



# General Electric Capital Corporation

Resolution Plan Public Section

July 1, 2014

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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: current economic and financial conditions, including volatility in interest and exchange rates, equity prices and the value of financial assets; potential market disruptions or other impacts arising in the United States or Europe from developments in sovereign debt situations; the impact of conditions in the financial and credit markets on the availability and cost of our funding and on our ability to reduce our asset levels as planned; the impact of conditions in the housing market and unemployment rates on the level of commercial and consumer credit defaults; pending and future mortgage securitization claims and litigation in connection with WMC, which may affect our estimates of liability, including possible loss estimates; our ability to maintain our current credit rating and the impact on our funding costs and competitive position if we do not do so; our ability to pay dividends to GE at the planned level, which may be affected by our cash flows and earnings, financial services regulation and oversight, and other factors; the level of demand and financial performance of the major industries GE serves, including, without limitation, air transportation, energy generation, real estate and healthcare; the impact of regulation and regulatory, investigative and legal proceedings and legal compliance risks, including the impact of financial services regulation; our success in completing announced transactions and integrating acquired businesses; our ability to complete the staged exit from our North American Retail Finance business as planned; the impact of potential information technology or data security breaches; 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.

## **Introduction**

General Electric Capital Corporation (GE Capital or GECC) was incorporated in 1943 in the State of New York under the provisions of the New York Banking Law relating to investment companies, as successor to General Electric Contracts Corporation, which was formed in 1932. Until November 1987, our name was General Electric Credit Corporation. On July 2, 2001, we changed our state of incorporation to Delaware. As of December 31, 2013, all of our outstanding common stock was wholly-owned by General Electric Company (GE Company or GE). Financing and services offered by GE Capital are diversified, a significant change from the original business of GE Capital, which was, financing distribution and sale of consumer and other GE products.

GE Capital is much stronger and safer than it was at the time of the 2008 financial crisis. Over the past several years, the Company has significantly reduced the size of its balance sheet and its reliance on short-term wholesale funding. During the same period, it has significantly increased its levels of cash, highly liquid instruments, and other sources of liquidity; significantly increased its capital to absorb unexpected losses; and continues to invest heavily in improving its risk management capabilities.

We are a regulated savings and loan holding company under U.S. law and became subject to Federal Reserve Board (FRB) supervision on July 21, 2011, the one-year anniversary of the Dodd-Frank Wall Street Reform and Consumer Protection Act (DFA). In addition, on July 8, 2013, the U.S. Financial Stability Oversight Council (FSOC) designated GECC as a non-bank systemically important financial institution (non-bank SIFI) under the DFA. As a non-bank SIFI, GE Capital is subject to enhanced prudential supervision.

On September 9, 2011, the FRB and Federal Deposit Insurance Company (FDIC) released the final rule (the Final Rule) implementing the requirement that certain large bank holding companies and non-bank SIFIs, including GECC, prepare an annual resolution plan for submission to the FRB and FDIC under Title I of DFA.

GECC's first resolution plan (the Resolution Plan) has been submitted to the FRB and FDIC in accordance with the Final Rule. The Resolution Plan provides a detailed course of action for the orderly resolution of GE Capital under a hypothetical scenario. It does not rely on the provision of extraordinary support to GE Capital by the U.S. or any other government and would not result in any loss to the FDIC's Deposit Insurance Fund. In addition, for purposes of the Resolution Plan, GECC is not contemplating any support from GE. GECC believes that GE is a source of strength for GECC and its support significantly reduces the chance the Company would ever need to initiate a controlled liquidation. However, GECC has assumed, for purposes of this Resolution Plan, that GE's support is unavailable in order to better follow regulatory guidance.

GE Capital believes that the resolution planning process is a critical supervisory tool and building block in the development of orderly resolution plans for major financial institutions. GE Capital also supports the goal that all financial institutions, regardless of size or complexity, should be able to be resolved without cost to the taxpayers.

The FRB and FDIC require that a summary of the Resolution Plan be made publicly available. The subsequent pages of this document fulfill that requirement.

## A. Names of Material Entities

The Final Rule defines the term “material entity” as “a subsidiary or foreign office of the covered company that is significant to the activities of a critical operation or core business line.” GE Capital identified several material entities in addition to General Electric Capital Corporation itself that meet the defined criteria. The material entities were then grouped based on their attributes into operating entities and corporate treasury service entities. The operating entities were further segregated between Bank and Non-Bank subsidiaries. The material entities are set forth in the table below.

