

OFFICE OF THRIFT SUPERVISION

Approval of an Application for Conversion to a Federal Savings Bank Charter and Holding Company Application

Order No.: 2001-37

Date: May 31, 2001

**Re: OTS Nos. 15044, H-3028,
H-3758, H-3759**

GE Capital Consumer Card Co., Mason, Ohio (Bank), has applied to the Office of Thrift Supervision (OTS), pursuant to 12 U.S.C. § 1464(e) and 12 C.F.R. § 552.2-6 for permission to convert from a state bank to a federal stock savings bank to be known as GE Financial Corp. (Savings Bank). General Electric Company, General Electric Capital Services, Inc., and General Electric Capital Corporation, Fairfield, Connecticut (collectively, the Applicants) seek approval under 12 U.S.C. § 1467a(e) and 12 C.F.R. § 574.3 to acquire the Savings Bank. (The foregoing are collectively referred to as the Applications.) The Bank is, and the Savings Bank will remain, a member of the Bank Insurance Fund.

OTS has considered the Applications under the factors set forth in 12 U.S.C. §§ 1464(e) and 1467a(e), and 12 C.F.R. §§ 552.2-1(b)(1), 552.2-6 and 574.7, and other applicable statutes and regulations. OTS also has considered the Applications under the Community Reinvestment Act, 12 U.S.C. §§ 2901 et seq., and OTS regulations thereunder, 12 C.F.R. Part 563e. In addition, OTS has considered a digest from the OTS Central Regional Office, an analysis prepared by Examination Policy, a legal opinion from the Business Transactions Division, and a memorandum from Compliance Policy (collectively, the Staff Memoranda). For the reasons set forth in the Staff Memoranda, OTS finds that the Applications satisfy the applicable approval standards, provided that the following conditions are complied with in a manner satisfactory to the Central Regional Director, or his designee (Regional Director). Accordingly, the Applications are hereby approved, subject to the following conditions:

1. The Applicants, the Bank, and the Savings Bank must receive all required regulatory approvals prior to consummation of the proposed transaction with copies of all such approvals provided to the Regional Director;
2. The proposed transaction must be consummated within one hundred and twenty (120) calendar days from the date of this Order;
3. On the business day prior to the date of consummation of the proposed transaction, the chief financial officers of the Applicants and the Bank must certify in writing to the Regional Director that no material adverse events or material adverse changes have occurred with respect to the financial condition or operation of the Applicants and the Bank as disclosed in the Applications. If additional information having a material adverse bearing on any feature of the Applications is brought to the attention of the Applicants, the Bank, or OTS since the date of the financial statements submitted with

the Applications, the transaction must not be consummated unless the information is presented to the Regional Director, and the Regional Director provides written non-objection to the consummation of the transaction;

4. The Applicants, the Bank, and the Savings Bank must advise the Regional Director in writing within 5 calendar days after the effective date of the proposed transaction: (a) of the effective date of the proposed transaction; and (b) that the transaction was consummated in accordance with all applicable laws and regulations, the Applications and this Order;
5. At least 40 percent of the Savings Bank's board of directors must be individuals who are not officers or employees of the Applicants, or affiliates thereof, or have not otherwise been determined by the Regional Director to lack sufficient independence, and at least one member of the Savings Bank's board of directors must be an individual who is not an officer, director, or employee of the Applicants or their affiliates and is not an officer or employee of the Savings Bank, or has not otherwise been determined by the Regional Director to lack sufficient independence. At least 50 percent of the audit committee of the Savings Bank must be directors who are not officers or employees of the Savings Bank, the Applicants, or any affiliates, or have not otherwise been determined by the Regional Director to lack sufficient independence. The Savings Bank must comply with the above requirements within 30 days from the date of conversion. If compliance with this condition involves the selection of additional director(s), each director must receive the written non-objection of the Regional Director;
6. The Savings Bank must submit an updated three-year business plan to the Regional Director for review and approval within 60 days after conversion;
7. The Savings Bank must submit annual independent audit reports to the Regional Director for the first three fiscal years following the conversion. These reports must be in compliance with the audit rules set forth at 12 C.F.R. § 562.4;
8. The Savings Bank must receive the prior written approval of the Regional Director before transferring any Interest Saver Accounts into the Savings Bank;
9. The Savings Bank must operate within the parameters of its approved business plan. The Applicants and the Savings Bank must submit any proposed major deviations or material changes from the plan (including changes resulting from decisions made by the Applicants) for the prior written non-objection of the Regional Director. The request for change must be submitted a minimum of 30 days before the proposed change is proposed to be implemented with a copy to the FDIC Regional Office;
10. The Savings Bank must submit quarterly variance reports on the business plan to the Regional Director for the first three years following the conversion, beginning with the first quarter after the conversion;
11. Within 30 days following the date of conversion, the Savings Bank must appoint a

