

# GE Capital

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This document contains "forward-looking statements" that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance and financial condition, and often contain words such as "expect," "anticipate," "intend," "plan," "believe," "seek," "see," or "will." Forward-looking statements by their nature address matters that are, to different degrees, uncertain. For us, particular uncertainties that could cause our actual results to be materially different than those expressed in our forward-looking statements include: the severity and duration of current economic and financial conditions, including volatility in interest and exchange rates, commodity and equity prices and the value of financial assets; the impact of U.S. and foreign government programs to restore liquidity and stimulate national and global economies; the impact of conditions in the financial and credit markets on the availability and cost of General Electric Capital Corporation's (GECC) funding and on our ability to reduce GECC's asset levels as planned; the impact of conditions in the housing market and unemployment rates on the level of commercial and consumer credit defaults; our ability to maintain our current credit rating and the impact on our funding costs and competitive position if we do not do so; the soundness of other financial institutions with which GECC does business; the adequacy of our cash flow and earnings and other conditions which may affect our ability to maintain our quarterly dividend at the current level; the level of demand and financial performance of the major industries we serve, including, without limitation, air and rail transportation, energy generation, network television, real estate and healthcare; the impact of regulation and regulatory, investigative and legal proceedings and legal compliance risks, including the impact of proposed financial services regulation; strategic actions, including acquisitions and dispositions and our success in integrating acquired businesses; and numerous other matters of national, regional and global scale, including those of a political, economic, business and competitive nature. These uncertainties may cause our actual future results to be materially different than those expressed in our forward-looking statements. We do not undertake to update our forward-looking statements.

"In this document, "GE" refers to the Industrial businesses of the Company including GECS on an equity basis. "GE (ex. GECS)" and/or "Industrial" refer to GE excluding Financial Services."



imagination at work

## GE Capital summary

- ✓ GE Capital has a strong and advantaged business model
- ✓ Have strengthened our liquidity position
- ✓ Strong risk practices ... underwrite to hold on our balance sheet
- ✓ Portfolio margins improve in 2010
- ✓ Losses have peaked and Real Estate risk is manageable
- ✓ Supportive of regulatory reform, preparing for more oversight
- ✓ Profitable

**Solid, long-term value creation**



imagination at work

# Risk: GE Capital retrospective

## Core competencies

- + Underwrite to hold/senior secured
- + Domain expertise/asset operator
- + Broad spread of risk
- + Not a trader... avoided exotics
- + Match funded
- + Strong brand... high rating

## What we don't do

- Did not originate CDOs, SIVs, etc.
- Did not sell credit default insurance
- Do not trade securities... minimal MTM
- Do not originate mezzanine
- Do not originate high yield debt/bonds

## Successes in crisis

- ✓ Raised FICO cut-offs early (in 2007)
- ✓ High collateral recoveries
- ✓ Residual realization at ~120% vs. '08
- ✓ Early to exit LBO, CMBS, U.S. mortgages
- ✓ Portfolio insulated from rate swings

## Learnings

- ✓ Overall size too big/CRE
- ✓ Liquidity back-up... system failure
- ✓ Markets want more disclosure

Safer and lower risk



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# GE Capital business model

## Advantage

- 1 Substantial origination capability
- 2 Deep domain expertise  
- Healthcare, Energy, Media, Aircraft
- 3 Experts at collateral/asset management
- 4 Experienced, disciplined risk management  
and capital allocation  
- Spread of risk, secured
- 5 GE operational headset & tools
- 6 Match funded

## Pre-crisis

- Largest direct origination team
- Advantaged in key verticals
- Strong residual realization
- On balance sheet underwriting
- Scale focus
- Core value

## Today

- Still largest direct origination team
- Growing advantage
- Strong collateral and residual realization
- Core to business model
- >25% lower costs
- Important differentiator

Well positioned to compete



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## GE Capital franchise... CLL Americas

(\$ in millions)

### Net Income



### World class offering



- Leasing and lending against hard, foreclosable assets
- Organized by product & industry
- Spread of risk through over 400K customers and dealers

**Disciplined underwrite to hold approach**



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## GE Capital franchise... GECAS

(\$ in millions)

### Net income



### Current environment

- Airline traffic recovering: emerging markets/short haul faster than developing markets/long haul
- Market remains competitive - traditional players in flux ... Asian players active
- Maintained strong skyline ... 3 AOG; new order placement 100% 2010, 68% 2011
- Portfolio holding ... non-earnings down 50% to \$77MM, delinquencies at 0.7%

