

GENERAL ELECTRIC CO
Form 10-Q
November 02, 2015

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q
(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2015

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____ to ____

Commission file number 001-00035
GENERAL ELECTRIC COMPANY
(Exact name of registrant as specified in its charter)

New York 14-0689340
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

3135 Easton Turnpike, Fairfield, CT 06828-0001
(Address of principal executive offices) (Zip Code)

(Registrant's telephone number, including area code) (203) 373-2211

(Former name, former address and former fiscal year,
if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes
No

There were 10,109,239,000 shares of common stock with a par value of \$0.06 per share outstanding at September 30, 2015.

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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 financial condition, and often contain words such as "expect," "anticipate," "intend," "plan," "believe," "seek," "see," "will," "would," or "target."

Forward-looking statements by their nature address matters that are, to different degrees, uncertain, such as statements about our announced plan to reduce the size of our financial services businesses, including expected cash and non-cash charges associated with this plan; expected income; earnings per share; revenues; organic growth; margins; cost structure; restructuring charges; cash flows; return on capital; capital expenditures, capital allocation or capital structure; dividends; and the split between Industrial and GE Capital earnings.

For us, particular uncertainties that could cause our actual results to be materially different than those expressed in our forward-looking statements include:

- obtaining (or the timing of obtaining) any required regulatory reviews or approvals or any other consents or approvals associated with our announced plan to reduce the size of our financial services businesses;
- our ability to complete incremental asset sales as part of that plan in a timely manner (or at all) and at the prices we have assumed;
- changes in law, economic and financial conditions, including interest and exchange rate volatility, commodity and equity prices and the value of financial assets, including the impact of these conditions on our ability to sell or the value of incremental assets to be sold as part of our announced plan to reduce the size of our financial services businesses as well as other aspects of that plan;
 - the impact of conditions in the financial and credit markets on the availability and cost of GECC's funding, and GECC's exposure to counterparties;
- the impact of conditions in the housing market and unemployment rates on the level of commercial and consumer credit defaults;
- pending and future mortgage loan repurchase claims and other litigation claims 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;
- the adequacy of our cash flows and earnings and other conditions, which may affect our ability to pay our quarterly dividend at the planned level or to repurchase shares at planned levels;
- GECC's ability to pay dividends to GE at the planned level, which may be affected by GECC's cash flows and earnings, financial services regulation and oversight, and other factors;
- our ability to convert pre-order commitments/wins into orders;
- the price we realize on orders since commitments/wins are stated at list prices;
- customer actions or developments such as early aircraft retirements or reduced energy demand and other factors that may affect the level of demand and financial performance of the major industries and customers we serve;
- the effectiveness of our risk management framework;
- the impact of regulation and regulatory, investigative and legal proceedings and legal compliance risks, including the impact of financial services regulation and litigation;
- adverse market conditions, timing of and ability to obtain required bank regulatory approvals, or other factors relating to us or Synchrony Financial that could prevent us from completing the Synchrony Financial split-off as planned;
- our capital allocation plans, as such plans may change including with respect to the timing and size of share repurchases, acquisitions, joint ventures, dispositions and other strategic actions;
- our success in completing, including obtaining regulatory approvals for, announced transactions, such as the proposed transactions and alliances with Alstom and Appliances and our announced plan and transactions to reduce the size of our financial services businesses, and our ability to realize anticipated earnings and savings;
- our success in integrating acquired businesses and operating joint ventures;

the impact of potential information technology or data security breaches; and the other factors that are described in "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2014.

These or other 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. This document includes certain forward-looking projected financial information that is based on current estimates and forecasts. Actual results could differ materially.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (MD&A)

HOW WE TALK ABOUT OUR RESULTS

We believe that investors will gain a better understanding of our company if they understand how we measure and talk about our results. Because of the diversity in our businesses, we present our financial statements in a three-column format, which allows investors to see our industrial operations separately from our financial services operations. We believe that this provides useful information to investors. When used in this report, unless otherwise indicated by the context, we use the terms to mean the following:

General Electric or the Company - the parent company, General Electric Company.

GE - the adding together of all affiliates other than General Electric Capital Corporation (GECC), whose continuing operations are presented on a one-line basis, giving effect to the elimination of transactions among such affiliates. Transactions between GE and GECC have not been eliminated at the GE level. We present the results of GE in the center columns of our consolidated statements of earnings, financial position and cash flows. An example of a GE metric is GE cash from operating activities (GE CFOA).

General Electric Capital Corporation or GECC or Financial Services – the adding together of all affiliates of GECC, giving effect to the elimination of transactions among such affiliates. We present the results of GECC in the right-side columns of our consolidated statements of earnings, financial position and cash flows. It should be noted that GECC is sometimes referred to as GE Capital or Capital, when not in the context of discussing segment results.

GE consolidated – the adding together of GE and GECC, giving effect to the elimination of transactions between GE and GECC. We present the results of GE consolidated in the left side columns of our consolidated statements of earnings, financial position and cash flows.

Industrial – GE excluding GECC. We believe that this provides investors with a view as to the results of our industrial businesses and corporate items. An example of an Industrial metric is Industrial CFOA, which is GE CFOA excluding the effects of dividends from GECC.

Industrial segment – the sum of our seven industrial reporting segments without giving effect to the elimination of transactions among such segments. We believe that this provides investors with a view as to the results of our industrial segments, without inter-segment eliminations and corporate items. An example of an industrial segment metric is industrial segment revenue growth.

Total segment – the sum of our seven industrial reporting segments and one financial services reporting segment, without giving effect to the elimination of transactions among such segments. We believe that this provides investors with a view as to the results of all of our segments, without inter-segment eliminations and corporate items.

GE Capital Verticals or Verticals – the adding together of GE Capital businesses that we expect to retain, principally its vertical financing businesses—GE Capital Aviation Services (GECAS), Energy Financial Services (EFS) and Healthcare Equipment Finance—that directly relate to the Company's core industrial domain and other operations, including Working Capital Solutions, our run-off insurance activities, and allocated corporate costs.

OTHER TERMS USED BY GE

Revenues – unless otherwise indicated, we refer to captions such as "revenues and other income", simply as revenues.

Organic revenues – revenues excluding the effects of acquisitions, dispositions and foreign currency exchange.

Industrial segment services revenues – refers to the sales under product services agreements and sales of both goods (such as spare parts and equipment upgrades) and related services (such as monitoring, maintenance and repairs) as sales of "product services" or "services," which is an important part of our operations.

Earnings – unless otherwise indicated, we refer to captions such as "earnings from continuing operations attributable to the company" simply as earnings.

Earnings per share (EPS) – unless otherwise indicated, we refer to "earnings per share from continuing operations attributable to the company" simply as earnings per share.

Operating earnings – GE earnings from continuing operations attributable to the company excluding the impact of non-operating pension costs.

Segment profit – refers to the operating profit of the industrial segments and the net earnings of the financial services segment. See page 14 for a description of the basis for segment profits.

Operating pension costs – comprise the service cost of benefits earned, prior service cost amortization and curtailment loss for our principal pension plans.

Non-operating pension costs – comprise the expected return on plan assets, interest cost on benefit obligations and net actuarial loss amortization for our principal pension plans.

