

# General Electric Company

## Financial Services – Risk Management & Portfolio Quality

Well diversified portfolio with broad spread of risk,  
supported by seasoned risk leadership and rigorous  
processes

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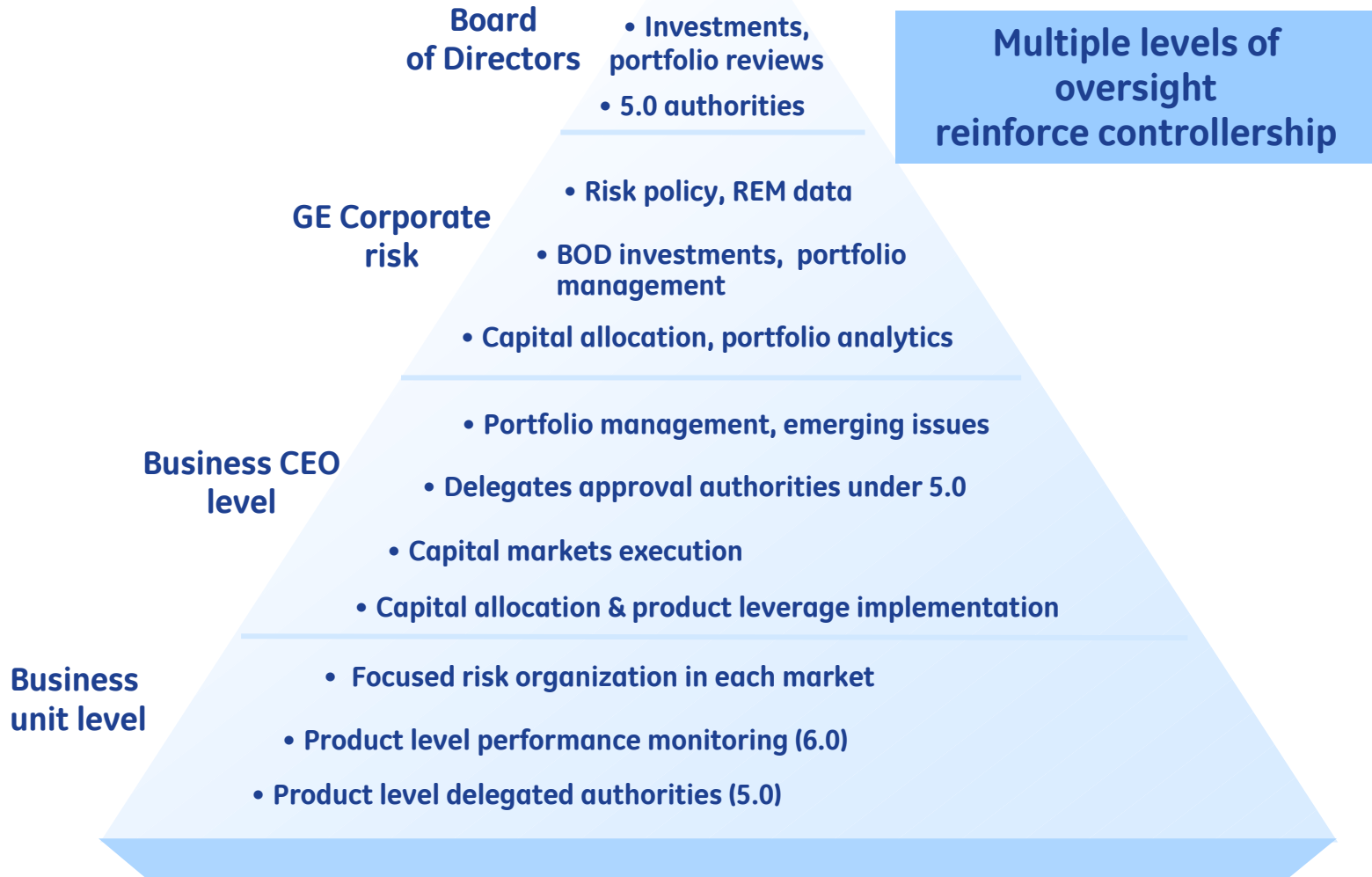
imagination at work

2008 first quarter

# Risk strategy - maintaining disciplines through all cycles

- ✓ Diversified portfolio - broad spread of risk, managed exposure limits
- ✓ Senior secured financings, disciplined underwriting
- ✓ Conservative asset residuals, strong asset management
- ✓ Significant commitment of people resources – ~18,800 globally (~13,000 outside US)
- ✓ Data-driven analytics identify, manage key risks and allocate capital