**Excellent management through a tough cycle**



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# GE Capital franchise... Retail Finance

## ROA - Industry vs. Retail

(Post-Tax ROA; '04-'13)

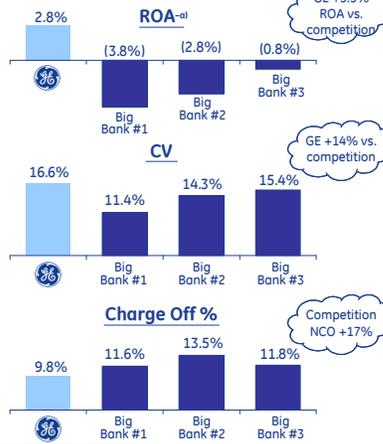


<sup>1</sup> McKinsey Payments Practice forecast - Base case, historical; Federal Reserve Credit Card Industry Statistics; company annual reports

-d) Excluding reserves

## Key differences vs. industry

1Q'10, Percent, pretax ROA



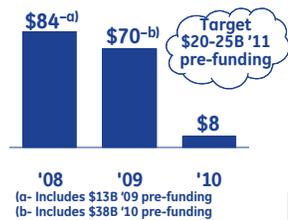
**GE continues to outperform**



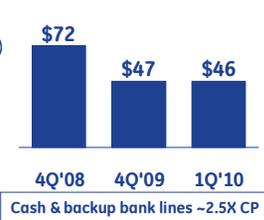
# Safe & secure

(\$ in billions)

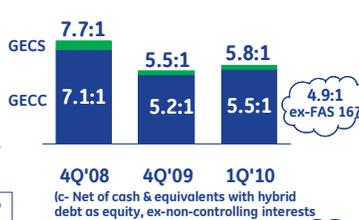
## Long-term debt funding



## GECS commercial paper



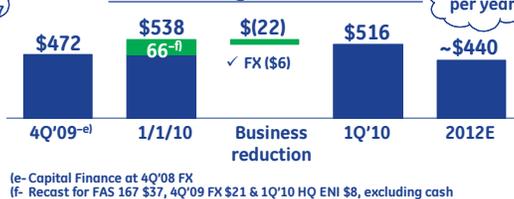
## Leverage<sup>-c)</sup>



## Tier 1 common ratio



## GECC ending net investment



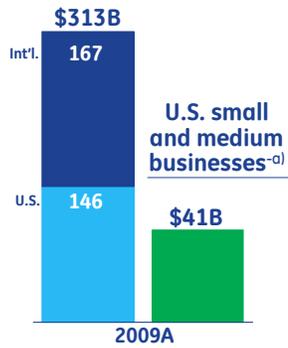
**Strong liquidity and capital positions**



# Volume and margins

(\$ in billions)

## Global volume (includes flow)



a) - Businesses with annual revenues <\$50MM

## 2009 Commercial margin<sup>-b)</sup>

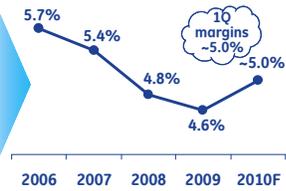


## 2009 Consumer margin<sup>-b)</sup>



b) - CV ex-gains; ex-Restructuring operations

## Portfolio margin trend<sup>-b)</sup>

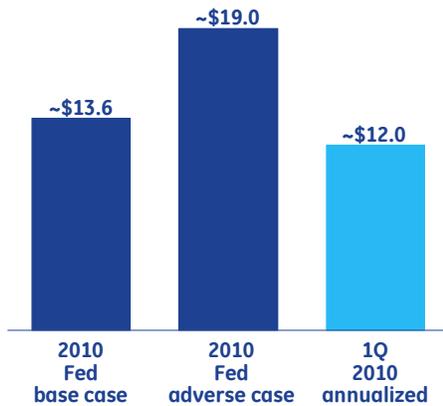


**Portfolio margins expand in 2010**



# Losses and impairments

(\$ in billions)



## Dynamics

✓ Strong work out, collections and collateral capabilities

<b>Better</b>	<ul style="list-style-type: none"> <li>• U.S. Consumer</li> <li>• U.K. Mortgage</li> </ul>
<b>~Base case</b>	<ul style="list-style-type: none"> <li>• Commercial loans and leases</li> <li>• Global Banking</li> </ul>
<b>Still challenging but improving</b>	<ul style="list-style-type: none"> <li>• Commercial Real Estate</li> </ul>

