

# GE Capital, CLL Americas

Dan Henson

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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."



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## 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**



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# GE Capital business model

<u>Advantage</u>	<u>Pre-crisis</u>	<u>Today</u>
1 Substantial <u>origination</u> capability	• Largest direct origination team	• Still largest direct origination team
2 Deep <u>domain expertise</u> – Healthcare, Energy, Media, Aircraft	• Advantaged in key verticals	• Growing advantage
3 Experts at <u>collateral/asset management</u>	• Strong residual realization	• Strong collateral and residual realization
4 Experienced, disciplined <u>risk management</u> and capital allocation – Spread of risk, secured	• On balance sheet underwriting	• Core to business model
5 <u>GE operational</u> headset & tools	• Scale focus	• >25% lower costs
6 <u>Match funded</u>	• Core value	• Important differentiator

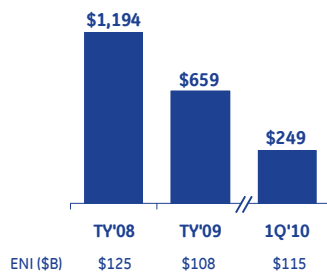
Well positioned to compete



# 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



# How we go to market

**Our products**



**Equipment**

- Equipment leases & loans
- Franchise finance
- Inventory finance

**+**

**Lending**


- Leverage loans
- Asset based loans

**Leases & loans secured by hard foreclosable assets**

	Value proposition	Total volume <sup>a)</sup>	ROI	Approach
<b>Direct Lending</b>	<ul style="list-style-type: none"> <li>✓ Recognized leader in key segments with deep domain expertise</li> <li>✓ Experienced sales force, structured ABL, DIP &amp; restructuring</li> </ul>	<b>\$9B</b>	<b>5.7%</b>	<ul style="list-style-type: none"> <li>• Limited hold sizes &amp; multiples</li> <li>• Predetermined exit strategies</li> <li>• Monitoring, audits, &amp; cash control</li> </ul>
<b>Sponsor</b>	<ul style="list-style-type: none"> <li>✓ #1 leader – mid-market, deep relationships, strong sales coverage</li> </ul>	<b>\$3B</b>	<b>5.0%</b>	
<b>Healthcare</b>	<ul style="list-style-type: none"> <li>✓ Strong healthcare expertise &amp; capital markets capabilities, dedicated sales force</li> </ul>	<b>\$4B</b>	<b>2.5%</b>	
<b>Equipment</b>	<ul style="list-style-type: none"> <li>✓ Strong industry &amp; collateral knowledge, structuring expertise</li> <li>✓ Speed... constant focus on cycle time, touchless originations</li> </ul>	<b>\$28B</b>	<b>2.5%</b>	<ul style="list-style-type: none"> <li>• Essential use equipment</li> <li>• Remarketing expertise</li> </ul>
<b>Dealer Finance</b>	<ul style="list-style-type: none"> <li>✓ Domain expertise &amp; 50+ years of industry experience</li> <li>✓ Best in class systems infrastructure &amp; service applications</li> </ul>	<b>\$28B</b>	<b>4.8%</b>	<ul style="list-style-type: none"> <li>• 1<sup>st</sup> lien on inventory</li> <li>• Manufacturer support</li> </ul>
<b>Franchise</b>	<ul style="list-style-type: none"> <li>✓ Restaurant industry expertise, product breadth, structuring flexibility</li> </ul>	<b>\$1B</b>	<b>2.3%</b>	<ul style="list-style-type: none"> <li>• Secured by assets &amp; RE</li> <li>• Avoid start-ups &amp; locals</li> </ul>

a) - Total 2009 volume



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# Our competitive advantage

**Direct origination reach**



**+**

**Disciplined risk management**



**+**

**Domain expertise**



**+**

**Leverage GE**



**+**

- ~1,200 Direct origination team
- Local market knowledge
- Strong customer relationships
- Leadership position in products