NON-GAAP FINANCIAL MEASURES

In the accompanying analysis of financial information, we sometimes use information derived from consolidated financial data but not presented in our financial statements prepared in accordance with U.S. generally accepted accounting principles (GAAP). Certain of these data are considered "non-GAAP financial measures" under the SEC rules. Specifically, we have referred, in various sections of this Form 10-Q Report, to:

Operating earnings (loss) and operating EPS

GE Industrial operating + Verticals EPS

Operating and non-operating pension costs

Industrial segment organic revenue growth

Oil & Gas organic revenue and operating profit growth

Industrial cash flows from operating activities (Industrial CFOA)

Adjusted Corporate Costs (Operating)

GE Capital ending net investment (ENI), excluding liquidity

GECC Tier 1 common ratio estimate

The reasons we use these non-GAAP financial measures and the reconciliations to their most directly comparable GAAP financial measures are included in Exhibit 99(a) to this Form 10-Q Report. Non-GAAP financial measures referred to in this Form 10-Q Report are designated with an asterisk (*).

OUR OPERATING SEGMENTS

We are one of the largest and most diversified infrastructure and financial services corporations in the world. With products and services ranging from aircraft engines, power generation, oil and gas production equipment, and household appliances to medical imaging, business and consumer financing and industrial products.

OUR INDUSTRIAL OPERATING SEGMENTS

Power & Water Aviation Transportation
Oil & Gas Healthcare Appliances & Lighting
Energy Management

OUR FINANCIAL SERVICES OPERATING SEGMENT

GE Capital

Operational and financial overview for our operating segment are provided in the "Segment Operations" section within this MD&A.

THE GE CAPITAL EXIT PLAN

On April 10, 2015, the Company announced its plan (the GE Capital Exit Plan) to reduce the size of its financial services businesses through the sale of most of the assets of GECC over the following 24 months, and to focus on continued investment and growth in the Company's industrial businesses. Under the GE Capital Exit Plan, which was approved on April 2, 2015 and aspects of which were approved on March 31, 2015, the Company will retain certain GECC businesses, principally its vertical financing businesses—GE Capital Aviation Services, Energy Financial Services and Healthcare Equipment Finance—that directly relate to the Company's core industrial domain and other operations, including Working Capital Solutions and our run-off insurance activities (together referred to as GE Capital Verticals or Verticals). The assets planned for disposition include Real Estate, most of Commercial Lending and Leasing (CLL) and all Consumer platforms (including all U.S. banking assets). The Company expects to execute this strategy using an efficient approach for exiting non-vertical assets that works for the Company's and GECC's debt holders and the Company's shareowners. An element of this approach involves a merger of GECC into the Company to assure compliance with debt covenants as GECC exits non-vertical assets, and the creation of a new intermediate holding company to hold GECC's businesses after the merger. The Company has discussed the GE Capital Exit Plan, aspects of which are subject to regulatory review and approval, with its regulators and staff of the Financial Stability Oversight Council (FSOC) and will work closely with these bodies to take the actions necessary over time to terminate the FSOC's designation of GECC (and the new intermediate holding company, as applicable) as a nonbank systemically important financial institution (nonbank SIFI).

REORGANIZATION AND EXCHANGE OFFERS

The merger and creation of a new intermediate holding company is part of a reorganization of GECC's businesses (the Reorganization) pursuant to which GE will also separate GECC's international and U.S. operations. GECC's international operations will be consolidated under a new international holding company (GE Capital International Holdings) and will have a separate capital structure and be supervised by the U.K. Prudential Regulation Authority. The Reorganization, Exchange Offers (as described below) and establishment of GE Capital International Holdings are intended, among other things, to establish an efficient and simplified capital structure that is satisfactory to GECC's regulators, a key step in terminating the nonbank systemically important financial institution designation for GECC. In addition, the Exchange Offers were designed to align the liabilities of GE Capital International Holdings to its assets from a maturity profile and liquidity standpoint, taking into consideration asset sales, and where appropriate,

shortening the maturity profile of targeted liabilities.

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As part of the GE Capital Exit Plan, on September 21, 2015 GE Capital commenced private offers to exchange (the Exchange Offers) up to \$30 billion of certain outstanding debt for new notes with maturities of six months, five years, ten years or twenty years. On October 19, 2015, given the high level of participation, the offering was increased by \$6 billion with the aggregate principal amount of \$36 billion of outstanding notes being tendered for exchange and settled on October 26, 2015. The new notes that were issued at closing are composed of \$15.3 billion of 0.964% Six Month Notes due 2016, £0.8 billion of 1.363% Six Month Notes due 2016, \$6.1 billion of 2.342% Notes due 2020, \$2.0 billion of 3.373% Notes due 2025 and \$11.5 billion of 4.418% Notes due 2035. Of the \$16.2 billion exchanged into the Six Month Notes, \$1.3 billion is in short term borrowings at September 30, 2015. GECC will continue to evaluate the opportunity to repurchase debt while maintaining our liquidity at the levels communicated as part of the GE Capital Exit Plan. The new notes have been fully, irrevocably and unconditionally guaranteed by GE.

SALES AGREEMENTS

During the first nine months of 2015, GE signed agreements to sell approximately \$94 billion of ENI, excluding liquidity (as originally reported at December 31, 2014), of which approximately \$45 billion and \$33 billion related to the CLL and Real Estate businesses, respectively. CLL transactions signed in the third quarter 2015 included approximately \$9.3 billion related to its Healthcare Financial Services U.S. lending business with Capital One, approximately \$7.6 billion related to its Transportation Finance business in the U.S. and Canada with BMO Financial Group, and approximately \$1.8 billion related to its Mubadala joint venture with MidCap Finco. Ltd., which is managed by Apollo Capital Management. Of the signed agreements, approximately \$60 billion have closed, including approximately \$30 billion and \$21 billion related to Real Estate and CLL, respectively. The Real Estate transactions that have closed included the majority of GECC's Real Estate debt and equity portfolio sold to funds managed by The Blackstone Group (which, in turn, sold a portion of this portfolio to Wells Fargo & Company). In connection with The Blackstone Group transactions, GECC provided \$3.2 billion of seller financing to The Blackstone Group, which GECC intends to syndicate by 2016. As of September 30, 2015, GECC has collected or sold approximately \$0.4 billion of this seller financing. The CLL transactions that have closed included its U.S. and European Sponsor Finance businesses and the majority of its Global Fleet services business.

In addition, during October 2015, we signed agreements to sell approximately \$32 billion of ENI, excluding liquidity (as originally reported at December 31, 2014) related to our CLL business. These signed CLL transactions included approximately \$30 billion related to our global Commercial Distribution Finance, North American Vendor Finance and North American Corporate Finance businesses with Wells Fargo & Company and approximately \$2 billion related to our Corporate Aircraft portfolio with Global Jet Capital.

AFTER-TAX CHARGES RELATED TO THE GE CAPITAL EXIT PLAN

In connection with the GE Capital Exit Plan announced on April 10, the Company estimated that it would incur approximately \$23 billion in after-tax charges through 2016, approximately \$6 billion of which are expected to result in future net cash expenditures. These charges relate to: business dispositions, including goodwill allocations (approximately \$13 billion), tax expense related to expected repatriation of foreign earnings and write-off of deferred tax assets (approximately \$7 billion), and restructuring and other charges (approximately \$3 billion).