<b>General Electric Capital Corporation</b> (Covered Company)		
<i>Non-Bank Subsidiary Operating Entities</i>	<i>Bank Subsidiary Operating Entities</i>	<i>Corporate Treasury Services Entities</i>
<b>Aircraft Services Corporation</b> (U.S. domiciled lending and leasing entity)	<b>GE Capital Bank</b> (U.S. domiciled industrial bank)	<b>GE Capital Australia Funding Pty Ltd</b> (Australia domiciled external funding entity)
<b>CDF Funding, Inc.</b> (U.S. domiciled securitization entity)	<b>GE Capital Retail Bank</b> (U.S. domiciled federal savings bank)	<b>GE Capital Canada Funding Company</b> (Canada domiciled external funding entity)
<b>Employers Reassurance Corporation</b> (U.S. domiciled insurance entity)	<b>Bank BPH S.A.</b> (Poland domiciled)	<b>GE Capital European Funding</b> (Ireland domiciled external funding entity)
<b>General Electric Credit Corporation of Tennessee</b> (U.S. domiciled lending and leasing entity)	<b>GE Money Bank, a.s.</b> (Czech Republic domiciled)	<b>GE Capital European Treasury Services Ireland</b> (Ireland domiciled treasury services entity)
<b>NAS Holdings LLC</b> (U.S. domiciled aviation leasing entity)		<b>GE Capital UK Funding</b> (Ireland domiciled external funding entity)
<b>RFS Holding, Inc.</b> (U.S. domiciled securitization entity)		<b>GE Financial Markets (GEFM)</b> (Ireland domiciled centralized hedging entity)
<b>GE Capital Australia Group Holdings Pty Ltd</b> (Australian domiciled lending and leasing entity)		
<b>GE Capital Aviation Funding</b> (Ireland domiciled aviation leasing entity)		
<b>GE Japan Corporation</b> (Japan domiciled lending and leasing entity)		
<b>GE Money Home Lending Holdings Limited</b> (U.K. domiciled consumer mortgage lending entity)		
<b>General Electric Capital Canada</b> (Canada domiciled lending and leasing entity)		
<b>General Electric Capital SAS</b> (French domiciled lending and leasing entity)		

## **B. Description of Core Business Lines**

GE Capital businesses offer a broad range of financial services and products worldwide for businesses of all sizes. Services include commercial loans and leases, fleet management, financial programs, credit cards, personal loans, and other financial services. GE Capital also develops strategic partnerships and joint ventures that utilize GE's industry-specific expertise in aviation, energy, infrastructure, and healthcare to capitalize on market-specific opportunities.

GECC operates globally through five Operating Segments: Commercial Lending and Leasing (CLL), Consumer, Real Estate, Energy Financial Services, and GE Capital Aviation Services (GECAS).

CLL has particular mid-market expertise, and primarily offers secured commercial loans, equipment financing and other financial services to companies across a wide range of industries including construction, retail, manufacturing, transportation, media, communications, technology and healthcare. Equipment financing activities include industrial, medical, fleet vehicles, corporate aircraft, construction, office imaging and many other equipment types.

Consumer offers a full range of financial products including private-label credit cards; personal loans; bank cards; auto loans and leases; mortgages; debt consolidation; home equity loans; deposit and other savings products; and small and medium enterprise lending on a global basis.

Real Estate offers a range of capital and investment solutions, including equity capital for acquisition or development, as well as fixed and floating rate mortgages for new acquisitions or re-capitalizations of commercial real estate worldwide. Our business finances, with both equity and loan structures, the acquisition, refinancing and renovation of office buildings, apartment buildings, retail facilities, hotels, warehouses and industrial properties.

GECAS, our commercial aircraft financing and leasing business, offers a wide range of aircraft types and financing options, including operating leases and secured debt financing, and also provides productivity solutions including spare engine leasing, airport and airline consulting services, and spare parts financing and management.

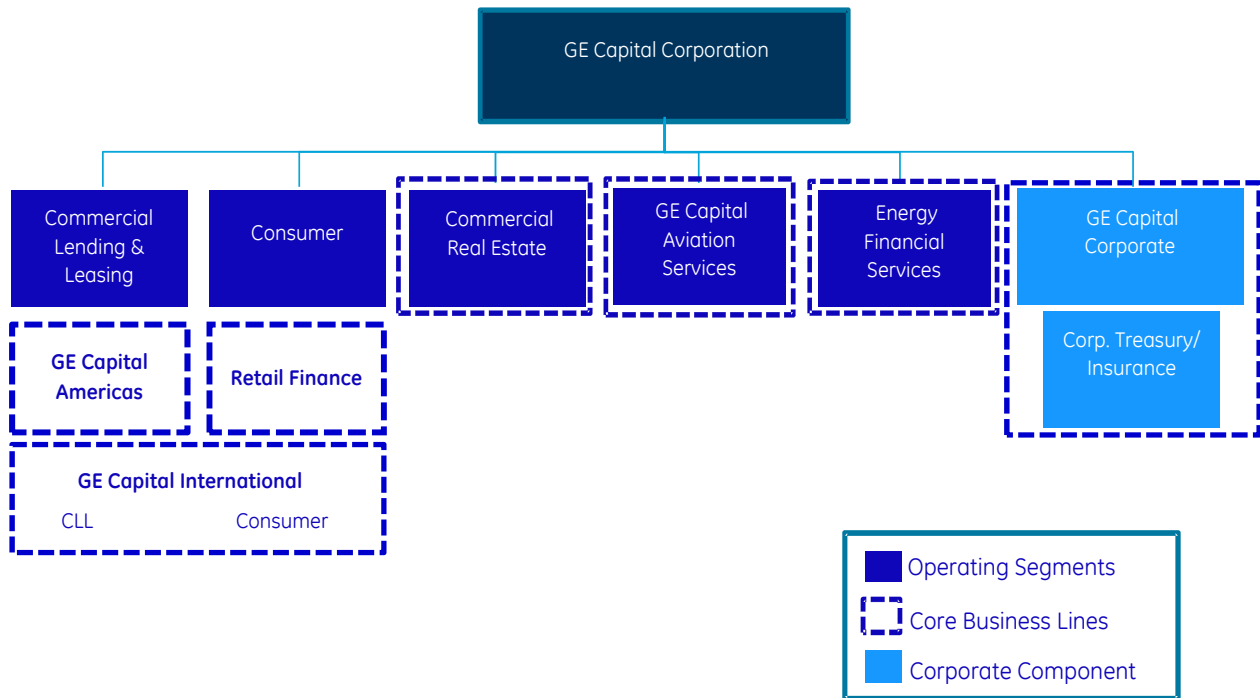
Energy Financial Services offers financial products to the global energy industry including structured equity, debt, leasing, partnership financing, product finance, and broad-based commercial finance.