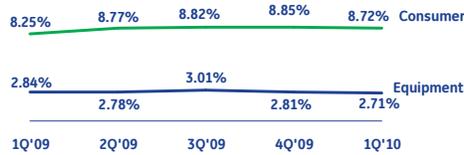
**Expect lower losses in 2010**



# GE Capital portfolio quality

(\$ in billions)

## 30+ delinquencies



## Non-earnings



## Drivers

- ✓ Equipment delinquencies better... down two consecutive quarters
- ✓ Consumer delinquencies better... strong improvement in North America Retail and U.K. home lending
- ✓ Real Estate delinquencies up... pace of valuation declines moderating

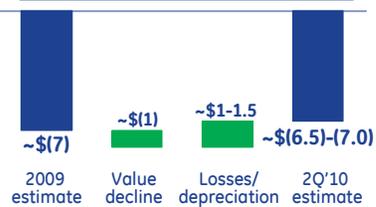
Coming through a tough environment ... signs of stabilization



# Commercial Real Estate

Levers (\$MM)	1Q'10	Status vs. '09
<b>NOI</b> (pretax, annualized)	\$1,488	↔
<b>Debt margin</b> (pretax)	\$219	↑
<b>Gains</b> (net)	\$38	↔
<b>Depreciation/ losses</b> (pretax)	\$1,075	↓
<b>Occupancy</b>	79%	↑
<b>Leasing</b> (MM sq. ft.)	7.2	↔

## Unrealized equity loss (Est.) (\$B)



- Value declines moderating over last 6 months
- Loss run rate at Fed adverse
- Property level execution focus

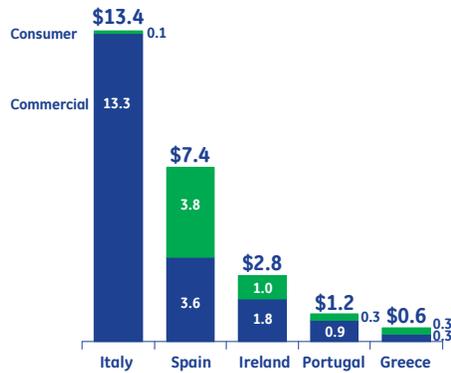
Realistic about valuations...managing through cycle



# Europe

(\$ in billions)

## GECC exposure (assets)



- ✓ ~75% secured lending
  - Equipment
  - Mortgage
  - Auto
- ✓ No major concentration risk
- ✓ Minimal direct sovereign exposure
- ✓ Italy: primarily Interbanca commercial assets
- ✓ April delinquencies down ~10 bps. vs. 1Q'10

**Limited exposure ... manageable risk**



# Regulatory reform

## Key areas of legislation

- 1 Fed as consolidated supervisor
- 2 Resolution authority
- 3 Derivatives
- 4 Consumer protection agency
- 5 Volcker Rule

## GE position

- Regulated today... preparing for increased oversight
- Improves system; Priority of lenders should be respected... predictability
- More transparency a good thing
- We use derivatives to hedge risk... should not be penalized
- A good thing; Working closely with our partners
- Pre-emption important
- Not a proprietary trader ... expect impact to be manageable

**GE Capital supportive of systemic regulation ... preparing for more oversight**



# 2010 outlook

	<u>Outlook vs. plan</u>	<u>Dynamics</u>		<u>'10 vs. '09</u>
Revenue	=/-	• Ahead on ENI reduction plan	Commercial Lending & Leasing	++
Margins	+/=	• ROIs holding ~3% • Volume up ~20% vs. '09	U.S. consumer	++
Losses	+	• Better... RE as expected • Lower delinquency rates	Global banking	+
Expenses	+	• Continued execution	U.K. mortgage	+
Pre-tax	+	• Better	Verticals	+
Earnings	+	• Better	CRE	-/=

**Trends improving**



# Focused & profitable GE Capital

## 2010 dynamics

- ✓ Funding on plan
- ✓ High-margin origination
- ✓ Delinquencies have stabilized
- ✓ Reserve coverage near all-time highs
- ✓ Capital ratios improving

## Strong franchise



- + Direct origination ... domain based
- + Industrial skills ... ACFC
- + Risk & asset management
- + Attractive markets
- + Less competition