In the nine months ended September 30, 2015, GE recorded \$21.1 billion of after-tax charges related to the GE Capital Exit Plan, including \$0.4 billion of after-tax charges recorded in the third quarter of 2015, primarily exit-related charges in our CLL business, partially offset by income associated with operations in CLL and Real Estate. A description of after-tax charges for the nine months ended September 30, 2015 is provided below.

\$9.8 billion of net loss primarily related to the planned disposition of the Real Estate business and most of the CLL business, which is recorded in discontinued operations under the caption "Earnings (loss) from discontinued operations, net of taxes" in the Statement of Earnings.

\$6.2 billion of tax expense related to expected repatriation of foreign earnings and write-off of deferred tax assets, of which \$6.1 billion is reported in GECC's Corporate component and \$0.2 billion is reported in our Consumer business all recorded in continuing operations under the caption "Benefit (provision) for income taxes" in the Statement of Earnings.

\$4.7 billion of net asset impairments due to shortened hold periods, of which \$3.2 billion is recorded in continuing operations in our Consumer business primarily under the captions "Provisions for losses on financing receivables" and "Revenues from services" in the Statement of Earnings and \$1.5 billion is recorded in discontinued operations in our CLL business under the caption "Earnings (loss) from discontinued operations, net of taxes" in the Statement of Earnings.

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\$0.4 billion of restructuring and other charges, of which \$0.3 billion is recorded in continuing operations in GECC's Corporate component under the caption "Other costs and expenses" in the Statement of Earnings and \$0.1 billion is recorded in discontinued operations in our CLL business under the caption "Earnings (loss) from discontinued operations, net of taxes" in the Statement of Earnings.

GUARANTEE

As part of the GE Capital Exit Plan, on April 10, 2015, the Company and GECC entered into an amendment to their existing financial support agreement. Under this amendment (the Amendment), the Company has provided a full and unconditional guarantee (the Guarantee) of the payment of principal and interest on all tradable senior and subordinated outstanding long-term debt securities and all commercial paper issued or guaranteed by GECC identified in the Amendment. In the aggregate, the Guarantee applied to approximately \$184 billion of GECC debt as of September 30, 2015. The Guarantee replaced the requirement that the Company make certain income maintenance payments to GECC in certain circumstances. GECC's U.S. public indentures were concurrently amended to provide the full and unconditional guarantee by the Company set forth in the Guarantee.

SYNCHRONY FINANCIAL EXCHANGE OFFER

On October 14, 2015, the Federal Reserve Board approved Synchrony Financial's application to operate as a publicly owned savings and loan holding company following completion of the exchange offer, conditioned on Synchrony Financial complying with certain conditions, including receipt of all required regulatory approvals, and on the commitments made in connection with Synchrony Financial's applications.

On October 19, 2015, GE commenced an offer to exchange GE common stock for common stock of GECC's approximately 84.6% owned subsidiary, Synchrony Financial. This exchange offer is in connection with the previously announced separation of Synchrony Financial and is expected to conclude the week of November 16, 2015. We estimate that the exchange will reduce the outstanding shares of GE common stock by approximately 6-7%. Following the completion of the share exchange, GECC expects the Federal Reserve Board to act in due course on its application to deregister as a savings and loan holding company but cannot predict the timing of the Federal Reserve Board's action. For further information about the Synchrony Financial transaction, see the Form S-4 filed by Synchrony Financial on October 19, 2015.

PRESENTATION

The consolidated financial statements of General Electric Company (the Company) combine the industrial manufacturing and services businesses of General Electric Company (GE) with the financial services businesses of General Electric Capital Corporation (GECC or financial services).

We integrate acquisitions as quickly as possible. Revenues and earnings from the date we complete the acquisition through the end of the following fourth quarter are considered the acquisition effect of such businesses.

Amounts reported in billions in graphs within this Form 10-Q report are computed based on the amounts in millions. As a result, the sum of the components reported in billions may not equal the total amount reported in billions due to rounding. Certain columns and rows within the tables may not add due to the use of rounded numbers. Percentages presented are calculated from the underlying numbers in millions.

Discussions throughout this MD&A are based on continuing operations unless otherwise noted.

REFERENCES

The MD&A should be read in conjunction with the Financial Statements and Notes to the consolidated financial statements.

For additional information related to the GE Capital Exit Plan, GE Capital segment operations and the credit quality of financing receivables, refer to the General Electric Capital Corporation quarterly report on Form 10-Q for the nine months ended September 30, 2015.

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CORPORATE INFORMATION

GE's Investor Relations website at www.ge.com/investor-relations and our corporate blog at www.gereports.com, as well as GE's Facebook page and Twitter accounts, including @GE_Reports, contain a significant amount of information about GE, including financial and other information for investors. GE encourages investors to visit these websites from time to time, as information is updated and new information is posted.

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KEY PERFORMANCE INDICATORS

(Dollars in billions; per-share amounts in dollars)

REVENUES PERFORMANCE	INDUSTRIAL SEGMENT PROFIT	INDUSTRIAL SEGMENT MARGIN
	3Q YTD	
	2015 2015	
Industrial Segment	(1)% (1)%	
Industrial Segment Organic*	4% 4%	
Financial Services	(1)% (9)%	
EARNINGS PER SHARE	INDUSTRIAL ORDERS	INDUSTRIAL BACKLOG
Earnings		
Operating Earnings*		
	Equipment Services	Equipment Services
	(a)	Prior period reflects an update for Oil & Gas services backlog.

IND'L OPERATING +
VERTICALS EPS*

SIGNIFICANT DEVELOPMENTS IN 2015

Verticals include businesses expected to be retained (GECAS, EFS, Healthcare Equipment Finance, Working Capital Solutions, and run-off insurance), including allocated corporate costs.

On October 19, 2015, we launched the Synchrony Financial share exchange, after the Federal Reserve Board approved Synchrony Financial's application to operate as a publicly owned savings and loan holding company.

At September 30, 2015, we had an agreement to sell our consumer finance business in Australia and New Zealand for approximately 6.0 billion Australian dollars and 1.4 billion New Zealand dollars, respectively.

We announced the GE Capital Exit Plan in April 2015 and GECC's Real Estate business and most of the CLL business have been classified as discontinued operations.

We acquired Milestone Aviation Group, a helicopter leasing business, for approximately \$1.8 billion on January 30, 2015.

The effects of the stronger U.S. dollar in the nine months ended September 30, 2015, primarily related to the euro, decreased consolidated revenues by \$3.9 billion.

GE returned \$7.2 billion to shareowners in the nine months ended September 30, 2015 primarily through dividends.

GE CFOA

GECC
Dividend

Industrial
CFOA*

*Non-GAAP Financial Measure

CONSOLIDATED RESULTS

THREE AND NINE MONTHS ENDED SEPTEMBER 30

(Dollars in billions)

REVENUES

INDUSTRIAL
SEGMENT
EQUIPMENT
& SERVICES
REVENUES

Equipment

Services

COMMENTARY: 2015 - 2014

THREE MONTHS ENDED

Consolidated revenues decreased \$0.4 billion, or (1)%.

Industrial segment revenues decreased 1%, reflecting the unfavorable impact of foreign exchange of \$1.2 billion. Industrial segment organic revenues* grew 4%.

Financial Services revenues decreased 1% as a result of higher impairments and the effects of currency exchange, partially offset by higher gains and the effects of acquisitions.

The effects of acquisitions increased consolidated revenues \$0.1 billion and \$0.3 billion in 2015 and 2014, respectively. The effects of dispositions decreased consolidated revenues \$0.1 billion and \$0.6 billion in 2015 and 2014, respectively.