For resolution planning purposes, the Final Rule defines core business lines (CBLs) as "those business lines of the covered company, including associated operations, services, functions and support, that, in the view of the covered company, upon failure would result in a material loss of revenue, profit, or franchise value." To develop its resolution plan, GE Capital analyzed its businesses and identified seven CBLs. In addition, GE Capital aligned these seven CBLs with the five operating segments that the Company describes in its public filings and reports. GE Capital's CBLs are: GE Capital Americas, Retail Finance,<sup>1</sup> GE Capital International, Commercial Real Estate, GECAS, Energy Financial Services,

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<sup>1</sup> During the first quarter of 2014, our North American Retail Finance business, under the name Synchrony Financial, filed a registration statement with the U.S. Securities and Exchange Commission for an initial public offering, as a first step in a planned, staged exit from that business.

and GE Capital Corporate. The exhibit below shows how these CBLs are aligned to GE Capital's operating segments.



Given the size and broad geographic distribution of the CLL businesses, CLL operates in two of GECC's CBLs. These CBLs include: GE Capital Americas and GE Capital International. The Consumer segment is also broadly dispersed across geographies and operates in two CBLs, including: Retail Finance and GE Capital International. GECC Corporate includes Corporate Treasury and legacy insurance. Corporate Treasury's primary strategic objectives are to raise funding to meet GECC's needs and support GECC's risk management efforts by maintaining sufficient liquidity and capital.

## C. Summary of Financial Information Regarding Assets, Liabilities, Capital and Major Funding Sources

The following are GECC's audited Statement of Earnings and Statement of Financial Position from the Company's Form 10-K.

Please see GECC's Form 10-K for the year ended December 31, 2013 for the respective referenced notes to these statements.

### General Electric Capital Corporation and consolidated affiliates Statement of Earnings

For the years ended December 31 (In millions)

	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>Revenues</b>			
Revenues from services (Note 12) (a)	\$ 44,688	\$ 45,385	\$ 48,563
Other-than-temporary impairment on investment securities:			
Total other-than-temporary impairment on investment securities	(778)	(192)	(467)
Less: Portion of other-than-temporary impairment recognized in accumulated other comprehensive income	31	52	80
Net other-than-temporary impairment on investment securities recognized in earnings	(747)	(140)	(387)
Revenues from services (Note 12)	43,941	45,245	48,176
Sales of goods	126	119	148
Total revenues	<u>44,067</u>	<u>45,364</u>	<u>48,324</u>
<b>Costs and expenses</b>			
Interest	9,267	11,596	13,760
Operating and administrative (Note 13)	12,463	12,023	13,009
Cost of goods sold	108	99	135
Investment contracts, insurance losses and insurance annuity benefits	2,779	2,984	3,059
Provision for losses on financing receivables (Note 4)	4,818	3,832	3,930
Depreciation and amortization (Note 5)	7,313	6,901	6,918
Total costs and expenses	<u>36,748</u>	<u>37,435</u>	<u>40,811</u>
<b>Earnings from continuing operations before income taxes</b>	7,319	7,929	7,513
Benefit (provision) for income taxes (Note 10)	992	(521)	(906)
<b>Earnings from continuing operations</b>	8,311	7,408	6,607
Earnings (loss) from discontinued operations, net of taxes (Note 2)	(2,054)	(1,130)	30
<b>Net earnings</b>	6,257	6,278	6,637
Less net earnings attributable to noncontrolling interests	53	63	127
<b>Net earnings attributable to GECC</b>	6,204	6,215	6,510
Preferred stock dividends declared	(298)	(123)	-
<b>Net earnings attributable to GECC common shareowner</b>	<u>\$ 5,906</u>	<u>\$ 6,092</u>	<u>\$ 6,510</u>
<b>Amounts attributable to GECC</b>			
Earnings from continuing operations	\$ 8,258	\$ 7,345	\$ 6,480
Earnings (loss) from discontinued operations, net of taxes	(2,054)	(1,130)	30
<b>Net earnings attributable to GECC</b>	<u>\$ 6,204</u>	<u>\$ 6,215</u>	<u>\$ 6,510</u>

(a) Excluding net other-than-temporary impairment on investment securities.



**General Electric Capital Corporation and consolidated affiliates**  
**Statement of Financial Position**

At December 31 (In millions, except share amounts)

