale (including assets pledged of $39,571 at December 31, 2006, and $17,614 at December 31, 2005)	91,917	47,523
Held-to-maturity (fair value: $60 at December 31, 2006, and $80 at December 31, 2005)	58	77
Interests in purchased receivables	—	29,740
Loans	483,127	419,148
Allowance for loan losses	(7,279)	(7,090)
Loans, net of Allowance for loan losses	475,848	412,058
Private equity investments	6,359	6,374
Accrued interest and accounts receivable	22,891	22,421
Premises and equipment	8,735	9,081
Goodwill	45,186	43,621
Other intangible assets:		
Mortgage servicing rights	7,546	6,452
Purchased credit card relationships	2,935	3,275
All other intangibles	4,371	4,832
Other assets	51,765	48,195
Total assets	$ 1,351,520	$ 1,198,942
Liabilities		
Deposits:		
U.S. offices:		
Noninterest-bearing	$ 132,781	$ 135,599
Interest-bearing	337,812	287,774
Non-U.S. offices:		
Noninterest-bearing	7,662	7,476
Interest-bearing	160,533	124,142
Total deposits	638,788	554,991
Federal funds purchased and securities sold under repurchase agreements	162,173	125,925
Commercial paper	18,849	13,863
Other borrowed funds	18,053	10,479
Trading liabilities	147,957	145,930
Accounts payable, accrued expenses and other liabilities (including the Allowance for lending-related commitments of $524 at December 31, 2006, and $400 at December 31, 2005)	88,096	78,460
Beneficial interests issued by consolidated variable interest entities	16,184	42,197
Long-term debt (including structured notes accounted for at fair value of $25,370 at December 31, 2006)	133,421	108,357
Junior subordinated deferrable interest debentures held by trusts that issued guaranteed capital debt securities	12,209	11,529
Total liabilities	1,235,730	1,091,731
Commitments and contingencies (see Note 27 on pages 130–131 of this Annual Report)		
Stockholders' equity		
Preferred stock ($1 par value; authorized 200,000,000 shares at December 31, 2006 and 2005; issued 0 shares and 280,433 shares at December 31, 2006 and 2005, respectively)	—	139
Common stock ($1 par value; authorized 9,000,000,000 shares at December 31, 2006 and 2005; issued 3,657,786,282 shares and 3,618,189,597 shares at December 31, 2006 and 2005, respectively)	3,658	3,618
Capital surplus	77,807	74,994
Retained earnings	43,600	33,848
Accumulated other comprehensive income (loss)	(1,557)	(626)
Treasury stock, at cost (196,102,381 shares and 131,500,350 shares at December 31, 2006 and 2005, respectively)	(7,718)	(4,762)
Total stockholders' equity	115,790	107,211
Total liabilities and stockholders' equity	$ 1,351,520	$ 1,198,942

The Notes to consolidated financial statements are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

JPMorgan Chase & Co.

