Commercial Paper Market Overview
U.S. Money Market Overview

Daily competition for funds in a $5.5 trillion market

Debt Issued with Original Term of 1 Year or Less ($B)

- 5,454
- 1,793 Treasury bills
- 633 Discount notes
- 1,891 Large bank time deposits
- 1,137 Commercial paper

Source: Federal Reserve, Dept of the Treasury

Market Dynamics

- Cash markets
- Efficient and disciplined pricing
- Transparency
- Informed investors
- Established distribution platforms
- New trade execution technologies

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CP Market Success Factors

Elements in place for efficient access to short-term funds

Regulations permit continuous offering

Deep and diverse investor base

Wide range of issuers differentiated by credit ratings

Competitive primary and secondary markets ... dealers and directs

Price transparency

Both issuers and investors benefit from product flexibility

Same-day settlement ... world-class clearing processes

Peak outstandings (7/07) $2,161B
- Unsecured CP $971.2B 45%
- Asset-Backed CP $1189.5B 55%

Eligible issuers ~2,900

Avg daily issuance (7/07) ~$209B

Avg number of issuances (7/07) ~6,400


Source: Federal Reserve, DTCC

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CP Funding Process – Direct Issuer

Cash Needs Established → Rates Set → CP Marketed → On-Line Trade Entry → Trade Settlements → Cash Needs Fulfilled

ISSUER
Issuing Instructions
- Electronic

MULTIPLE ISSUING/PAYING AGENTS

INVESTOR
Trade Details
- Electronic

INVESTOR'S CUSTODIAN (BANK)
(DTC PARTICIPANT)

Trade Capture

Net $ Settlement

Depository Trust Company (DTC)

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GEFCIC 00004
U.S. Money Market Data

Commercial Paper Market Outstandings by Asset Class at Month-End

- January '01
  - Total: $1,560.0
  - Unsecured: $966.4
  - ABCP: $593.6
- Peak O/S - July '07
  - Total: $2,160.7
  - Unsecured: $971.2
  - ABCP: $1,189.5
- March '10
  - Total: $1,121.7
  - Unsecured: $616.7
  - ABCP: $416.4

Taxable Money Fund Assets vs. Commercial Paper Outstandings

Source: Investment Company Institute, Federal Reserve
Note: Figures represent period-end totals for all money market mutual fund assets and commercial paper O/S.

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GECC US Investor Profile

- Changing investor profile reflects gradual concentration of cash with MMFs and large fund managers
- Consistent buying from state and local governments … recognized Tier 1 names
- Corporate buyers represent a small but steady segment
- Diminished funding from banks and brokers in low rate environment
Commercial Paper - 2009

GECS CP Outstanding ($B)

U.S. market share (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Int'l</th>
<th>US</th>
</tr>
</thead>
<tbody>
<tr>
<td>'01</td>
<td>117</td>
<td>6.9</td>
</tr>
<tr>
<td>'02</td>
<td>84</td>
<td>5.2</td>
</tr>
<tr>
<td>'03</td>
<td>81</td>
<td>4.2</td>
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<tr>
<td>'04</td>
<td>83</td>
<td>4.1</td>
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<tr>
<td>'05</td>
<td>88</td>
<td>4.1</td>
</tr>
<tr>
<td>'06</td>
<td>94</td>
<td>4.1</td>
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<tr>
<td>'07</td>
<td>101</td>
<td>3.4</td>
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<tr>
<td>'08</td>
<td>72</td>
<td>3.4</td>
</tr>
<tr>
<td>'09</td>
<td>47</td>
<td>3.4</td>
</tr>
</tbody>
</table>

CP O/S down ~$25B (35%) from YE '08
- $55B CP take down over 18 mos. ending 12/08

Average remaining term at 55 days +/-
- Markets have largely stabilized
- Good term buying by investors

Diversified investor base globally
- Limiting purchases by largest investors
- Middle market investors coming back to CP

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Financial Crisis - Key Events (2007)

- Pre-'07: Unprecedented liquidity ... asset values up ... investors demand higher returns ... credit spread historically tight
- Easy access to housing and other credit ... ABCP > 50%
- Beginning in 2Q issues emerging in sub-prime mortgage market ... lenders lose access to ABS funding ... draw on bank lines ... distressed asset sales
- Investor sentiment turns sour ... credit markets re-price risk amid flight to quality
- Treasuries see biggest rally in years