- Strong credit & structuring skills
- Solid, well tenured organization
- Diverse portfolio
- Sophisticated tools
- Dedicated specialists, early detection of distressed credits

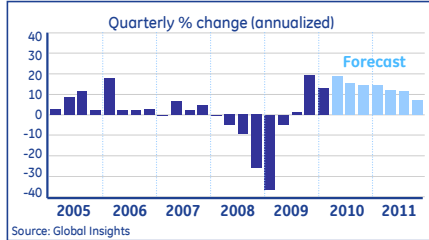
- Broad & deep industry, collateral & product knowledge
- Speed & certainty of execution
- Creative structuring expertise

- Share GE best practices
- Enterprise selling
- Operational excellence
- Net Promoter Score... driving behavior

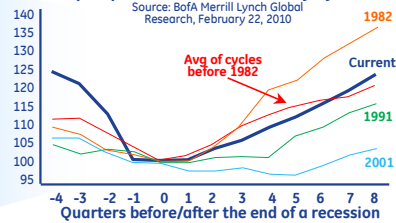
**Experienced senior leadership team ... weathered many cycles**

# Equipment market ... positive signs

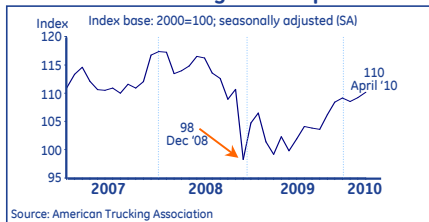
CapEx growing & the outlook is strong



CapEx post-recession recovery cycles



ATA truck tonnage index up to 110



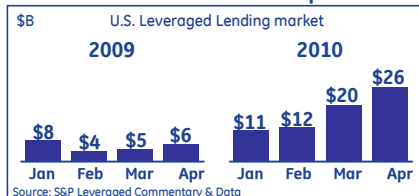
- Macroeconomic trends suggest broadening economic recovery ... manufacturing activity expanding
- Mfg capacity utilization trending up to 74% in April '10 since bottoming out in July '09
- Uneven recovery across sectors ... recovery expected to be led by technology, transportation & construction



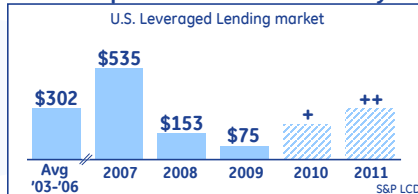
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# Lending market strengthening

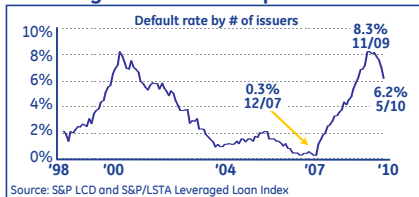
Solid 2010 volume thru April ...



... and positive outlook for recovery



Leveraged loan defaults peaked in 2009



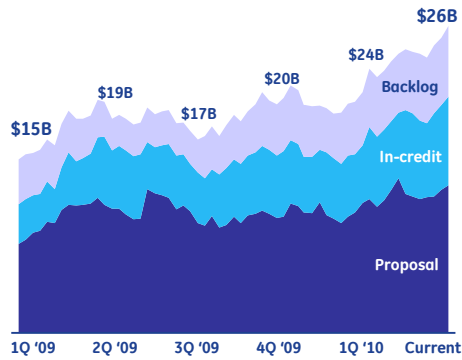
- Price normalizing ... but still at attractive levels with increased activity
- Structures remain reasonable within core middle market space ... meaningful equity contribution and debt multiples down from historical highs
- Industry default rate down 25% from November '09 peak



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# Commercial pipeline is building