Year ended December 31, (in millions)	2006	2005	2004[a]
Operating activities			
Net income	$ 14,444	$ 8,483	$ 4,466
Adjustments to reconcile net income to net cash (used in) provided by operating activities:			
Provision for credit losses	3,270	3,483	2,544
Depreciation and amortization	2,149	2,828	2,924
Amortization of intangibles	1,428	1,490	911
Deferred tax benefit	(1,810)	(1,791)	(827)
Investment securities (gains) losses	543	1,336	(338)
Private equity unrealized (gains) losses	(404)	55	(766)
Gains on disposition of businesses	(1,136)	(1,254)	(17)
Stock based compensation	2,368	1,563	1,296
Originations and purchases of loans held-for-sale	(178,355)	(108,611)	(89,315)
Proceeds from sales and securitizations of loans held-for-sale	170,874	102,602	95,973
Net change in:			
Trading assets	(61,664)	(3,845)	(48,703)
Securities borrowed	916	(27,290)	(4,816)
Accrued interest and accounts receivable	(1,170)	(1,934)	(2,391)
Other assets	(7,208)	(9)	(17,588)
Trading liabilities	(4,521)	(12,578)	29,764
Accounts payable, accrued expenses and other liabilities	7,815	5,532	13,277
Other operating adjustments	2,882	(296)	(1,541)
Net cash used in operating activities	(49,579)	(30,236)	(15,147)
Investing activities			
Net change in:			
Deposits with banks	8,168	104	(4,196)
Federal funds sold and securities purchased under resale agreements	(6,939)	(32,469)	(13,101)
Held-to-maturity securities:			
Proceeds	19	33	66
Available-for-sale securities:			
Proceeds from maturities	24,909	31,053	45,197
Proceeds from sales	123,750	82,902	134,534
Purchases	(201,530)	(81,749)	(173,745)
Proceeds from sales and securitizations of loans held-for-investment	20,809	23,861	12,854
Originations and other changes in loans, net	(70,837)	(40,436)	(47,726)
Net cash received (used) in business dispositions or acquisitions	185	(1,039)	13,864
All other investing activities, net	1,839	4,796	2,519
Net cash used in investing activities	(99,627)	(12,944)	(29,734)
Financing activities			
Net change in:			
Deposits	82,105	31,415	52,082
Federal funds purchased and securities sold under repurchase agreements	36,248	(1,862)	7,065
Commercial paper and other borrowed funds	12,657	2,618	(4,343)
Proceeds from the issuance of long-term debt and capital debt securities	56,721	43,721	25,344
Repayments of long-term debt and capital debt securities	(34,267)	(26,883)	(16,039)
Net proceeds from the issuance of stock and stock-related awards	1,659	682	848
Excess tax benefits related to stock-based compensation	302	—	—
Redemption of preferred stock	(139)	(200)	(670)
Treasury stock purchased	(3,938)	(3,412)	(738)
Cash dividends paid	(4,846)	(4,878)	(3,927)
All other financing activities, net	6,247	3,868	(26)
Net cash provided by financing activities	152,749	45,069	59,596
Effect of exchange rate changes on cash and due from banks	199	(387)	185
Net increase in cash and due from banks	3,742	1,502	14,900
Cash and due from banks at the beginning of the year	36,670	35,168	20,268
Cash and due from banks at the end of the year	$ 40,412	$ 36,670	$ 35,168
Cash interest paid	$ 36,415	$ 24,583	$ 13,384
Cash income taxes paid	$ 5,563	$ 4,758	$ 1,477

Note: In 2006, the Firm exchanged selected corporate trust businesses for The Bank of New York's consumer, business banking and middle-market banking businesses. The fair values of the noncash assets exchanged was $2.15 billion. In 2004, the fair values of noncash assets acquired and liabilities assumed in the merger with Bank One were $320.9 billion and $277.0 billion, respectively, and

Statement of Earnings

For the years ended December 31 (In millions; per-share amounts in dollars)	General Electric Company and consolidated affiliates 2006	2005	2004
REVENUES			
Sales of goods	$ 64,297	$ 59,837	$ 55,005
Sales of services	36,403	32,752	29,700
Other income (note 3)	2,537	1,683	1,064
GECS earnings from continuing operations	—	—	—
GECS revenues from services (note 4)	59,957	53,144	48,004
GECS commercial paper interest rate swap adjustment	197	540	518
Total revenues	163,391	147,956	134,291
COSTS AND EXPENSES (note 5)			
Cost of goods sold	50,588	46,169	42,645
Cost of services sold	23,522	20,645	19,114
Interest and other financial charges	19,286	15,102	11,616
Investment contracts, insurance losses and insurance annuity benefits	3,214	3,374	3,086
Provision for losses on financing receivables (note 14)	3,839	3,841	3,888
Other costs and expenses	37,414	35,143	32,917
Minority interest in net earnings of consolidated affiliates	908	986	728
Total costs and expenses	138,771	125,260	113,994
EARNINGS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	24,620	22,696	20,297
Provision for income taxes (note 8)	(3,954)	(4,035)	(3,696)
EARNINGS FROM CONTINUING OPERATIONS	20,666	18,661	16,601
Earnings (loss) from discontinued operations, net of taxes (note 2)	163	(1,950)	559
NET EARNINGS	$ 20,829	$ 16,711	$ 17,160
Per-share amounts (note 9)			
Per-share amounts—earnings from continuing operations			
Diluted earnings per share	$ 1.99	$ 1.76	$ 1.59
Basic earnings per share	1.99	1.77	1.60
Per-share amounts—net earnings			
Diluted earnings per share	2.00	1.57	1.64
Basic earnings per share	2.01	1.58	1.65
DIVIDENDS DECLARED PER SHARE	$ 1.03	$ 0.91	$ 0.82

