



GE Money  
Auto Warranty Services

TO: All Sales and Service Representatives  
FROM: Jim Slavik, President  
DATE: November 21, 2005  
RE: GE in the News

Recently, GE announced the final phase of its insurance portfolio transformation with the sale of GE Insurance Solutions to Swiss Re. The press release is attached if you would like further information.

As leader of GE Auto Warranty Services, I want to assure you that we are not a part of GE Insurance Solutions and we are not impacted by the sale to Swiss Re.

GE AWS remains committed to providing you and your dealers with the highest quality products and services available. We look forward to a strong 4<sup>th</sup> quarter in 2005 and we are excited at the opportunities available in 2006.



## PRESS RELEASE

### GE Announces Final Phase of Insurance Portfolio Transformation

- Agrees to sell most of Insurance Solutions business to Swiss Re
- Sees faster earnings growth from continuing operations, 2006 EPS up 12-17%
- CFOA up 20%, to \$24 billion in 2006
- Increases quarterly dividend 14% to \$0.25 per share
- Increases stock buyback from \$15 billion to \$25 billion through 2008

**FAIRFIELD, Conn. (November 18, 2005)** – General Electric Company (GE) announced today it is now positioned to complete the transformation of its insurance portfolio with the signing of a definitive agreement to sell most of its Insurance Solutions business, including Employers Reinsurance Corporation (ERC), to Swiss Re for \$8.5 billion in securities, cash and the assumption of debt. The transaction is subject to customary regulatory approvals and typical closing conditions, and is expected to close in the first half of 2006.

"Since 2002 we have been executing a strategy to redeploy capital to faster-growth and higher-return businesses," said GE Chairman and CEO Jeff Immelt. "Since that time, we have completed or announced five insurance divestitures, generating approximately \$25 billion in cash.

"For GE investors, this allows us to enter 2006 with the fastest-growing, highest-return set of businesses we have had for many years," Immelt said. "We will have a better mix of growth, higher return on equity financial services businesses and faster-growing industrial businesses, all driving stronger free cash flow."

GE's business outlook and performance remain strong. Prior to today's announcement, the company was on track to achieve earnings per share (EPS) guidance of \$1.81-\$1.83 for 2005. Since GE's ownership of Insurance Solutions and Genworth will go below 20% and consistent with generally accepted accounting principles, GE will report the majority of Insurance earnings as "discontinued operations" commencing with the fourth quarter 2005. Before the effect of dispositions, these insurance earnings were expected to contribute approximately \$.10 per share to GE's 2005 and 2006 EPS, which will now be accounted for in discontinued

operations. On a continuing basis, GE sees 2005 EPS of a \$1.72, and 2006 EPS of \$1.92 to \$2.02, up 12-17% in 2006, and up from previous guidance of 10-15% growth. In addition, GE expects to generate 2006 cash flow from operating activities (CFOA) of approximately \$24 billion, up about 20% from 2005.

Based on this strong business performance and tremendous cash generation, GE also announced today that its board of directors has raised the quarterly dividend 14% from \$0.22 per share to \$0.25 per share, for a full-year 2006 total dividend of \$1.00, up from the current \$.88 per share. This increase marks the 30<sup>th</sup> consecutive year in which GE has raised its dividend. GE has paid a dividend every year since 1899. The board of directors also further expanded the existing share repurchase plan from the current \$15 billion through 2007 to \$25 billion through 2008. The company plans to purchase more than \$4 billion of stock during 2005, and is expected to purchase \$7-9 billion in 2006 and \$6-8 billion per year in 2007 and 2008.

As consideration for Insurance Solutions, GE will receive up to \$3.7 billion in cash and notes, representing up to 55% of the purchase price and shares of Swiss Re common stock equivalent to the remaining 45% of the value of the transaction. Swiss Re will assume \$1.7 billion of debt. GE will retain the U.S. life reinsurance operations of GE Insurance Solutions, which is being downsized.