NINE
MONTHS
ENDED

Consolidated revenues decreased \$1.9 billion, or (2)%, primarily due to the impact of foreign exchange of \$3.9 billion.

Industrial segment revenues decreased 1%, reflecting the unfavorable impact of foreign exchange of \$3.5 billion. Industrial segment organic revenues* grew 4%.

Financial Services

revenues decreased 9% primarily due to the effects of the GE Capital Exit Plan.

The effects of acquisitions increased consolidated revenues \$0.5 billion and \$1.5 billion in 2015 and 2014, respectively. Dispositions affected our ongoing results through lower revenues of \$0.4 billion and \$3.0 billion in 2015 and 2014, respectively.

THREE AND NINE MONTHS ENDED SEPTEMBER 30
(Dollars in billions)

EARNINGS (LOSS) INDUSTRIAL SELLING, GENERAL & ADMINISTRATIVE
(SG&A) AS A % OF SALES

Earnings Operating Earnings*

COMMENTARY: 2015 - 2014

THREE MONTHS ENDED

Consolidated earnings increased 1% primarily due to:

Industrial segment profit increased 5% with five of seven segments growing earnings.

Industrial segment margin increased 100 basis points (bps) driven by higher productivity and volume, partially offset by the impact of the stronger U.S. dollar.

Financial Services earnings decreased 13% primarily due to core decreases, including charges associated with the GE Capital Exit Plan and higher impairments, partially offset by higher gains, the effects of dispositions and lower provisions for losses on financing receivables.

The effects of acquisitions on our consolidated net earnings were insignificant amounts for both 2015 and 2014, respectively. The effects of dispositions on net earnings and settlements were an insignificant amount in 2015 and a decrease of \$0.1 billion in 2014.

Industrial SG&A as a percentage of total sales decreased to 13.9% primarily as a result of favorable impacts of global cost reduction initiatives and lower restructuring costs, partially offset by higher non-operating pension costs.

NINE MONTHS ENDED

Consolidated earnings decreased \$10.1 billion primarily due to lower financial services income resulting from charges associated with the GE Capital Exit Plan of \$9.7 billion, which consisted primarily of tax expense related to expected repatriation of foreign earnings and write-off of deferred tax assets and asset impairments due to shortened hold periods.

Industrial segment profit increased 6% with five of seven segments growing earnings.

Industrial segment margin increased 100 bps driven by higher productivity, volume and pricing, partially offset by the impact of the stronger U.S. dollar, the effects of inflation and negative business mix.

Financial Services earnings decreased significantly primarily due to charges associated with the GE Capital Exit Plan.

The effects of acquisitions on our consolidated net earnings were increases of \$0.1 billion in 2015 and \$0.2 billion in 2014. The effects of dispositions and settlements on net earnings were an increase of \$0.3 billion in 2015 and a decrease of \$1.5 billion in 2014.

Industrial SG&A as a percentage of total sales decreased to 14.6% primarily as a result of favorable impacts of global cost reduction initiatives, partially offset by higher non-operating pension costs and restructuring costs.

See the "Other Consolidated Information" section within the MD&A of this Form 10-Q for a discussion of income taxes.

*Non-GAAP Financial Measure
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SEGMENT OPERATIONS

SEGMENT REVENUES AND PROFIT

Segment revenues include revenues and other income related to the segment.

Segment profit is determined based on internal performance measures used by the Chief Executive Officer (CEO) to assess the performance of each business in a given period. In connection with that assessment, the CEO may exclude matters such as charges for restructuring; rationalization and other similar expenses; acquisition costs and other related charges; technology and product development costs; certain gains and losses from acquisitions or dispositions; and litigation settlements or other charges, for which responsibility preceded the current management team.

Segment profit excludes results reported as discontinued operations and accounting changes. Segment profit also excludes the portion of earnings or loss attributable to noncontrolling interests of consolidated subsidiaries, and as such only includes the portion of earnings or loss attributable to our share of the consolidated earnings or loss of consolidated subsidiaries.

Segment profit excludes or includes interest and other financial charges and income taxes according to how a particular segment's management is measured:

Interest and other financial charges and income taxes are excluded in determining segment profit (which we sometimes refer to as "operating profit") for the industrial segments.

Interest and other financial charges and income taxes are included in determining segment profit (which we sometimes refer to as "net earnings") for the GE Capital segment.

Certain corporate costs, such as shared services, employee benefits and information technology are allocated to our segments based on usage. A portion of the remaining corporate costs is allocated based on each segment's relative net cost of operations.

PLANNED ACQUISITION OF ALSTOM IMPACTS MULTIPLE SEGMENTS

During the second quarter of 2014, GE's offer to acquire the Thermal, Renewables and Grid businesses of Alstom for approximately €12,350 million (to be adjusted for the assumed net cash or liability at closing) was positively recommended by Alstom's board of directors. As part of the transaction, Alstom and the French Government signed a memorandum of understanding for the formation of three joint ventures in grid technology, renewable energy, and global nuclear and French steam power. Alstom will invest approximately €2,400 million in these joint ventures at the closing of the proposed transaction.

In the fourth quarter of 2014, Alstom completed its review of the proposed transaction with the works council and obtained approval from its shareholders. Also in the fourth quarter of 2014, GE and Alstom entered into an amendment to the original agreement where GE has agreed to pay Alstom a net amount of approximately €260 million of additional consideration at closing. In exchange for this funding, Alstom has agreed to extend the trademark licensing of the Alstom name from 5 years to 25 years as well as other contractual amendments.

In the second quarter of 2015, the European Commission indicated that it had competition concerns with the proposed transaction. In response, GE proposed remedies to address the concerns of the Commission and the U.S. Department of Justice while preserving the strategic and economic rationale of the proposed transaction. On September 8, 2015, the European Commission and the Department of Justice accepted GE's proposal and approved the transaction. In order to obtain approval, GE has pledged to sell certain of Alstom's gas-turbine assets and its Power Systems Mfg. subsidiary to Ansaldo Energia SpA after the close of the transaction for approximately €120 million. As a result of final negotiations, Alstom has agreed to contribute financially to the remedies through a €300 million reduction in the

purchase price of the transaction. Further, GE and Alstom agreed to other purchase price amendments that resulted in a net increase of consideration of approximately €45 million and a reduction in the trademark licensing period of the Alstom name to five years. The transaction is targeted to close in November 2015.

The acquisition and alliances with Alstom will impact our Power & Water and Energy Management segments. The impact of acquired businesses on individual segments will be affected by a number of variables, including operating performance, purchase accounting impacts and expected synergies. In addition, due to the amount of time between signing and closing, the operations of the businesses may fluctuate and impact the overall valuation of the acquired businesses at the time of close and, accordingly, may affect the amounts assigned to the assets and liabilities recorded in accordance with purchase accounting.

PLANNED SALE OF APPLIANCES

In the third quarter of 2014, we signed an agreement to sell our Appliances business to Electrolux for approximately \$3.3 billion. On July 1, 2015, we were notified that the Department of Justice had initiated court proceedings seeking to enjoin the sale of Appliances to Electrolux. Electrolux and GE intend to defend the proposed transaction and a trial date has been set for November 9, 2015.