Consolidated Statement of Changes in Shareowners' Equity

(In millions)	2006	2005	2004
CHANGES IN SHAREOWNERS' EQUITY (note 23)			
Balance at January 1	$109,351	$110,908	$ 79,662
Dividends and other transactions with shareowners	(17,983)	(13,249)	10,009
Changes other than transactions with shareowners			
Increase attributable to net earnings	20,829	16,711	17,160
Investment securities—net	(223)	(437)	412
Currency translation adjustments—net	3,649	(4,318)	3,936
Cash flow hedges—net	223	(47)	150
Benefit plans—net	(3,532)	(217)	(421)
Total changes other than transactions with shareowners	20,946	11,692	21,237
Balance at December 31	$112,314	$109,351	$110,908

The notes to consolidated financial statements are an integral part of these statements.

Statement of Financial Position

At December 31 (In millions, except share amounts)	General Electric Company and consolidated affiliates 2006	2005
ASSETS		
Cash and equivalents	$ 14,275	$ 8,825
Investment securities (note 10)	47,826	42,148
Current receivables (note 11)	13,954	14,851
Inventories (note 12)	11,401	10,474
Financing receivables—net (notes 13 and 14)	334,205	287,639
Other GECS receivables	17,067	14,332
Property, plant and equipment—net (note 15)	74,966	67,528
Investment in GECS	—	—
Intangible assets—net (note 16)	86,433	81,630
All other assets (note 17)	97,112	84,828
Assets of discontinued operations (note 2)	—	61,066
Total assets	$697,239	$673,321
LIABILITIES AND EQUITY		
Short-term borrowings (note 18)	$172,153	$158,156
Accounts payable, principally trade accounts	21,697	21,183
Progress collections and price adjustments accrued	5,248	4,456
Dividends payable	2,878	2,623
Other GE current liabilities	18,538	18,552
Long-term borrowings (note 18)	260,804	212,281
Investment contracts, insurance liabilities and insurance annuity benefits (note 19)	34,499	33,097
All other liabilities (note 20)	46,884	39,833
Deferred income taxes (note 21)	14,171	16,208
Liabilities of discontinued operations (note 2)	475	49,527
Total liabilities	577,347	555,916
Minority interest in equity of consolidated affiliates (note 22)	7,578	8,054
Common stock (10,277,373,000 and 10,484,268,000 shares outstanding at year-end 2006 and 2005, respectively)	669	669
Accumulated gains (losses)—net		
Investment securities	1,608	1,831
Currency translation adjustments	6,181	2,532
Cash flow hedges	(129)	(352)
Benefit plans	(4,406)	(874)
Other capital	25,486	25,227
Retained earnings	107,798	97,644
Less common stock held in treasury	(24,893)	(17,326)
Total shareowners' equity (notes 23 and 24)	112,314	109,351
Total liabilities and equity	$697,239	$673,321

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," as shown in note 23, and was $3,254 million and $3,137 million at December 31, 2006 and 2005, respectively.

The notes to consolidated financial statements are an integral part of this statement.