"Insurance Solutions has been a tough strategic fit for GE," Immelt said. "Over the last five years, the Insurance Solutions business has lost \$700 million and required the infusion of \$3.2 billion of capital. By its nature, reinsurance is volatile and consumes capital to grow. The terms of this transaction provide compelling value for our shareowners as well as more certainty and greater earnings consistency in the future."

The transaction values the business units sold at approximately 28 times the average of 2003-2005 earnings. Despite this valuation, GE expects to incur an after-tax loss of approximately \$2.8 billion from the disposition, which includes loss on Insurance Solutions book value, goodwill write-off and taxes.

"We believe this is a good transaction for both companies," Immelt said. "Led by CEO-elect Jacques Aigrain, Swiss Re will become the world's leading reinsurance company. These are complementary platforms with great teams. We believe the GE investment in Swiss Re will benefit from strong execution and financial synergies resulting in further upside for GE shareowners."

Upon completion of the transaction, GE will own approximately 10-13% of Swiss Re's common stock. GE will have the right to nominate one director for election to the Swiss Re Board of Directors. GE Vice Chairman Dennis Dammerman will be nominated to serve. The company also indicated its plans to sell its remaining holdings in Genworth by the end of 2006.

"With this transaction our portfolio has been streamlined for growth," said Immelt. "Our businesses continue to capitalize on strong market demand, a healthy environment, unstoppable demographics and improved efficiencies and synergies from our reorganization. With the proceeds from this sale and robust growth in cash flows from operating activities, we are returning greater value to our shareowners with a significant increase to our buyback program and 2006 dividend. For the year ahead, we see great opportunities for sustained performance."

The dividend is payable January 25, 2006 to shareowners of record on December 27, 2005. The ex-dividend date is December 22, 2005.

GE will hold an investor meeting and conference call at 9:00 a.m. ET on Friday, November 18, 2005 to discuss this transaction and the effect it will have on its 2005 year-end earnings and 2006 outlook. The call-in and meeting information and related materials will be posted on [www.ge.com/investor](http://www.ge.com/investor).

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About GE (NYSE: GE) is a diversified technology, media and financial services company dedicated to creating products that make life better. From aircraft engines and power generation to financial services, medical imaging, television programming, and plastics, GE operates in more than 100 countries and employs more than 300,000 people worldwide. For more information, visit the company's Web site at [www.ge.com](http://www.ge.com).

About GE Insurance Solutions Corporation: The unit had total combined assets of \$50 billion, \$8.5 billion of statutory surplus and an investment portfolio of \$31 billion as of the end of the third quarter of 2005. The operating companies among those included in the transaction are: Employers Reinsurance Corporation, GE Frankona Reinsurance Limited (UK), GE Frankona Rückversicherungs-Aktiengesellschaft, GE Reinsurance Corporation, Westport Insurance Corporation and First Specialty Insurance Corporation. GE Insurance Solutions offers a wide variety of reinsurance and commercial insurance products and services to insurance companies, corporations and professionals. The company has 2,500 employees in 50 offices in 22 countries.

Upon completion of this transaction, GE will continue to own Union Fidelity Life, GE Life (UK) and Employers Reassurance Corporation (ERAC), a U.S. life and health reinsurance operation.

#### *Caution Concerning Forward-Looking Statements*

*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 often contain words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," or "will." Forward-looking statements by their nature address matters that are, to different degrees, uncertain. For us, particular uncertainties which could adversely or positively affect our future results include: the behavior of financial markets, including fluctuations in interest rate, stock and commodity prices; strategic actions, including dispositions; future integration of acquired businesses; future financial performance of major industries which we serve, including, without limitation, the air and rail transportation, energy generation, media, real estate and healthcare industries; unanticipated loss development in our insurance businesses; and numerous other matters of national, regional and global scale, including those of a political, economic, business, competitive and regulatory 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.*

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