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Cash and equivalents	\$ 74,873	\$ 61,853
Investment securities (Note 3)	43,662	48,439
Inventories	68	79
Financing receivables – net (Note 4)	253,029	268,161
Other receivables	16,513	13,891
Property, plant and equipment– net (Note 5)	51,607	52,967
Goodwill (Note 6)	26,195	26,971
Other intangible assets – net (Note 6)	1,136	1,287
Other assets (Note 7)	47,366	62,186
Assets of businesses held for sale (Note 2)	50	211
Assets of discontinued operations (Note 2)	2,330	3,306
Total assets(a)	<u>\$ 516,829</u>	<u>\$ 539,351</u>
<b>Liabilities and equity</b>		
Short-term borrowings (Note 8)	\$ 77,298	\$ 95,940
Accounts payable	6,549	6,256
Non-recourse borrowings of consolidated securitization entities (Note 8)	30,124	30,123
Bank deposits (Note 8)	53,361	46,200
Long-term borrowings (Note 8)	210,279	224,776
Investment contracts, insurance liabilities and insurance annuity benefits (Note 9)	26,979	28,696
Other liabilities	20,531	15,943
Deferred income taxes (Note 10)	4,786	6,000
Liabilities of businesses held for sale (Note 2)	6	157
Liabilities of discontinued operations (Note 2)	3,790	2,663
Total liabilities(a)	<u>433,703</u>	<u>456,754</u>
Preferred stock, \$0.01 par value (750,000 shares authorized at December 31, 2013 and 2012, and 50,000 shares and 40,000 shares issued and outstanding at December 31, 2013 and 2012, respectively)	-	-
Common stock, \$14 par value (4,166,000 shares authorized at December 31, 2013 and 2012, and 1,000 shares issued and outstanding at December 31, 2013 and 2012)	-	-
Accumulated other comprehensive income attributable to GECC(b)		
Investment securities	309	673
Currency translation adjustments	(687)	(131)
Cash flow hedges	(293)	(746)
Benefit plans	(363)	(736)
Additional paid-in capital	32,563	31,586
Retained earnings	51,165	51,244
Total GECC shareowners' equity	<u>82,694</u>	<u>81,890</u>
Noncontrolling interests(c) (Note 11)	432	707
Total equity (Note 11)	<u>83,126</u>	<u>82,597</u>
Total liabilities and equity	<u>\$ 516,829</u>	<u>\$ 539,351</u>

- (a) Our consolidated assets at December 31, 2013 include total assets of \$47,485 million of certain variable interest entities (VIEs) that can only be used to settle the liabilities of those VIEs. These assets include net financing receivables of \$41,420 million and investment securities of \$3,830 million. Our consolidated liabilities at December 31, 2013 include liabilities of certain VIEs for which the VIE creditors do not have recourse to General Electric Capital Corporation (GECC). These liabilities include non-recourse borrowings of consolidated securitization entities (CSEs) of \$28,574 million. See Note 16.
- (b) The sum of accumulated other comprehensive income attributable to GECC was \$(1,034) million and \$(940) million at December 31, 2013 and 2012, respectively.
- (c) Included accumulated other comprehensive income attributable to noncontrolling interests of \$(139) million and \$(129) million at December 31, 2013 and 2012, respectively.

## Capital

GE Capital monitors its capital adequacy including through economic capital, regulatory capital and enterprise stress testing methodologies. GE Capital's economic capital methodology uses internal models to estimate potential unexpected losses across different portfolios with a confidence level equivalent to an AA agency rating. Although GE Capital is not currently subject to risk-based capital standards, GE Capital estimates capital adequacy based on the Basel 1 U.S. and Basel 3 International and U.S. frameworks. GE Capital uses stress testing for risk, liquidity and capital adequacy assessment and management purposes, and as an integral part of GE Capital's overall planning processes. Stress testing results inform key strategic portfolio decisions such as the amount of capital required to maintain minimum expected regulatory capital levels in severe but plausible stresses, capital allocation, assist in developing the risk appetite and limits, and help in assessing product specific risk to guide the development and modification of product structures. The GE Risk Committee<sup>2</sup> and the GECC Board review stress test results and their expected impact on capital levels and metrics. The GE Risk Committee and the GECC Board are responsible for overseeing the overall capital adequacy process, as well as approving GE Capital's annual capital plan and capital actions.

As mentioned above, GE Capital is not currently subject to risk-based capital standards, however, GE Capital estimates capital adequacy based on the Basel 1 U.S. and Basel 3 International and U.S. frameworks. GE Capital's Basel 1 U.S. unaudited tier 1 common ratio estimate is as follows:

### **Tier 1 Common ratio estimate** (a)

At December 31 (In billions)

	<u>2013</u>	<u>2012</u>
Shareowners' equity (b)	\$ 82.7	\$ 81.9
Preferred equity	(4.9)	(4.0)
Intangibles & Goodwill	(27.4)	(28.6)
Unrealized gain/<loss> on investments and hedging	(0.0)	0.1
Other additions/<deductions>	<u>(0.3)</u>	<u>(0.8)</u>
Tier 1 common	50.1	48.6
Estimated Risk Weighted Assets (c)	447.2	476.8
<b>Tier 1 common ratio</b>	11.2 %	10.2 %
<b>Tangible Common Equity/Tangible Assets</b>	10.3 %	9.7 %

- (a) Includes discontinued operations for all periods  
(b) Total equity excluding non-controlling interest  
(c) Based on Basel One Risk Weighted Asset estimates

<sup>2</sup> The purpose of the committee is to assist the GE board in its oversight of GE's risk-management framework, including key strategic and operational risks. The committee's role also includes the independent oversight of GE's wholly owned subsidiary, GECC, including the adequacy and effectiveness of its risk management and credit review functions.

## **Major Funding Sources**

### Liquidity Sources

We maintain liquidity sources that consist of cash and equivalents, committed unused credit lines, and high-quality, liquid investments.

We had cash and equivalents of \$74.9 billion at December 31, 2013 that were available to meet our needs.

We had committed, unused credit lines totaling \$47.8 billion that were extended to us by 50 financial institutions at December 31, 2013. GECC can borrow up to \$47.8 billion under all of these credit lines. GE can borrow up to \$13.9 billion under certain of these credit lines. These lines include \$26.5 billion of revolving credit agreements under which we can borrow funds for periods exceeding one year. Additionally, \$21.3 billion are 364-day lines that contain a term-out feature that allows us to extend borrowings for two years from the date on which such borrowings would otherwise be due.