## Americas pipeline trend



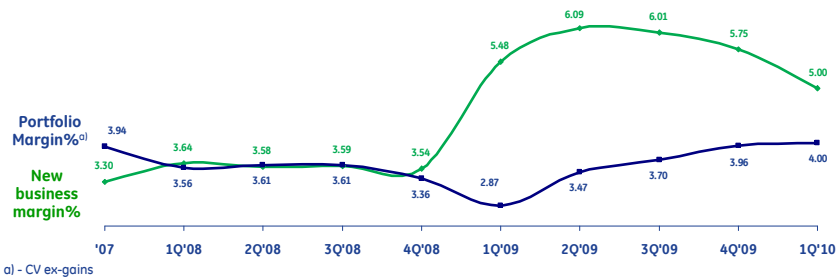
## Origination environment outlook

Vendor & dealer finance	++
Healthcare finance	++
Leverage finance	++
Mid-ticket leasing	+
Inventory finance	+
Fleet services	+
Franchise finance	=



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# CLL Americas margins



a) - CV ex-gains

- Disciplined capital allocation
- Significantly accretive new originations
- Portfolio margin continues to increase
- Focused effort driving attractive ROI
- '09 new business margin @ 5.7%
- Runoff \$49B '09-'10 @ 2.5% NBM

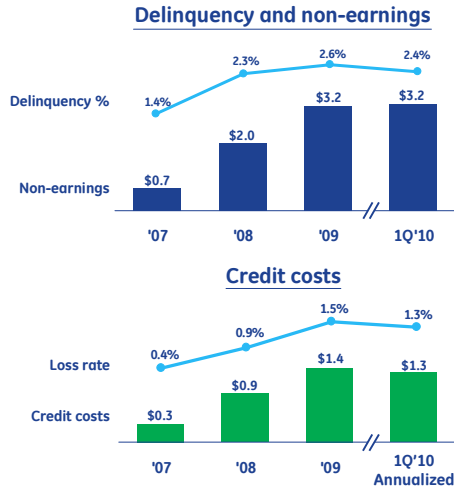
**Margins estimated up \$1B+ pre-tax in '10 vs. '08**



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# CLL Americas portfolio quality

(\$ in billions)



## Current portfolio dynamics

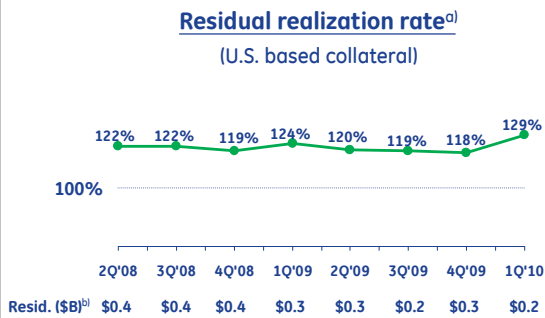
- Delinquencies beginning to decline across portfolio led by small ticket equipment
- Non-earnings down from 3Q'09 peak of \$3.5B... expected to decline throughout 2010
- Continuing to see pressure in restaurants, transportation, construction & media

## Leveraging broader domain expertise to drive portfolio solutions

- Mitigated \$800MM+ losses since January 2009 through SWAT team approach
- Reduced exposure by \$9B & tightened credit criteria in troubled segments
- Leveraging manufacturing partners to extend inventory repurchase programs



# Americas portfolio residual analysis



## Dynamics

- 1Q'10 selected segments realization rates
  - Corporate Aircraft - 103%
  - Copiers - 129%
  - Transportation - 116%
  - Healthcare - 155%
- Higher stick rates (70% in 1Q'10) driving improved realization

(Above 4 collaterals represent 66% of \$6.7B of Residual)

a) Realization rate includes early termination income, automatic renewals income & equipment sale proceeds  
b) Represents residual dollars disposed during quarter

**Realization rates holding up well through the cycle**



# 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



When we helped finance Republic's fleet, it was as good for Indiana as it was for the airline.



Rooms To Go and GE Capital. Jobs, customer credit, and some really nice ottomans.



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