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>4/02</td>
<td>New Century Financial Corporation (Irvine) files Chapter 11</td>
</tr>
<tr>
<td>6/06</td>
<td>Rating agency downgrades of bonds backed by second-lien sub-prime mortgages</td>
</tr>
<tr>
<td>6/07</td>
<td>Bear Stearns suspends redemptions from its structured credit strategies funds and then liquidates (July)</td>
</tr>
<tr>
<td>7/24</td>
<td>Countrywide 2Q'07 earnings adversely impacted by continued weakness in housing market</td>
</tr>
<tr>
<td>8/06</td>
<td>American Home Mortgage (Melville, NY) files Chapter 11</td>
</tr>
<tr>
<td>8/09</td>
<td>BNP Paribas halts redemptions from three funds</td>
</tr>
<tr>
<td>8/16</td>
<td>Countrywide downgraded by Fitch (to BBB) and draws its entire $11.5B in credit facilities</td>
</tr>
<tr>
<td>9/14</td>
<td>Bank of England authorized to provide direct liquidity support to Northern Rock</td>
</tr>
<tr>
<td>8/18</td>
<td>Fed eases 50 bps to 4.75%</td>
</tr>
<tr>
<td>10/15</td>
<td>Citibank and JP Morgan announce special $80B liquidity enhancement conduit to purchase highly rated assets from special purpose vehicles.</td>
</tr>
<tr>
<td>10/31</td>
<td>Fed eases 25 bps to 4.50% ... illiquidity in the interbank market is reflected in the widening LIBOR / OIS spread</td>
</tr>
<tr>
<td>12/11</td>
<td>Fed eases 25 bps to 4.25%</td>
</tr>
<tr>
<td>12/12</td>
<td>Fed announces creation of a Term Auction Facility and temporary currency swap lines to the ECB and SWN</td>
</tr>
</tbody>
</table>
ABCP – Overview of Market - 2007

**ABCP … a liquidity shake out in the US**
- A $1.2T market ... 55% of total CP
- ABCP O/S decline
- Investors reassess ABCP exposures
- Pricing spiked 80-90 bps ... issuers unable to roll
- Liquidity providers tapped

**... and globally**
- **Canada:** Programs unable to roll ABCP ... banks support ABCP conversion to term notes
- **Europe:** <25% of maturing ABCP being rolled ... Grampian ($35B issuer) tapped liquidity facilities
- **Australia:** ABCP 60% of CP market … big supply overhang

### ABCP spread to GECC (30 days)

![Graph showing ABCP spread to GECC over 30 days]

- **5 bps** on 26-Jul
- **98 bps** on 30-Aug

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2007 T-bill Rally – Flight to Quality

Investors sought safety
- 3 month bill rallied > 200 bps from 7/31
- Most since 9/11

Renewed buying of GECC ... investors repositioned for quality & liquidity
- State/local governments
- Supranationals
- Aggressive MMFs
- Corporates

Reduced support for ABCHP and non-prime issuers in 2H’07
- A-2/P-2 O/S down ~24%
- ABCP down ~29%
- Combined decline > $349B

Source: Barclays and Federal Reserve; net issuance computed as changes in outstanding.
Commercial Paper Market ’07 – ’10

Greatest impact on ABCP and Tier 2 issuers

Source: Goldman Sachs

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Commercial Paper Market ’07 – ’10

Greatest impact on ABCP and Tier 2 issuers

Spread to 1-Month Libor – 03/1/07-3/26/10

Source: Goldman Sachs

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5-year Spreads 10/07 – 12/08

Option Adjusted Spread (bps)

Source: Barclays Capital

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GEFCIC 00013
2007 – GE Capital Perspective

Reaffirmed funding plans and continued investor communication
- Global and diverse investor base
- Continued strong demand
- CP in 11 currencies … long-term debt in 18 currencies

Renewed focus on operational readiness
- Processes, systems, communication
- Five key liquidity drivers:
  - Debt issuance and maturities
  - Bank lines
  - Asset origination and income
  - Access to securitization and syndication platforms
  - Other liquidity sources
Financial Crisis - Key Events (2008)

- Continued economic weakness ... home prices decline ... lending standards tighten ... consumer delinquencies rise
- Increasing signs of global stress
- Fed tried to ease credit conditions (375 bps in 9 mos.) and to reduce systemic risk (new facilities)
- Financial institutions under increasing pressure in 2H'08 ... bond market stagnant ... weak secondary market ... investor concerns over safety and security