SEGMENT RESULTS

SUMMARY OF OPERATING SEGMENTS

(In millions)	Three months ended			Nine months ended		
	September 30 2015	2014	V%	September 30 2015	2014	V%
Revenues						
Power & Water	\$6,461	\$6,375	1 %	\$18,978	\$18,176	4 %
Oil & Gas	3,868	4,597	(16)%	11,891	13,666	(13)%
Energy Management	1,773	1,813	(2)%	5,226	5,341	(2)%
Aviation	6,001	5,698	5 %	17,927	17,566	2 %
Healthcare	4,255	4,485	(5)%	12,666	13,166	(4)%
Transportation	1,593	1,540	3 %	4,322	4,073	6 %
Appliances & Lighting	2,293	2,117	8 %	6,469	6,094	6 %
Total industrial segment revenues	26,243	26,625	(1)%	77,479	78,082	(1)%
GE Capital	6,312	6,384	(1)%	17,452	19,223	(9)%
Total segment revenues	32,555	33,009	(1)%	94,931	97,305	(2)%
Corporate items and eliminations	(875)	(902)	(3)%	(2,201)	(2,710)	(19)%
Consolidated revenues	\$31,680	\$32,107	(1)%	\$92,731	\$94,595	(2)%
Segment profit (loss)						
Power & Water	\$1,270	\$1,191	7 %	\$3,362	\$3,212	5 %
Oil & Gas	584	660	(12)%	1,599	1,771	(10)%
Energy Management	127	59	F	237	133	78 %
Aviation	1,353	1,264	7 %	3,936	3,576	10 %
Healthcare	652	727	(10)%	1,944	2,027	(4)%
Transportation	379	342	11 %	934	814	15 %
Appliances & Lighting	165	88	88 %	432	243	78 %
Total industrial segment profit	4,530	4,331	5 %	12,445	11,776	6 %
GE Capital	734	843	(13)%	(7,555)	3,091	U
Total segment profit (loss)	5,264	5,174	2 %	4,890	14,867	(67)%
Corporate items and eliminations	(1,559)	(1,550)	1 %	(4,436)	(4,566)	(3)%
GE interest and other financial charges	(440)	(377)	17 %	(1,243)	(1,142)	9 %
GE provision for income taxes	(413)	(416)	(1)%	(1,302)	(1,143)	14 %

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Earnings (loss) from continuing operations attributable to the Company	2,853	2,831	1 %	(2,091)	8,016	U
Earnings (loss) from discontinued operations, net of taxes	(347)	706	U	(10,336)	2,065	U
Consolidated net earnings (loss) attributable to the Company	\$2,506	\$3,537	(29)%	\$(12,427)	\$10,081	U
	\			\		

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POWER & WATER

OPERATIONAL OVERVIEW - THREE AND NINE MONTHS ENDED SEPTEMBER 30
(Dollars in billions)

2015 YTD
SUB-SEGMENT REVENUES
EQUIPMENT/SERVICES REVENUES

(a) Includes

Water
Process
Technologies
and
Nuclear
Equipment
Services

ORDERS BACKLOG

Equipment
Equipment
Services

Services

UNIT
SALES

FINANCIAL OVERVIEW - THREE AND NINE MONTHS ENDED SEPTEMBER 30
(Dollars in billions)

SEGMENT REVENUES & PROFIT SEGMENT PROFIT MARGIN

Revenue Profit

SEGMENT REVENUES & PROFIT
WALK:

COMMENTARY: 2015 - 2014

THREE MONTHS ENDED

	Revenues	Profit	
September 30, 2014	\$ 6.4	\$ 1.2	Segment revenues up \$0.1 billion or 1%;
Volume	0.4	0.1	Segment profit up \$0.1 billion or 7% as a result of:
Price	-	-	
Foreign Exchange	(0.4)	-	The increase in revenues was primarily due to higher volume, mainly driven by
(Inflation)/Deflation	N/A	-	higher equipment sales at Renewable Energy and PGS upgrades, partially offset
Mix	N/A	(0.1)	by the impact of the stronger U.S. dollar.
Productivity	N/A	0.1	The increase in profit was mainly due to services growth and cost productivity.
Other	-	-	These increases were partially offset by an unfavorable business mix.
September 30, 2015	\$ 6.5	\$ 1.3	

NINE MONTHS ENDED

	Revenues	Profit	
September 30, 2014	\$ 18.2	\$ 3.2	Segment revenues up \$0.8 billion or 4%;
Volume	1.6	0.3	Segment profit up \$0.2 billion or 5% as a result of:
Price	0.1	0.1	
Foreign Exchange	(1.0)	(0.1)	The increase in revenues was primarily due to higher volume, mainly driven by
(Inflation)/Deflation	N/A	-	higher equipment sales at PGP and Renewable Energy and service sales at PGS,
Mix	N/A	(0.2)	higher price and other income, partially offset by the impact of the stronger
Productivity	N/A	-	U.S. dollar.
Other	0.1	0.1	The increase in profit was mainly due to higher volume, price and other income,
September 30, 2015	\$ 19.0	\$3.4	partially offset by unfavorable business mix and the impact of the stronger U.S.
			dollar.

OIL & GAS

OPERATIONAL OVERVIEW - THREE AND NINE MONTHS ENDED SEPTEMBER 30

(Dollars in billions)

2015 YTD

SUB-SEGMENT EQUIPMENT/SERVICES REVENUES
REVENUES

(a)Our drilling product line, previously part of Drilling & Surface (D&S), was realigned as part of Subsea Systems effective January 1, 2015. Accordingly, D&S is now Surface and Subsea Systems is now Subsea Systems & Drilling.

Services Equipment

ORDERS BACKLOG

Equipment

(a)Prior period reflects an update for Oil & Gas services backlog.

Equipment

Services

Services

FINANCIAL OVERVIEW - THREE AND NINE MONTHS ENDED SEPTEMBER 30
(Dollars in billions)

SEGMENT REVENUES & PROFIT SEGMENT PROFIT MARGIN

Revenues Profit

SEGMENT REVENUES & PROFIT
WALK:

COMMENTARY: 2015 - 2014

THREE MONTHS ENDED

	Revenues	Profit
September 30, 2014	\$ 4.6	\$ 0.7
Volume	(0.4)	(0.1)
Price	-	-
Foreign Exchange	(0.4)	(0.1)
(Inflation)/Deflation	N/A	-
Mix	N/A	-
Productivity	N/A	(0.1)
Other	0.1	0.1
September 30, 2015	\$ 3.9	\$ 0.6

Segment revenues down \$0.7 billion or 16%;
Segment profit down \$0.1 billion or 12% as a result of:

The decrease in revenues was primarily due to the impact of the stronger U.S. dollar and lower volume, partially offset by other income. Organic revenues* for the third quarter of 2015 were down 7% compared with the third quarter of 2014.

The decrease in profit was due to lower volume, the impact of the stronger U.S. dollar and lower productivity, partially offset by other income. Organic operating profit* was flat in the third quarter of 2015.

NINE MONTHS ENDED

	Revenues	Profit
September 30, 2014	\$ 13.7	\$ 1.8
Volume	(0.5)	(0.1)
Price	-	-
Foreign Exchange	(1.2)	(0.3)
(Inflation)/Deflation	N/A	0.1
Mix	N/A	-
Productivity	N/A	0.1
Other	(0.1)	-
September 30, 2015	\$ 11.9	\$ 1.6

Segment revenues down \$1.8 billion or 13%;
Segment profit down \$0.2 billion or 10% as a result of:

The decrease in revenues was primarily due to the impact of the stronger U.S. dollar and lower volume. Organic revenues* for the nine months ended September 30, 2015 were down 4% compared with the same period of 2014.