Cash and equivalents of \$43.4 billion at December 31, 2013 were held by non-U.S. subsidiaries. Of this amount at December 31, 2013, none was considered indefinitely reinvested. Indefinitely reinvested cash held outside of the U.S. is available to fund operations and other growth of non-U.S. subsidiaries; it is also available to fund our needs in the U.S. on a short-term basis through short-term loans, without being subject to U.S. tax. Under the Internal Revenue Code, these loans are permitted to be outstanding for 30 days or less and the total of all such loans is required to be outstanding for less than 60 days during the year.

At December 31, 2013, cash and equivalents of about \$12 billion were in regulated banks and insurance entities and were subject to regulatory restrictions.

If we were to repatriate indefinitely reinvested cash held outside the U.S., we would be subject to additional U.S. income taxes and foreign withholding taxes.

### Funding Plan

GE Capital primarily funds itself through long-term unsecured debt, short-term unsecured debt (including commercial paper), bank deposits and non-recourse securitization borrowings.

During 2013, we completed issuances of \$33.7 billion of senior unsecured debt (excluding securitizations described below) with maturities up to 40 years (and subsequent to December 31, 2013, an additional \$3.9 billion). Average commercial paper borrowings during the fourth quarter were \$31.6 billion and the maximum amount of commercial paper borrowings outstanding during the fourth quarter was \$33.1 billion. Our commercial paper maturities are funded principally through new commercial paper issuances.

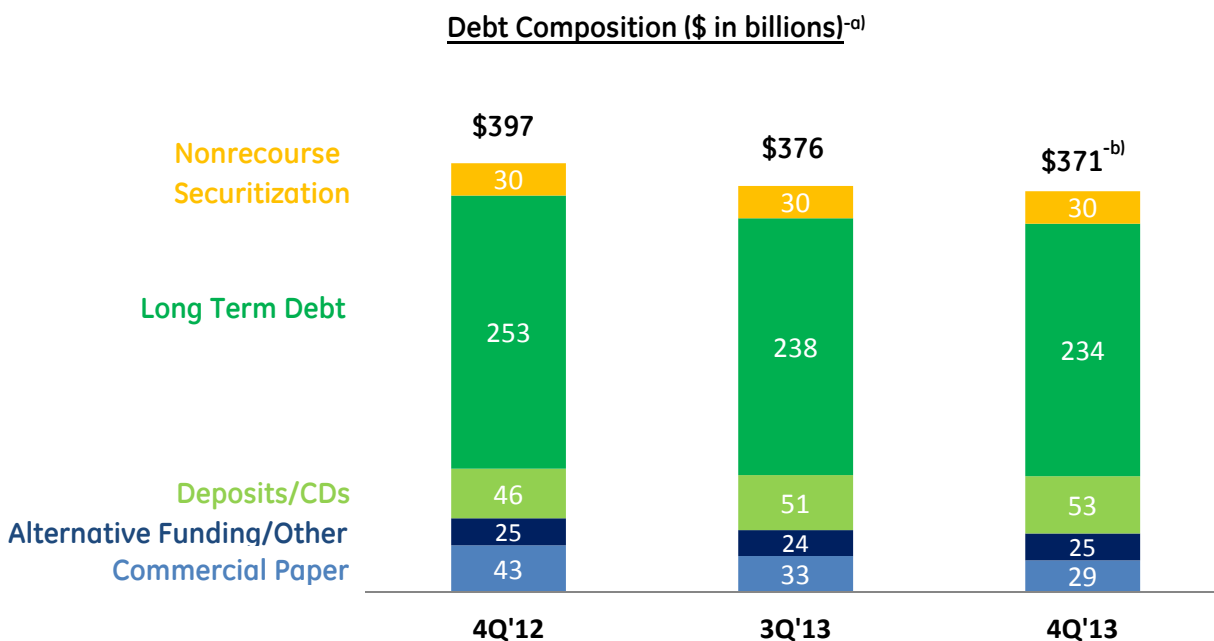
We securitize financial assets as an alternative source of funding. During 2013, we completed \$8.9 billion of non-recourse issuances and had maturities of \$8.9 billion. At December 31, 2013, consolidated non-recourse borrowings were \$30.1 billion.

We have 10 deposit-taking banks outside of the U.S. and two deposit-taking banks in the U.S. – GE Capital Retail Bank, a Federal Savings Bank (FSB), and GE Capital Bank (formerly GE Capital Financial Inc.), an industrial bank (IB). The FSB and IB currently issue certificates of deposit (CDs) in maturity terms up to 10 years. On January 11, 2013, the FSB acquired the deposit business of MetLife Bank, N.A. This acquisition added approximately \$6.4 billion in deposits and an online banking platform.

Total alternative funding at December 31, 2013 was \$108 billion, composed mainly of \$53 billion of bank deposits, \$30 billion of non-recourse securitization borrowings, \$9 billion of funding secured by real estate, aircraft and other collateral and \$9 billion of GE Interest Plus notes<sup>3</sup>. The comparable amount at December 31, 2012 was \$101 billion.

As a matter of general practice, we routinely evaluate the economic impact of calling debt instruments where we have the right to exercise a call. In determining whether to call debt, we consider the economic benefit to GECC of calling debt, the effect of calling debt on our liquidity profile and other factors. In 2013, we settled \$8.4 billion of callable debt, of which \$4.1 billion was called in 2012.