For the years ended December 31 (In millions)	General Electric Company and consolidated affiliates 2006	2005	2004
CASH FLOWS—OPERATING ACTIVITIES			
Net earnings	$ 20,829	$ 16,711	$ 17,160
Loss (earnings) from discontinued operations	(163)	1,950	(559)
Adjustments to reconcile net earnings to cash provided from operating activities			
Depreciation and amortization of property, plant and equipment	9,158	8,537	8,348
Net earnings retained by GECS	—	—	—
Deferred income taxes	1,950	(940)	51
Decrease (increase) in GE current receivables	(2,152)	(974)	(1,617)
Decrease (increase) in inventories	(1,779)	(578)	(468)
Increase (decrease) in accounts payable	(119)	245	3,756
Increase (decrease) in GE progress collections	926	510	(464)
Provision for losses on GECS financing receivables	3,839	3,841	3,888
All other operating activities	530	3,362	777
Cash from operating activities—continuing operations	33,019	32,664	30,872
Cash from (used for) operating activities—discontinued operations	(2,373)	5,027	5,621
CASH FROM OPERATING ACTIVITIES	30,646	37,691	36,493
CASH FLOWS—INVESTING ACTIVITIES			
Additions to property, plant and equipment	(16,650)	(14,381)	(12,936)
Dispositions of property, plant and equipment	6,799	6,027	5,839
Net increase in GECS financing receivables	(38,134)	(16,400)	(14,668)
Proceeds from sales of discontinued operations	9,022	8,106	3,437
Proceeds from principal business dispositions	3,870	481	1,179
Payments for principal businesses purchased	(11,652)	(11,498)	(18,703)
All other investing activities	(4,274)	(1,701)	5,080
Cash used for investing activities—continuing operations	(51,019)	(29,366)	(30,772)
Cash used for investing activities—discontinued operations	(383)	(5,733)	(7,651)
CASH USED FOR INVESTING ACTIVITIES	(51,402)	(35,099)	(38,423)
CASH FLOWS—FINANCING ACTIVITIES			
Net increase (decrease) in borrowings (maturities of 90 days or less)	4,582	(4,600)	(1,558)
Newly issued debt (maturities longer than 90 days)	88,362	66,523	58,538
Repayments and other reductions (maturities longer than 90 days)	(49,346)	(53,133)	(47,106)
Net dispositions (purchases) of GE shares for treasury	(8,554)	(4,844)	3,993
Dividends paid to shareowners	(10,420)	(9,352)	(8,278)
All other financing activities	(1,174)	(1,128)	(3,304)
Cash from (used for) financing activities—continuing operations	23,450	(6,534)	2,285
Cash from (used for) financing activities—discontinued operations	(220)	415	2,309
CASH FROM (USED FOR) FINANCING ACTIVITIES	23,230	(6,119)	4,594
INCREASE (DECREASE) IN CASH AND EQUIVALENTS DURING YEAR	2,474	(3,527)	2,664
Cash and equivalents at beginning of year	11,801	15,328	12,664
Cash and equivalents at end of year	14,275	11,801	15,328
Less cash and equivalents of discontinued operations at end of year	—	2,976	3,267
Cash and equivalents of continuing operations at end of year	$ 14,275	$ 8,825	$ 12,061
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION			
Cash paid during the year for interest	$(18,254)	$(16,446)	$(11,907)
Cash recovered (paid) during the year for income taxes	(2,869)	(3,254)	(1,339)

The notes to consolidated financial statements are an integral part of this statement.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Net sales for Sam's Club increased 4.9% and 8.8% for fiscal 2013 and 2012, respectively, when compared to the previous fiscal year. The net sales increase in fiscal 2013 was primarily due to positive comparable club sales, driven by an increase in customer traffic and average ticket. The addition of nine new clubs in fiscal 2013 also helped increase net sales. The net sales increase in fiscal 2012 was primarily due to positive comparable club sales, driven by an increase in customer traffic and average ticket and higher fuel sales. Higher fuel sales, resulting from higher fuel prices and increased gallons sold, positively impacted comparable sales by 340 basis points during fiscal 2012.

Gross profit rate was flat in fiscal 2013 when compared to fiscal 2012 and was not impacted by fuel. In fiscal 2012, gross profit rate decreased 41 basis points when compared to fiscal 2011, driven by the highly competitive retail environment, as well as inflation and high fuel costs. In fiscal 2012, fuel costs negatively impacted the comparison by 33 basis points.

Operating expenses, as a percentage of net sales, decreased 9 and 55 basis points for fiscal 2013 and 2012, respectively, when compared to the previous fiscal year. The fiscal 2013 decrease was due to improved wage management, a benefit related to a prior year overpayment of state excise taxes and the extent of club remodels. In fiscal 2012, the decrease was due to the impact of fuel, which positively impacted the comparison by 31 basis points, and improved wage management. Sam's Club leveraged operating expenses during fiscal 2013 and 2012.

As a result of the factors discussed above, as well as continued growth in membership and other income, operating income was $2.0 billion, $1.8 billion and $1.7 billion for fiscal 2013, 2012 and 2011, respectively. Sam's Club grew operating income faster than sales in fiscal 2013 and 2012.