The decrease in profit is primarily due to the impact of the stronger U.S. dollar and lower volume, partially offset by cost deflation and higher productivity. Organic operating profit* grew 5% in the nine months ended September 30, 2015.

*Non-GAAP Financial Measure

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ENERGY MANAGEMENT

OPERATIONAL OVERVIEW - THREE AND NINE MONTHS ENDED SEPTEMBER 30
(Dollars in billions)

2015 YTD	EQUIPMENT/SERVICES
SUB-SEGMENT	REVENUES
REVENUES	
	Services
	Equipment

ORDERS	BACKLOG
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Equipment	Equipment
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Services	Services
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FINANCIAL OVERVIEW - THREE AND NINE MONTHS ENDED SEPTEMBER 30
(Dollars in billions)

SEGMENT
REVENUES SEGMENT PROFIT MARGIN
& PROFIT

Revenue
Profit

COMMENTARY:

2015

-

2014

THREE
MONTHS
ENDED
Segment

revenues
NINE MONTHS ENDED

down
Segment revenues down \$0.1 billion or 2% as a result of:

2%
as

a

result
of:

The
impact
of
the
stronger
U.S.
dollar
(\$0.1

billion) impact of the stronger U.S. dollar (\$0.4 billion), partially offset by higher volume (\$0.3 billion).

partially
offset
by
higher
sales
volume
(\$0.1
billion).

Segment profit up \$0.1 billion or 78% as a result of:

Segment
profit
up
\$0.1
billion
as
a
result
of:

Improved
productivity productivity (\$0.2 billion), partially offset by the impact of the stronger U.S. dollar (\$0.1
billion).
billion).

AVIATION

OPERATIONAL OVERVIEW - THREE AND NINE MONTHS ENDED SEPTEMBER 30
(Dollars in billions)

2015 YTD
SUB-SEGMENT REVENUES
EQUIPMENT/SERVICES REVENUES
Services Equipment

ORDERS BACKLOG

Equipment Equipment

Services Services

UNIT
SALES

(a)GE_n engines are a subset of commercial engines
(b)Commercial spares shipment rate in millions of dollars per day

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FINANCIAL OVERVIEW - THREE AND NINE MONTHS ENDED SEPTEMBER 30
(Dollars in billions)

SEGMENT REVENUES & PROFIT SEGMENT PROFIT MARGIN

Revenues Profit

SEGMENT REVENUES & PROFIT COMMENTARY: 2015 - 2014
WALK:

THREE MONTHS ENDED

	Revenues	Profit	
September 30, 2014	\$ 5.7	\$ 1.3	Segment revenues up \$0.3 billion or 5%;
Volume	0.2	-	Segment profit up \$0.1 billion or 7% as a result of:
Price	0.1	0.1	
Foreign Exchange	-	-	The increase in revenues was primarily due to higher services volume and
(Inflation)/Deflation	N/A	-	higher prices.
Mix	N/A	0.1	The increase in profit was mainly due to higher price as well as a favorable
Productivity	N/A	(0.1)	business mix, partially offset lower productivity.
Other	-	-	
September 30, 2015	\$ 6.0	\$ 1.4	

NINE MONTHS ENDED

	Revenues	Profit	
September 30, 2014	\$ 17.6	\$ 3.6	Segment revenues up \$0.4 billion or 2%;
Volume	(0.1)	-	Segment profit up \$0.4 billion or 10% as a result of:
Price	0.5	0.5	
Foreign Exchange	-	-	The increase in revenues was primarily due to higher prices, partially offset by
(Inflation)/Deflation	N/A	(0.2)	lower volume.
Mix	N/A	0.1	The increase in profit was mainly due to higher price as well as a favorable
Productivity	N/A	-	business mix. These increases were partially offset by the effects of inflation.
Other	-	-	
September 30, 2015	\$ 17.9	\$ 3.9	

HEALTHCARE

OPERATIONAL OVERVIEW - THREE AND NINE MONTHS ENDED SEPTEMBER 30

(Dollars in billions)

2015 YTD SUB-SEGMENT REVENUES	EQUIPMENT/SERVICES REVENUES	
	Services	Equipment

ORDERS	BACKLOG
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Equipment	Equipment
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Services	Services
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2015 3Q FORM 10-Q PAGE 24

FINANCIAL OVERVIEW - THREE AND NINE MONTHS ENDED SEPTEMBER 30
(Dollars in billions)

SEGMENT REVENUES & PROFIT SEGMENT PROFIT MARGIN

Revenue Profit

SEGMENT REVENUES & PROFIT COMMENTARY: 2015 - 2014
WALK:
THREE MONTHS ENDED

	Revenues	Profit	
September 30, 2014	\$ 4.5	\$ 0.7	Segment revenues down \$0.2 billion or 5%; Segment profit down \$0.1 billion or 10% as a result of:
Volume	0.2	-	
Price	(0.1)	(0.1)	The decrease in revenues was due to the impact of the stronger U.S. dollar and
Foreign Exchange	(0.3)	-	lower prices, mainly in Healthcare Systems. These decreases were partially
(Inflation)/Deflation	NA	-	offset by higher volume, mainly driven by Life Sciences.
Mix	N/A	-	The decrease in profit was due to lower prices, mainly in Healthcare Systems,
Productivity	N/A	0.1	partially offset by higher productivity as increased R&D and related costs were
Other	-	-	more than offset by higher cost productivity.
September 30, 2015	\$ 4.3	\$ 0.7	

	Revenues	Profit	
September 30, 2014	\$ 13.2	\$ 2.0	Segment revenues down \$0.5 billion or 4%; Segment profit down \$0.1 billion or 4% as a result of:
Volume	0.6	0.1	The decrease in revenues was due to the impact of the stronger U.S. dollar and
Price	(0.2)	(0.2)	lower prices, mainly in Healthcare Systems. These decreases were partially
Foreign Exchange	(0.8)	(0.1)	offset by higher volume, mainly driven by Life Sciences.
(Inflation)/Deflation	N/A	(0.1)	The decrease in profit was due to lower prices, mainly in Healthcare Systems,
Mix	N/A	-	the impact of the stronger U.S. dollar and the effects of inflation. These
Productivity	N/A	0.3	decreases were partially offset by higher volume and higher productivity as
Other	-	-	increased R&D and related costs were more than offset by higher cost
September 30, 2015	\$ 12.7	\$ 1.9	productivity.

TRANSPORTATION

OPERATIONAL OVERVIEW - THREE AND NINE MONTHS ENDED SEPTEMBER 30

(Dollars in billions)

2015 YTD
SUB-SEGMENT REVENUES
EQUIPMENT/SERVICES REVENUES

(a) Includes

Marine, Stationary & Drilling	Services	Equipment
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ORDERS BACKLOG

Equipment	Equipment
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Services	Services
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UNIT
SALES

2015 3Q FORM 10-Q PAGE 26

FINANCIAL OVERVIEW - THREE AND NINE MONTHS ENDED SEPTEMBER 30
(Dollars in billions)

SEGMENT REVENUES & PROFIT SEGMENT PROFIT MARGIN

Revenue Profit

COMMENTARY: 2015 - 2014

THREE MONTHS ENDED

Segment revenues up \$0.1 billion or 3% as a result of:

Higher volume, primarily due to higher locomotive and services sales.