The table below summarizes GE Capital’s funding composition as of December 31, 2012, September 30, 2013, and December 31, 2013. Alternative Funding sources for deposits and non-recourse securitizations are presented separately below.



<i>Cash &amp; Equivalents</i>	\$62	\$76	\$75
<i>Bank Lines</i>	\$48	\$48	\$48
<i>CP Coverage</i>	100%+	100%+	100%+
<i>Long-Term Debt &lt; 1 year</i>	\$44	\$38	\$39

(a) – Continuing operations

(b) – Includes ~\$(0.6)B YTD FX impact and ~\$(6.0)B FAS 133

<sup>3</sup> Entirely variable denomination floating-rate demand notes.

#### **D. Description of Derivative and Hedging Activities**

As a matter of policy, we use derivatives for risk management purposes, and we do not use derivatives for speculative purposes. A key risk management objective for our financial services businesses is to mitigate interest rate and currency risk by seeking to ensure that the characteristics of the debt match the assets they are funding. If the form (fixed versus floating) and currency denomination of the debt we issue do not match the related assets, we typically execute derivatives to adjust the nature and tenor of funding to meet this objective within pre-defined limits. The determination of whether we enter into a derivative transaction or issue debt directly to achieve this objective depends on a number of factors, including market-related factors that affect the type of debt we can issue.

The notional amounts of derivative contracts represent the basis upon which interest and other payments are calculated and are reported gross, except for offsetting foreign currency forward contracts that are executed in order to manage our currency risk of net investment in foreign subsidiaries. Of the outstanding notional amount of \$286,000 million, approximately 97%, or \$277,000 million, is associated with reducing or eliminating the interest rate, currency or market risk between financial assets and liabilities in our financial services businesses. The instruments used in these activities are designated as hedges when practicable. When we are not able to apply hedge accounting, or when the derivative and the hedged item are both recorded in earnings concurrently, the derivatives are deemed economic hedges and hedge accounting is not applied. This most frequently occurs when we hedge a recognized foreign currency transaction (*e.g.*, a receivable or payable) with a derivative. Since the effects of changes in exchange rates are reflected concurrently in earnings for both the derivative and the transaction, the economic hedge does not require hedge accounting.

GE Capital conducts the majority of its third-party hedging activities through its subsidiary, GEFM.

The following table provides information about the fair value of our derivatives by contract type, separating those accounted for as hedges and those that are not.

December 31 (In millions)	2013 Fair value		2012 Fair value	
	Assets	Liabilities	Assets	Liabilities
<b>Derivatives accounted for as hedges</b>				
Interest rate contracts	\$ 3,837	\$ 1,989	\$ 8,443	\$ 719
Currency exchange contracts	1,746	958	827	1,762
Other contracts	-	-	-	-
	<u>5,583</u>	<u>2,947</u>	<u>9,270</u>	<u>2,481</u>
<b>Derivatives not accounted for as hedges</b>				
Interest rate contracts	270	175	452	195
Currency exchange contracts	1,753	1,765	1,457	358
Other contracts	57	22	35	26
	<u>2,080</u>	<u>1,962</u>	<u>1,944</u>	<u>579</u>
<b>Gross derivatives recognized in statement of financial position</b>				
Gross derivatives	7,663	4,909	11,214	3,060
Gross accrued interest	1,227	241	1,683	14
	<u>8,890</u>	<u>5,150</u>	<u>12,897</u>	<u>3,074</u>
<b>Amounts offset in statement of financial position</b>				
Netting adjustments(a)	(3,927)	(3,920)	(2,532)	(2,517)
Cash collateral(b)	(2,619)	(242)	(5,125)	(391)
	<u>(6,546)</u>	<u>(4,162)</u>	<u>(7,657)</u>	<u>(2,908)</u>
<b>Net derivatives recognized in statement of financial position</b>				
Net derivatives	<u>2,344</u>	<u>988</u>	<u>5,240</u>	<u>166</u>
<b>Amounts not offset in statement of financial position</b>				
Securities held as collateral(c)	(1,838)	-	(5,060)	-
<b>Net amount</b>	<u>\$ 506</u>	<u>\$ 988</u>	<u>\$ 180</u>	<u>\$ 166</u>

Derivatives are classified in the captions "Other assets" and "Other liabilities" and the related accrued interest is classified in "Other receivables" and "Other liabilities" in our financial statements.

- (a) The netting of derivative receivables and payables is permitted when a legally enforceable master netting agreement exists. Amounts included fair value adjustments related to our own and counterparty non-performance risk. At December 31, 2013 and 2012, the cumulative adjustment for non-performance risk was a gain (loss) of \$(7) million and \$(15) million, respectively.
- (b) Excludes excess cash collateral received and posted of \$160 million and \$37 million at December 31, 2013, respectively, and \$42 million and \$10 million at December 31, 2012, respectively.
- (c) Excludes excess securities collateral received of \$286 million and \$359 million at December 31, 2013 and 2012, respectively.

## **E. Memberships in Material Payment, Clearing, and Settlement Systems**

GE Capital has limited direct memberships or relationships with Financial Market Utilities (FMUs). GE Capital primarily relies on third party banks and financial institutions (collectively Agent Banks) that are members of FMUs to provide the Company with access to payment, clearing, and settlement (PCS) services performed by FMUs. While GE Capital has certain direct FMU memberships, the activities associated with those relationships do not currently represent material activities for GE Capital. The Agent Banks include, but are not limited to, The Bank of New York Mellon, Deutsche Bank, Royal Bank of Canada, Citibank, Bank of America, and Barclays. These Agent Banks act as custodians, broker-dealers, issuing and paying agents, settling banks, and transfer agents.