Compliance Officer to develop, implement, and manage the Savings Bank's compliance program as well as the adherence to federal fair lending and consumer protection laws and regulations. The proposed Compliance Officer must submit all required background materials and receive the written non-objection of the Regional Director;

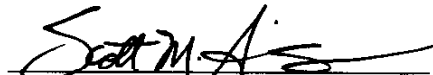
12. For the first eighteen months following the conversion, any contracts or agreements pertaining to transactions with affiliates, not yet submitted to OTS for review, must be provided to the Regional Director at least 30 days prior to execution and must receive his written non-objection prior to implementation;
13. Prior to conversion, the Savings Bank's board of directors must approve risk management, investment, and asset liability management policies. The asset liability management policy must comply with the requirements of OTS Thrift Bulletin 13a;
14. The Savings Bank must make available to OTS such information as OTS deems necessary from time to time to monitor the effect of the Savings Bank's Australian operations on the safe and sound operation of the Savings Bank. The Savings Bank must maintain a complete set of all financial records of the Savings Bank's Australian operations at the Savings Bank's home office;
15. The Savings Bank may not conduct Australian operations unless each senior management official of the Savings Bank's Australian operations who is or will be resident in Australia has consented in writing in a form acceptable to the Regional Director to the jurisdiction of the United States and OTS over, and the applicability of U.S. law to, such senior management official for purposes of all claims made by, proceedings initiated by, or obligations to, the U.S., OTS, and any U.S. governmental agency, department or division, and has also consented in writing in a form acceptable to the Regional Director to the jurisdiction of OTS over such senior management official for purposes of examination, supervision and enforcement. The Savings Bank and all senior management officials of the Australian operations who are or will be resident in Australia must further agree in writing in a form acceptable to the Regional Director not to challenge the authority of any conservator/receiver appointed for the Savings Bank to control the Savings Bank's Australian operations and all assets associated with such operations;
16. Within 30 days after any material change in the Savings Bank's Australian operations or their relation to the Savings Bank's domestic operations or any material change in the regulatory authority to which the Australian operations are subject, the Savings Bank must notify the Regional Director of the facts relating to such change and, thereafter, the Savings Bank must abide by any decision OTS shall in its sole and absolute discretion issue with respect to the Savings Bank's Australian operations; and
17. The documents required by the following bullet items must be submitted to the Regional Director prior to consummation of the proposed transaction.
 - The Savings Bank must establish and document internal controls that demonstrate

adequate oversight of the Australian operations, and provide materials documenting the institution of such internal controls to the Regional Director.

- The Savings Bank must submit a reasoned opinion of counsel in a form acceptable to OTS indicating that there are no Australian laws that would restrict OTS access to, or enforcement authority over, the Savings Bank's Australian operations or the senior management officials of the Australian operations.
- The Savings Bank must consent in writing to the disclosure by the Australian governmental authorities to OTS of such information on the Savings Bank's operations and affiliates that OTS deems necessary from time to time to determine as appropriate to enforce compliance with applicable U.S. law.

Any time period specified herein may be extended by the Regional Director, for good cause, for up to 120 calendar days.

By order of the Director of the Office of Thrift Supervision, or her designee,
effective May 31, 2001.


Scott M. Albinson
Managing Director
Office of Supervision