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<thead>
<tr>
<th>Date</th>
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<tr>
<td>1/11</td>
<td>Bank of America agrees to purchase Countrywide for $4B</td>
</tr>
<tr>
<td>1/18</td>
<td>Fitch downgrades AMBAC insurance from AAA to AA</td>
</tr>
<tr>
<td>1/22</td>
<td>Fed eases by 75bps to 3.50% in an inter-meeting call</td>
</tr>
<tr>
<td>1/30</td>
<td>Fed eases by 50 bps to 3.00%</td>
</tr>
<tr>
<td>2/17</td>
<td>Northern Rock taken into state ownership by the UK Treasury</td>
</tr>
<tr>
<td>3/11</td>
<td>Federal Reserve creates the Term Securities Lending Facility (TSLF)</td>
</tr>
<tr>
<td>3/16</td>
<td>Fed announces the Primary Dealer Credit Facility (PDCF)</td>
</tr>
<tr>
<td>3/18</td>
<td>Fed eases by 75 bps to 2.25%</td>
</tr>
<tr>
<td>3/14</td>
<td>Fed announces it will provide term financing to support acquisition of Bear Stearns by JP Morgan</td>
</tr>
<tr>
<td>4/30</td>
<td>Fed eases by 25 bps to 2.00%</td>
</tr>
<tr>
<td>6/5</td>
<td>Approval of BofA Countrywide acquisition</td>
</tr>
<tr>
<td>6/25</td>
<td>AMBAC and MBIA downgraded by S&amp;P from AAA to AA</td>
</tr>
<tr>
<td>7/11</td>
<td>OTS closes IndyMac Bank</td>
</tr>
<tr>
<td>7/13</td>
<td>FRB authorizes NY Fed to lend to Fannie and Freddie if necessary ... Treasury increases credit lines</td>
</tr>
<tr>
<td>7/30</td>
<td>Fed extends terms of TSLF and PDCF into 2009</td>
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<tr>
<td>Date</td>
<td>Event</td>
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<tr>
<td>-------</td>
<td>----------------------------------------------------------------------</td>
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<tr>
<td>9/7</td>
<td>Fannie and Freddie into conservatorship</td>
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<tr>
<td>9/15</td>
<td>Bank of America to acquire Merrill</td>
</tr>
<tr>
<td>9/15</td>
<td>Lehman bankruptcy</td>
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<tr>
<td>9/16</td>
<td>Fed to lend up to $85B to AIG</td>
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<tr>
<td>9/16</td>
<td>NAV of Reserve Fund drops below $1 due to losses on Lehman holdings</td>
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<tr>
<td>9/17</td>
<td>SEC: Temporary emergency ban on short selling</td>
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<tr>
<td>9/19</td>
<td>Fed announces creation of AMLF ... plans to buy discount notes from Fannie and Freddie</td>
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<tr>
<td>9/19</td>
<td>US Treasury announces temporary guaranty program for participating money market funds</td>
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<tr>
<td>9/21</td>
<td>Approval of bank holding company status for Goldman and Morgan Stanley</td>
</tr>
<tr>
<td>9/25</td>
<td>OTS closes WAMU; JP Morgan purchases operations</td>
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<tr>
<td>9/25</td>
<td>FDIC announces Citigroup to acquire banking operations of Wachovia</td>
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<tr>
<td>9/29</td>
<td>House rejects Treasury Department proposal to acquire “Troubled Assets” from financial institutions (TARP)</td>
</tr>
<tr>
<td>10/3</td>
<td>Wells announces completion of plan to acquire Wachovia assets</td>
</tr>
<tr>
<td>10/3</td>
<td>Congress passes TARP</td>
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<tr>
<td>10/7</td>
<td>Fed announces creation of CPFF, liquidity backstop for US CP issuers</td>
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<tr>
<td>10/8</td>
<td>Fed eases by 50 bps to 1.50%</td>
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<tr>
<td>10/14</td>
<td>Under TARP, Treasury to make available $250B of capital to US banks through preferred stock investments</td>
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<tr>
<td>10/14</td>
<td>FDIC announces TLGP to guarantee sr. debt of FDIC insured depository institutions and hold cos.</td>
</tr>
<tr>
<td>10/21</td>
<td>Fed announces Money Market Investor Funding Facility</td>
</tr>
<tr>
<td>10/24</td>
<td>PNC acquires National City Bank</td>
</tr>
</tbody>
</table>
2008 – GE Capital Perspective

Strengthened capital base
- Capital infusion of ~$15B in 4Q’08 – 1Q’09
- Reduced GECS dividend to parent to 10%
- Strengthened Income Maintenance Agreement

Improved liquidity profile
- Reduced reliance on CP (down to $72B at year-end)
- Continued focus on operational readiness
- Bank lines + cash ≥ CP by year-end
- Smaller GECS through originations/collection management
- Utilized government market support programs (CPFF/TLGP)
Commercial Paper Funding Facility

- Launched 10/27/08 ... government backstop allayed CP market liquidity concerns
- Available to US-domiciled issuers rated at least A-1/P-1/F1
- Available for 3-month maturities
- Upfront registration fee; GE paid $98MM in fees to government
- CPFF outstanding peaked at $350.5 billion on January 21, 2009, ~27% of Tier 1 CP outstandings

CPFF as a Percentage of Tier 1 Market Outstandings

Source: Federal Reserve

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Temporary Liquidity Guaranty Program

- Announced 10/14/08 with goal "to strengthen confidence and encourage liquidity in the banking system by guaranteeing newly issued unsecured senior debt of bank, thrifts and certain holding companies."

- Debt markets experiencing continued volatility, with demand increasingly shifting to government guaranteed paper

- TLGP announcement exacerbated stress (and cost) for debt w/out government guarantee

- Unintended consequence: GECC competitively disadvantaged by initial exclusion, despite triple-A rating

- GECC subsequently found eligible based on ownership of depository institutions

- Application formally approved 11/12; negotiated early exit from TLGP for CP issuance beginning 2Q’09; exited 7/21/09 while retaining capacity to complete 2009 funding

- GE paid total fees of $2.3B to government

At 12/31/08

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>TLGP term debt issued</td>
<td>$13.4B</td>
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<tr>
<td>TLGP CP outstanding</td>
<td>21.8</td>
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At 12/31/09

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>TLGP term debt issued</td>
<td>$46.6B</td>
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<tr>
<td>TLGP CP outstanding</td>
<td>None</td>
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</tbody>
</table>

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5-year Spreads 12/08 – 12/09

Source: Barclays Capital

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