## F. Description of Foreign Operations

Our global activities span all geographic regions and primarily encompass leasing of aircraft and provision of financial services within these regional economies. Thus, when countries or regions experience currency and/or economic stress, we often have increased exposure to certain risks, but also often have new opportunities that include, among other things, more opportunities for expansion of our activities through purchases of companies or assets at reduced prices and lower U.S. debt financing costs.

Revenues are classified according to the region to which products and services are sold. For purposes of this analysis, the U.S. is presented separately from the remainder of the Americas. We classify certain assets that cannot meaningfully be associated with specific geographic areas as "Other Global" for this purpose.

### Geographic Revenues

<i>(In billions)</i>	<u>2013</u>	<u>2012</u>	<u>2011</u>
U.S.	\$25.7	\$26.4	\$26.0
Europe	8.8	9.1	10.7
Pacific Basin	6.1	6.3	6.5
Americas	2.7	2.8	3.6
Middle East and Africa	0.8	0.8	1.5
Total	<u>\$44.1</u>	<u>\$45.4</u>	<u>\$48.3</u>

Non-U.S. revenues decreased 3% to \$18.4 billion in 2013, compared with \$19.0 billion and \$22.3 billion in 2012 and 2011, respectively, primarily as a result of decreases in Europe. Non-U.S. revenues as a percentage of total revenues were 42% in 2013 and 2012, compared with 46% in 2011. Non-U.S. revenues decreased by 15% in 2012 from \$22.3 billion in 2011, primarily as a result of decreases in Europe. The effects of currency fluctuations on reported results decreased revenues by \$0.2 billion in 2013, primarily driven by the Japanese yen (\$0.2 billion). The effects of currency fluctuations on reported results decreased revenues by \$0.7 billion in 2012, primarily driven by the euro (\$0.3 billion), Polish zloty (\$0.1 billion), Hungarian forint (\$0.1 billion) and Czech koruna (\$0.1 billion). The effects of currency fluctuations on reported results increased revenues by \$1.0 billion in 2011, primarily driven by the Australian dollar (\$0.3 billion), euro (\$0.2 billion), Japanese yen (\$0.1 billion), Canadian dollar (\$0.1 billion) and British pound (\$0.1 billion).



The effects of foreign currency fluctuations on earnings were minimal, with no single currency having a significant impact.

**Total Assets (continuing operations)**

<i>December 31 (In billions)</i>	<u>2013</u>	<u>2012</u>
U.S.	\$260.3	\$270.9
Europe	142.5	140.7
Pacific Basin	42.2	48.4
Americas	24.0	27.0
Other Global	<u>45.5</u>	<u>49.0</u>
Total	<u><u>\$514.5</u></u>	<u><u>\$536.0</u></u>

Total assets of non-U.S. operations on a continuing basis of \$254.2 billion in 2013 decreased \$10.9 billion from 2012. This decrease reflected declines in Pacific Basin, Americas and Other Global, primarily due to the strengthening of the U.S. dollar against the Japanese yen and dispositions at various businesses.

Financial results of our non-U.S. activities reported in U.S. dollars are affected by currency exchange. We use a number of techniques to manage the effects of currency exchange, including selective borrowings in local currencies and selective hedging of significant cross-currency transactions. Such principal currencies are the pound sterling, the euro, the Japanese yen, the Swiss franc and the Australian dollar.

## **G. Material Supervisory Authorities**

We are a regulated savings and loan holding company under U.S. law and became subject to Federal Reserve Board (FRB) supervision on July 21, 2011, the one-year anniversary of the Dodd-Frank Wall Street Reform and Consumer Protection Act (DFA). In addition, on July 8, 2013, the U.S. Financial Stability Oversight Council (FSOC) designated GECC as a nonbank systemically important financial institution (nonbank SIFI) under the DFA. Many of the rulemakings for supervision of nonbank SIFIs are not final and therefore the exact impact and implementation date remain uncertain. GECC continues to plan for the enhanced prudential standards that will apply to nonbank SIFIs. These DFA rulemakings will require, among other items, enhanced capital and liquidity levels, compliance with the comprehensive capital analysis and review regulations (CCAR), compliance with counterparty credit exposure limits, and the development of a resolution plan for submission to regulators.

Additionally, GE Capital has a limited number of subsidiaries that are subject to regulation in the various jurisdictions in which they operate.

## **H. Principal Officers**

GECC's Board of Directors elects GECC's executive officers. The names and current titles of the executive officers are as follows:

### **Chairperson of the Board of Directors, President and Chief Executive Officer**

Keith S. Sherin

### **Chief Financial Officer**

Robert C. Green

### **Presidents and Chief Operating Officers**

William H. Cary

Thomas C. Gentile

### **Senior Vice President, Corporate Treasury and Global Funding Operation**

Daniel C. Janki

### **Senior Vice President and Chief Risk Officer**

Ryan A. Zanin

### **Senior Vice President and Controller**

Walter F. Ielusic

### **Senior Vice President and General Counsel**

Alex Dimitrief

### **Vice President, Deputy General Counsel and Secretary**

Christoph A. Pereira

## **I. Resolution Planning Corporate Governance Structure and Processes Related to Resolution Planning**

GE Capital recognizes the importance of resolution planning as a key component of its overall risk management process, not just in a crisis, but on a business-as-usual basis. The foundational elements of GE Capital's risk management framework, which includes policies and supporting processes, form the core of its resolution planning framework. The Company's risk management framework starts with approval of the Company's Risk Appetite Statement by the GE Capital Board and GE Risk Committee. The Risk Appetite Statement is then codified by policies establishing the risk management framework through defined governance, processes and procedures, risk limits, and risk monitoring, reporting, and mitigation. GE Capital's Risk Appetite Statement articulates the level of risk the Company is willing to accept relative to its business strategy and is the foundation for its risk management framework.