Segment profit up 11% as a result of:

Cost productivity and deflation, partially offset by an unfavorable business mix.

NINE MONTHS ENDED

Segment revenues up \$0.2 billion or 6% as a result of:

Higher volume (\$0.2 billion), due to higher locomotive and services sales.

Segment profit up \$0.1 billion or 15% as a result of:

Higher cost productivity (\$0.1 billion), higher volume driven by locomotive and services sales and continued deflation, partially offset by an unfavorable business mix (\$0.1 billion).

APPLIANCES & LIGHTING

OPERATIONAL OVERVIEW - THREE AND NINE MONTHS ENDED SEPTEMBER 30

(Dollar in billions)

2015 YTD SUB-SEGMENT REVENUES

FINANCIAL OVERVIEW - THREE AND NINE MONTHS ENDED SEPTEMBER 30

(Dollar in billions)

SEGMENT REVENUES & PROFIT

Revenue Profit

SEGMENT PROFIT MARGIN

COMMENTARY: 2015 - 2014

THREE MONTHS ENDED

Segment revenues up \$0.2 billion or 8% as a result of:

Higher volume (\$0.2 billion) driven by higher sales at Appliances.

Segment profit up \$0.1 billion or 88% as a result of:

Improved productivity (\$0.1 billion), including the effects of classifying Appliances as a business held for sale in the third quarter of 2014.

NINE MONTHS ENDED

Segment revenues up \$0.4 billion or 6% as a result of:

Higher volume (\$0.5 billion) driven by higher sales at Appliances, partially offset by lower prices (\$0.1 billion) and the impact of the stronger U.S. dollar (\$0.1 billion).

Segment profit up \$0.2 billion or 78% as a result of:

Improved productivity (\$0.2 billion), including the effects of classifying Appliances as a business held for sale and the effects of inflation (\$0.1 billion), partially offset by lower prices (\$0.1 billion).

GE CAPITAL

OPERATIONAL OVERVIEW - THREE AND NINE MONTHS ENDED SEPTEMBER 30

(Dollars in billions)

2015 YTD SUB-SEGMENT REVENUES

ENDING NET INVESTMENT, EXCLUDING LIQUIDITY* TIER 1 COMMON RATIO ESTIMATE*

SIGNIFICANT TRENDS & DEVELOPMENTS

The GE Capital Exit Plan - As previously discussed, on April 10, 2015, the Company announced its plan to reduce the size of the financial services businesses through the sale of most of the assets of GECC over the following 24 months. It is expected that as a result of the GE Capital Exit Plan, the GE Capital businesses that will remain with GE will account for about \$90 billion in ending net investment (ENI), excluding liquidity, including about \$40 billion in the U.S. ENI is a metric used to measure the total capital invested in the financial services businesses. GE Capital's ENI, excluding liquidity* was \$176 billion at September 30, 2015.

During the first nine months of 2015, GE signed agreements to sell approximately \$94 billion of ENI, excluding liquidity (as originally reported at December 31, 2014), of which \$45 billion and \$33 billion related to the CLL and Real Estate businesses, respectively. CLL transactions signed in the third quarter 2015 included approximately \$9.3 billion related to its Healthcare Financial Services U.S. lending business with Capital One, approximately \$7.6 billion related to its Transportation Finance business in the U.S. and Canada with BMO Financial Group, and approximately \$1.8 billion related to its Mubadala joint venture, with MidCap Finco Ltd., which is managed by Apollo Capital Management.

Of the signed agreements, approximately \$60 billion have closed, including approximately \$30 billion and \$21 billion related to Real Estate and CLL, respectively. The Real Estate transactions that have closed included the majority of GECC's Real Estate debt and equity portfolio sold to funds managed by The Blackstone Group (which, in turn, sold a portion of this portfolio to Wells Fargo & Company). In connection with The Blackstone Group transactions, GECC provided \$3.2 billion of seller financing to The Blackstone Group, which GECC intends to syndicate by 2016. As of September 30, 2015, GECC has collected or sold approximately \$0.4 billion of this seller financing. The CLL transactions that have closed included its U.S. and European Sponsor Finance businesses and the majority of its Global Fleet services business.

* Non-GAAP Financial Measure

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In addition, during October 2015, we signed agreements to sell approximately \$32 billion of ENI, excluding liquidity (as originally reported at December 31, 2014) related to our CLL business. These signed CLL transactions included approximately \$30 billion related to our global Commercial Distribution Finance, North American Vendor Finance and North American Corporate Finance businesses with Wells Fargo & Company and approximately \$2 billion related to our Corporate Aircraft portfolio with Global Jet Capital.

In the nine months ended September 30, 2015, GE recorded \$21.1 billion of after-tax charges related to the GE Capital Exit Plan, including \$0.4 billion of after-tax charges recorded in the third quarter of 2015, primarily exit-related charges in our CLL business, partially offset by income associated with operations in CLL and Real Estate. A description of after-tax charges for the nine months ended September 30, 2015 is provided below.

\$9.8 billion of net loss primarily related to the planned disposition of the Real Estate business and most of the CLL business, which is recorded in discontinued operations under the caption "Earnings (loss) from discontinued operations, net of taxes" in the Statement of Earnings.

\$6.2 billion of tax expense related to expected repatriation of foreign earnings and write-off of deferred tax assets, of which \$6.1 billion is reported in GECC's Corporate component and \$0.2 billion reported in our Consumer business all recorded in continuing operations under the caption "Benefit (provision) for income taxes" in the Statement of Earnings.

\$4.7 billion of net asset impairments due to shortened hold periods, of which \$3.2 billion is recorded in continuing operations in our Consumer business primarily under the captions "Provisions for losses on financing receivables" and "Revenues from services" in the Statement of Earnings and \$1.5 billion is recorded in discontinued operations in our CLL business under the caption "Earnings (loss) from discontinued operations, net of taxes" in the Statement of Earnings.

\$0.4 billion of restructuring and other charges, of which \$0.3 billion is recorded in continuing operations in GECC's Corporate component under the caption "Other costs and expenses" in the Statement of Earnings and \$0.1 billion is recorded in discontinued operations in our CLL business under the caption "Earnings (loss) from discontinued operations, net of taxes" in the Statement of Earnings.

Budapest Bank – On June 29, 2015 we closed the sale of Budapest Bank to Hungary's government.

Australia and New Zealand (ANZ) Consumer Lending – At September 30, 2015, we had an agreement to sell our consumer finance business in Australia and New Zealand to a consortium including KKR, Varde Partners and Deutsche Bank for approximately 6.0 billion Australian dollars and 1.4 billion New Zealand dollars, respectively.

Milestone Aviation Group – On January 30, 2015, GECAS acquired Milestone Aviation Group, a helicopter leasing business, for approximately \$1.8 billion.

Synchrony Financial – On October 19, 2015, GE commenced an offer to exchange GE common stock for common stock of GECC's approximately 84.6% owned subsidiary, Synchrony Financial. This exchange offer is in connection with the previously announced separation of Synchrony Financial and is expected to conclude the week of November 16, 2015. We estimate that the exchange will reduce the outstanding shares of GE common stock by approximately 6-7%. Following the completion of the share exchange, GECC expects the Federal Reserve Board to act in due course on its application to deregister as a savings and loan holding company but cannot predict the timing of the Federal Reserve Board's action. For further information about the Synchrony Financial transaction, see the Form S-4 filed by Synchrony Financial on October 19, 2015.