Liquidity and Capital Resources

Liquidity

Cash flows provided by operating activities have historically supplied us with a significant source of liquidity. We use these cash flows, supplemented with long-term debt and short-term borrowings, to fund our operations and global expansion activities. Generally, some or all of the remaining available cash flow, if any, funds all or part of the dividends on our common stock and share repurchases.

	Fiscal Years Ended January 31,		
(Amounts in millions)	**2013**	2012	2011
Net cash provided by operating activities	**$ 25,591**	$ 24,255	$ 23,643
Payments for property and equipment	**(12,898)**	(13,510)	(12,699)
Free cash flow	**$ 12,693**	$ 10,745	$ 10,944
Net cash used in investing activities[1]	**$(12,611)**	$(16,609)	$(12,193)
Net cash used in financing activities	**$(11,972)**	$ (8,458)	$(12,028)

(1) "Net cash used in investing activities" includes payments for property and equipment, which is also included in our computation of free cash flow.

Cash Flows Provided by Operating Activities

Cash flows provided by operating activities were $25.6 billion, $24.3 billion and $23.6 billion for fiscal 2013, 2012 and 2011, respectively. The increase in cash flows provided by operating activities in fiscal 2013 and 2012, when compared to the previous fiscal year, is primarily due to higher income from continuing operations.

Cash Equivalents and Working Capital

Cash and cash equivalents were $7.8 billion and $6.6 billion at January 31, 2013 and 2012, respectively. Our working capital deficits were $11.9 billion and $7.3 billion at January 31, 2013 and 2012, respectively. The increase in our working capital deficit is primarily attributable to the increase in our long-term debt due within one year, as well as an increase in accrued income taxes. We generally operate with a working capital deficit due to our efficient use of cash in funding operations and in providing returns to our shareholders in the form of stock repurchases and payments of dividends.

We employ financing strategies in an effort to ensure cash can be made available in the country in which it is needed with the minimum cost possible. We do not believe it will be necessary to repatriate cash and cash equivalents held outside of the U.S. and anticipate our domestic liquidity needs will be met through other funding sources (ongoing cash flows generated from operations, external borrowings, or both). Accordingly, we intend, with only certain limited exceptions, to continue to permanently reinvest the Company's cash and cash equivalents held outside of the U.S. in our foreign operations. If our intentions were to change, most of the amounts held within our foreign operations could be repatriated to the U.S., although any repatriations under current U.S. tax laws would be subject to U.S. federal income taxes, less applicable foreign tax credits. As of January 31, 2013 and January 31, 2012, cash and cash equivalents of approximately $876 million and $768 million, respectively, may not be freely transferable to the U.S. due to local laws or other restrictions. We do not expect local laws, other limitations or potential taxes on anticipated future repatriations of amounts held outside of the U.S. to have a material effect on our overall liquidity, financial condition or results of operations.

Cash Flows Used in Investing Activities

Cash flows used in investing activities generally consist of payments for property and equipment, which were $12.9 billion, $13.5 billion and $12.7 billion for fiscal 2013, 2012 and 2011, respectively. These capital expenditures primarily relate to new store growth, as well as remodeling costs for existing stores. We are focused on lowering the average cost of remodels in order to shift more capital to new stores, while lowering the amount of overall capital expenditures. Cash flows used in investing activities also consist of payments for investments and business acquisitions, net of cash acquired, which were of $0.3 billion, $3.5 billion and $0.2 billion for fiscal 2013, 2012 and 2011, respectively.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Global Expansion Activities

In addition to our growth in retail square feet discussed throughout the "Results of Operations" discussion, we also experienced global expansion in e-commerce in each of our segments during fiscal 2013, with Walmart U.S. and Sam's Club focused on the e-commerce market in the U.S. and Walmart International focused on the international e-commerce markets in countries outside of the U.S., primarily the United Kingdom, Brazil and China. Some of our fiscal 2013 e-commerce accomplishments included developing pricing optimization tools, mobile applications and a new search engine available on our various websites. Each of these accomplishments further supports our segment operations and helps us save people money so they can live better. Our Walmart International segment also increased its investment in Newheight Holdings Ltd, a company that owns Yihaodian, an e-commerce business in China, to approximately 51% during fiscal 2013.