Given the importance and strategic scope of the resolution planning process, GE Capital has established an effective structure for the development, approval, and maintenance of the Resolution Plan that is incorporated into GE Capital's overall risk management framework. To meet these objectives, GE Capital's Chief Risk Officer (CRO) is the Executive Sponsor of the Resolution Plan.

The GE Capital Enterprise Risk Management Committee (ERMC), chaired by the GE Capital CRO, is directly engaged in the Company's resolution planning efforts through overseeing the development and maintenance of the Resolution Plan and ensuring its consistency with GE Capital's strategic plans. This includes setting the overall direction of the Resolution Plan, and making cross-functional strategic and implementation decisions related to the Resolution Plan.

The GE Capital CRO Capital Management, who reports to the GE Capital CRO, is responsible for management of the Resolution Plan. The GE Capital CRO Capital Management is supported by a dedicated Recovery and Resolution Planning Team, which is a cross-functional team that is responsible for the development of the Resolution Plan.

The GE Risk Committee and GECC Board are responsible for providing strategic direction and final approval of the comprehensive Resolution Plan.

## **J. Description of Material Management Information Systems**

GE Capital acknowledges the significance of information availability in resolution. Accordingly, GE Capital continues to assess and improve its Management Information Systems (MIS) and its reporting capabilities to ensure that it will have access to the information that it would need in resolution.

GE Capital's MIS generally consists of platform technologies and user interfaces that allow the CBLs to perform data analysis and produce both standard and customized reports. These reports are used in the ordinary course of business to monitor the financial stability, liquidity needs, and operations of GE Capital, its material entities, and its CBLs.

A number of processes and policies are in place to ensure that GE Capital's applications and technology infrastructure are systematically supported, secured, and managed. These policies and processes, including Disaster Recovery and Business Continuity, ensure that the technology and business processes that support GE Capital's MIS are reliable and accessible.

## **K. High-Level Description of Resolution Strategy**

GECC's resolution plan demonstrates that GECC could be resolved in a manner that mitigates potential disruption to the U.S. financial system and the global financial markets without the use of government support or taxpayer funds.

The Resolution Plan builds upon the analysis performed and issues identified in connection with GECC's recovery plan, which sets forth GECC's approach for maintaining sufficient capital and liquidity levels to prevent a failure of GECC in a period of severe stress. The Resolution Plan extends this hypothetical stress scenario to the highly unlikely point where GECC would be in default on its obligations.

In developing a resolution strategy for the rapid and orderly resolution of GE Capital, the Company has sought to (i) limit the impact that a failure of GE Capital would have on its customers and consumers, and (ii) preserve and maximize the value of GE Capital for the benefit of its creditors and other stakeholders. In developing its strategy, GE Capital also assumed that its hypothetical failure would be caused by an idiosyncratic event that would be specific to GE Capital.

GE Capital has developed a strategy whereby a controlled liquidation would be executed (Controlled Liquidation Strategy) using a combination of going-concern business platform sales, specific asset sales, and orderly runoff of assets. Platform sales are sales where assets, processes and systems are sold together as an operating business to the platform purchaser. Specific asset sales are sales of individual assets within a business platform, generally consisting of portfolios of credit or lease assets. Potential purchasers for GE Capital's assets would include banks, private equity funds, and other financial institutions.

In conjunction with development of the Controlled Liquidation Strategy, the Company considered two legal scenarios under which the resolution could occur. The FRB and the FDIC requested that GE Capital develop a resolution plan under which all of GE Capital's material entities would commence insolvency proceedings in order to assess the potential risks associated with execution of the Plan under such a "worst case" scenario. In response to this request, GE Capital developed its "All-MLEs-File" scenario. However, because of its structure and business model and the nature of its business operations and assets, GE Capital does not believe that in resolution it would be necessary or likely that all material entities would enter insolvency proceedings and therefore has also developed a scenario whereby only a limited number of material entities would commence insolvency proceedings. Under this "Limited Points of Entry" scenario, GE Capital believes that it could execute the same controlled liquidation through platform sales, specific asset sales, and orderly runoff of assets that is contemplated in connection with the commencement of insolvency proceedings for all of its material entities, but with greater speed and efficiency and higher expected returns for GE Capital's creditors and other stakeholders while also minimizing systemic risk.

GE Capital recognizes that the platform and specific asset sales associated with both of the aforementioned scenarios rely on factors and circumstances not fully within GE Capital's control, including market liquidity. In the event that GE Capital was unable to execute these platform and specific asset sales, as a result of limited market liquidity or otherwise, GE Capital has identified a

contingency plan whereby it would conduct an orderly wind down of all of its businesses. Implementation of GE Capital's contingency plan would not preclude GE Capital's rapid and orderly resolution without the use of government support or taxpayer funds and could be executed under either the All-MLEs-File or Limited Points of Entry scenarios.