# Comprehensive risk assessment and capital allocation



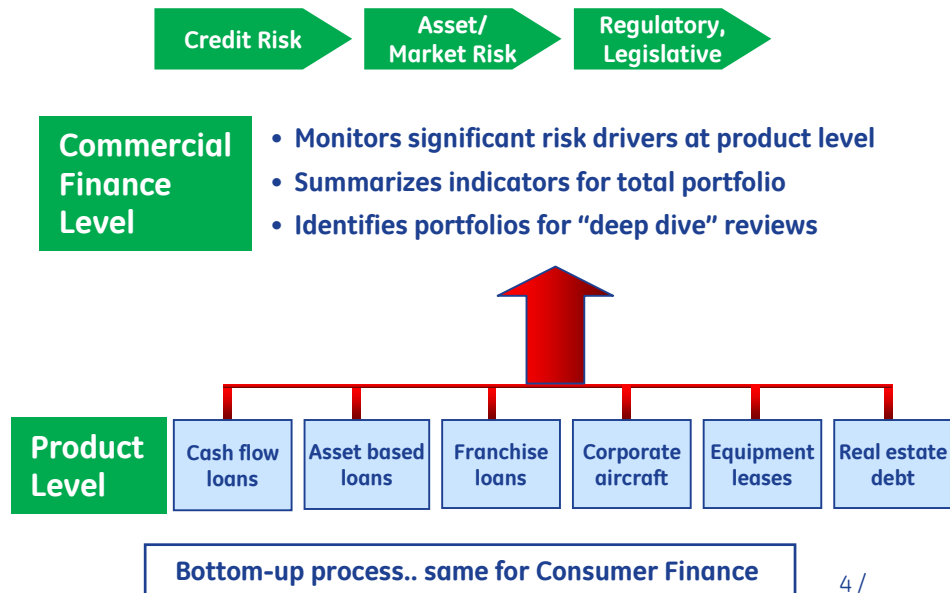
# Risk Management

## Policy 5.0 - Investment Authorities

- Centrally determined authorities delegated by the GECS Board to:
  - Business CEO/Chief Risk Officer jointly**
- Delegations **by product** - based on transaction/risk attributes:
  - Credit rating, geography, collateral, LTV etc..**
- Each approval acts as a **“threshold”** for maximum single obligor exposure
- Requests to exceed **“threshold”** require **Board approval**

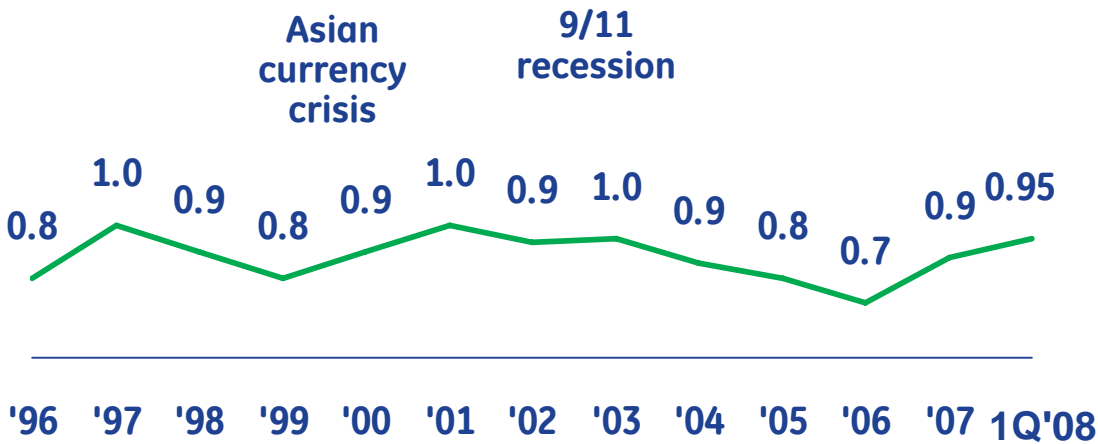
## Policy 6.0 – Overall Risk “Limits”

- Establishes **aggregate “limits”** based on **risk characteristics** at product or program level
- Derives **“specification limits”** – **tolerance for volatility... sets trigger level & “call to action”**
- Provides mechanism to **communicate portfolio performance & Feeds underwriting parameters**



# Financial Services risk management

## Credit loss rate (% of avg. net investment)



- ✓ Historical loss rates ~1%
- ✓ Low volatility ... consistent through the cycles

## Strategy

- ✓ Diversified portfolio
  - 90% developed markets
  - 68% commercial/32% consumer
  - 80% commercial exposure <\$200MM
- ✓ Senior, secured-asset collaterals
  - 97% secured ... Comm'l Finance
- ✓ Deep, experienced team
  - 18,800 risk professionals
  - 475 asset managers
  - Strong underwriting discipline
  - Seasoned through cycles
- ✓ Excellent capital markets capability
  - Strong deal process
  - Rigorous controls & oversight

**Comprehensive risk management critical  
to GE success & Triple A rating**