Our fiscal 2014 global expansion plans include growing our retail square feet and expanding our e-commerce capabilities, which we plan to finance primarily through cash flows from operations and future debt financings. The following table provides our estimated range for fiscal 2014 capital expenditures, as well as our estimated range for growth in retail square feet. Our anticipated e-commerce capital expenditures are included in our estimated range for fiscal 2014 capital expenditures. The amounts in the table do not include capital expenditures or growth in retail square feet from any future acquisitions.

	Fiscal 2014 Projected Capital Expenditures *(in billions)*	Fiscal 2014 Projected Growth in Retail Square Feet *(in thousands)*
Walmart U.S.	$ 5.5 to $ 6.0	15,000 to 17,000
Walmart International	4.5 to 5.0	20,000 to 22,000
Sam's Club	1.0 to 1.0	1,000 to 1,000
Other Unallocated	1.0 to 1.0	— to —
Total	$12.0 to $13.0	36,000 to 40,000

The following table represents the allocation of our capital expenditures for property and equipment:

(Amounts in millions)	Allocation of Capital Expenditures Fiscal Years Ending January 31,	
Capital Expenditures	**2013**	2012
New stores and clubs, including expansions and relocations	**$ 4,340**	$ 3,735
Information systems, distribution, e-commerce and other	**2,922**	2,852
Remodels	**995**	1,648
Total U.S.	**8,257**	8,235
Walmart International	**4,641**	5,275
Total capital expenditures	**$12,898**	$13,510

Cash Flows Used in Financing Activities

Cash flows used in financing activities generally consist of transactions related to our short-term borrowings and long-term debt, as well as dividends paid and share repurchases.

Short-Term Borrowings

Short-term borrowings increased $2.8 billion for fiscal 2013, compared to an increase of $3.0 billion during the same period in the previous fiscal year. From time to time, we utilize the liquidity under our short-term borrowing programs to fund our operations, dividend payments, share repurchases, capital expenditures and for other cash requirements and corporate purposes, as needed. As a result, we have continued to utilize the favorable interest rates available on our commercial paper and increased our short-term borrowings during the fiscal years ended January 31, 2013 and 2012.

Long-Term Debt

We did not complete any significant long-term debt issuances during fiscal 2013, due in part to our free cash flow of $12.7 billion, as well as our continued use of short-term borrowings. Proceeds from the issuance of long-term debt during fiscal 2012 and 2011 were $5.1 billion and $11.4 billion, respectively, which were used to pay down or refinance existing debt and for other general corporate purposes.

Dividends

Our total dividend payments were $5.4 billion, $5.0 billion and $4.4 billion for fiscal 2013, 2012 and 2011, respectively. On February 21, 2013, the Board of Directors approved an increase in the annual dividend for fiscal 2014 to $1.88 per share, an increase of approximately 18% over the $1.59 per share dividend paid in fiscal 2013. For fiscal 2014, the annual dividend will be paid in four quarterly installments of $0.47 per share, according to the following record and payable dates:

Record Date	Payable Date
March 12, 2013	April 1, 2013
May 10, 2013	June 3, 2013
August 9, 2013	September 3, 2013
December 6, 2013	January 2, 2014

Company Share Repurchase Program

From time to time, the Company repurchases shares of its common stock under share repurchase programs authorized by the Board of Directors. The current $15.0 billion share repurchase program has no expiration date or other restriction limiting the period over which the Company can make share repurchases under the program. At January 31, 2013, authorization for $3.7 billion of share repurchases remained under the current share repurchase program. Any repurchased shares are constructively retired and returned to an unissued status.

We consider several factors in determining when to execute share repurchases, including, among other things, current cash needs, capacity for leverage, cost of borrowings and the market price of the Company's common stock. Cash paid for share repurchases during fiscal 2013, 2012 and 2011, was as follows:

Share Repurchases	Total Number of Shares Repurchased *(in millions)*	Average Price Paid per Share *(in dollars)*	Total Investment *(in billions)*
Fiscal year ended January 31, 2013	**113.2**	**$67.15**	**$ 7.6**
Fiscal year ended January 31, 2012	115.3	54.64	6.3
Fiscal year ended January 31, 2011	279.1	53.03	14.8

Management's Discussion and Analysis of Financial Condition and Results of Operations

Capital Resources

Management believes cash flows from continuing operations and proceeds from the issuance of short-term borrowings will be sufficient to finance seasonal buildups in merchandise inventories and meet other cash requirements. If our operating cash flows are not sufficient to pay dividends and to fund our capital expenditures, we anticipate funding any shortfall in these expenditures with a combination of short-term borrowings and long-term debt. We plan to refinance existing long-term debt obligations as they mature and may desire to obtain additional long-term financing for other corporate purposes.

Our access to the commercial paper and long-term debt markets has historically provided us with adequate sources of liquidity. We anticipate no difficulty in obtaining financing from those markets in the future due to our favorable experiences in the debt markets in the recent past. Our ability to continue to access the commercial paper and long-term debt markets with favorable interest rates and other terms will depend, to a significant degree, on the ratings assigned by the credit rating agencies to our indebtedness continuing to be at or above the level of our current ratings. At January 31, 2013, the ratings assigned to our commercial paper and rated series of our outstanding long-term debt were as follows:

Rating agency	Commercial paper	Long-term debt
Standard & Poor's	A-1+	AA
Moody's Investors Service	P-1	Aa2
Fitch Ratings	F1+	AA

In the event that the ratings of our commercial paper or any rated series of our outstanding long-term debt issues were lowered or withdrawn for any reason or if the ratings assigned to any new issue of our long-term debt securities were lower than those noted above, our ability to access the debt markets would be adversely affected. In addition, in such a case, our cost of funds for new issues of commercial paper and long-term debt (i.e., the rate of interest on any such indebtedness) would be higher than our cost of funds had the ratings of those new issues been at or above the level of the ratings noted above. The rating agency ratings are not recommendations to buy, sell or hold our commercial paper or debt securities. Each rating may be subject to revision or withdrawal at any time by the assigning rating organization and should be evaluated independently of any other rating. Moreover, each credit rating is specific to the security to which it applies.

To monitor our credit rating and our capacity for long-term financing, we consider various qualitative and quantitative factors. We monitor the ratio of our debt-to-total capitalization as support for our long-term financing decisions. At January 31, 2013 and 2012, the ratio of our debt-to-total capitalization was 41.5% and 42.8%, respectively. For the purpose of this calculation, debt is defined as the sum of short-term borrowings, long-term debt due within one year, obligations under capital leases due within one year, long-term debt and long-term obligations under capital leases. Total capitalization is defined as debt plus total Walmart shareholders' equity. The decrease in our debt-to-capital ratio resulted from our growth in retained earnings; although we returned $13.0 billion to shareholders in the form of dividends and share repurchases, our retained earnings grew $4.3 billion in fiscal 2013, primarily due to a $17.0 billion increase in consolidated net income attributable to Walmart.

Contractual Obligations and Other Commercial Commitments

The following table sets forth certain information concerning our obligations and commitments to make contractual future payments, such as debt and lease agreements, and certain contingent commitments:

		Payments Due During Fiscal Years Ending January 31,			
(Amounts in millions)	Total	2014	2015–2016	2017–2018	Thereafter
Recorded contractual obligations:					
Long-term debt [1]	$ 43,981	$ 5,587	$ 8,315	$2,255	$27,824
Short-term borrowings	6,805	6,805	—	—	—
Capital lease obligations [2]	6,268	620	1,119	939	3,590
Unrecorded contractual obligations:					
Non-cancelable operating leases	16,803	1,722	3,078	2,630	9,373
Estimated interest on long-term debt	31,632	1,853	3,382	3,107	23,290
Trade letters of credit	2,726	2,726	—	—	—
Purchase obligations	4,458	3,394	1,010	50	4
Total commercial commitments	$112,673	$22,707	$16,904	$8,981	$64,081

(1) "Long-term debt" includes certain derivative fair value adjustments.

(2) "Capital lease obligations" includes executory costs and imputed interest related to capital lease obligations that are not yet recorded. Refer to Note 11 for more information.

Additionally, the Company has approximately $16.3 billion in undrawn lines of credit and standby letters of credit which, if drawn upon, would be included in the liabilities section of the Company's Consolidated Balance Sheets.

Estimated interest payments are based on our principal amounts and expected maturities of all debt outstanding at January 31, 2013, and management's forecasted market rates for our variable rate debt.