Dividends - GECC paid no dividends and \$0.5 billion of dividends to GE in the three and nine months ended September 30, 2015, respectively.

FINANCIAL OVERVIEW - THREE AND NINE MONTHS ENDED SEPTEMBER 30

(Dollars in billions)

SEGMENT REVENUES &
PROFIT (LOSS)^(a)

Revenue Profit (Loss)

^(a) Interest and other financial charges and income taxes are included in determining segment profit (loss) for the GE Capital segment.

COMMENTARY: 2015 - 2014

Segment revenues decreased 1% in the three months ended September 30, 2015 as a result of higher impairments and the effects of currency exchange, partially offset by higher gains and the effects of acquisitions. Net earnings decreased 13% in the three months ended September 30, 2015 primarily due to core decreases, including charges associated with the GE Capital Exit Plan and higher impairments, partially offset by higher gains, the effects of dispositions and lower provisions for losses on financing receivables.

Segment revenues decreased 9% and net earnings decreased significantly in the nine months ended September 30, 2015, primarily due to the effects of the GE Capital Exit Plan.

COMMERCIAL LENDING AND LEASING

During the second quarter of 2015, the majority of CLL's business met held for sale criteria and was classified as discontinued operations. See Note 2 for additional information. The discussion below relates solely to the portion of CLL's business classified as continuing operations, which include Healthcare Equipment Finance and Working Capital Solutions.

CLL 2015 revenues increased 14% and net earnings increased 23% in the three months ended September 30, 2015. Revenues increased primarily as a result of organic revenue growth. Net earnings increased reflecting core increases.

CLL 2015 revenues increased 6% and net earnings increased 13% in the nine months ended September 30, 2015. Revenues increased primarily as a result of organic revenue growth, partially offset by the effects of currency exchange. Net earnings increased reflecting core increases.

CONSUMER

Consumer 2015 revenues increased 1% and net earnings increased 28% in the three months ended September 30, 2015. Revenues increased reflecting higher gains (\$0.2 billion), organic revenue growth (\$0.1 billion) and the effects of acquisitions, partially offset by the effects of dispositions (\$0.2 billion) and the effects of currency exchange (\$0.1 billion). Net earnings increased as a result of higher gains (\$0.1 billion) and lower provisions for financing receivables (\$0.1 billion), partially offset by core decreases.

Consumer 2015 revenues decreased 15% and net earnings decreased unfavorably in the nine months ended September 30, 2015. Revenues decreased as a result of higher impairments (\$1.4 billion), the effects of dispositions (\$0.5 billion) and the effects of currency exchange (\$0.4 billion), partially offset by higher gains (\$0.4 billion), organic revenue growth (\$0.3 billion) and the effects of acquisitions. Net earnings decreased as a result of higher provisions for losses on financing receivables (\$2.0 billion), higher impairments (\$1.2 billion) and core decreases (\$0.4 billion), partially offset by higher gains (\$0.2 billion). These decreases are primarily related to the reclassification of assets within Consumer to financing receivables held-for-sale recorded at the lower of cost or fair value, less cost to sell (\$2.2 billion), and asset impairments related to equity method investments in connection with the GE Capital Exit Plan (\$1.2 billion).

ENERGY FINANCIAL SERVICES

Energy Financial Services 2015 revenues decreased 35% and net earnings decreased unfavorably in the three months ended September 30, 2015. Revenues decreased as a result of higher impairments (\$0.2 billion), lower gains (\$0.1 billion) and organic revenue declines, partially offset by the effects of dispositions (\$0.2 billion). Net earnings decreased as a result of higher impairments (\$0.1 billion) and lower gains, partially offset by the effects of dispositions (\$0.1 billion).

Energy Financial Services 2015 revenues decreased 19% and net earnings decreased 63% in the nine months ended September 30, 2015. Revenues decreased as a result of organic revenue declines (\$0.3 billion), higher impairments (\$0.1 billion) and lower gains (\$0.1 billion), partially offset by the effects of dispositions (\$0.2 billion). Net earnings decreased as a result of core decreases (\$0.2 billion), higher impairments (\$0.1 billion) and lower gains, partially offset by the effects of dispositions (\$0.1 billion).

GECAS

GECAS 2015 revenues increased 4% and net earnings increased favorably in the three months ended September 30, 2015. Revenues increased as a result of the effects of acquisitions (\$0.1 billion), partially offset by organic revenue declines (\$0.1 billion). Net earnings increased as a result of lower impairments (\$0.1 billion), the effects of acquisitions and core increases.

GECAS 2015 revenues decreased slightly and net earnings increased 18% in the nine months ended September 30, 2015. Revenues decreased as a result of organic revenue declines (\$0.4 billion), partially offset by the effects of acquisitions (\$0.2 billion) and lower impairments (\$0.1 billion). Net earnings increased as a result of lower impairments (\$0.2 billion) and the effects of acquisitions (\$0.1 billion), partially offset by core decreases (\$0.1 billion).

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CORPORATE ITEMS AND ELIMINATIONS

REVENUES AND OPERATING PROFIT
(COST)

(In millions)	Three months ended September 30		Nine months ended September 30	
	2015	2014	2015	2014
Revenues				
Gains on disposed or held for sale businesses	\$-	\$-	\$49	\$91
NBCU settlement	-	-	450	-
Eliminations and other	(875)	(902)	(2,700)	(2,801)
Total Corporate Items and Eliminations	\$(875)	\$(902)	\$(2,201)	\$(2,710)
Operating profit (cost)				
Gains on disposed or held for sale businesses	\$-	\$-	\$49	\$91
NBCU settlement	-	-	450	-
Principal retirement plans(a)	(659)	(582)	(2,121)	\$(1,745)
Restructuring and other charges	(346)	(435)	(1,167)	(1,218)
Eliminations and other	(554)	(533)	(1,647)	(1,694)
Total Corporate Items and Eliminations	\$(1,559)	\$(1,550)	\$(4,436)	\$(4,566)

CORPORATE COSTS

(In millions)	Three months ended September 30		Nine months ended September 30	
	2015	2014	2015	2014
Total Corporate Items and Eliminations	\$(1,559)	\$(1,550)	\$(4,436)	\$(4,566)
Less non-operating pension cost	(693)	(537)	(2,077)	(1,592)
Total Corporate costs (operating)*	\$(866)	\$(1,013)	\$(2,359)	\$(2,974)
Less restructuring and other charges, gains and settlement	(346)	(435)	(668)	(1,127)
Adjusted total corporate costs (operating)*	\$(520)	\$(578)	\$(1,691)	\$(1,847)

Included non-operating pension cost* of \$(0.7) billion and \$(0.5) billion in the three months ended September 30, 2015 and 2014, respectively, and \$(2.1) billion and \$(1.6) billion in the nine months ended September 30, 2015 and 2014, respectively, which includes expected return on plan assets, interest costs and non-cash amortization of actuarial gains and losses.

2015 – 2014 COMMENTARY: THREE MONTHS ENDED SEPTEMBER 30

Revenues and other income were flat.

Operating costs were flat, primarily as a result of:

\$0.1 billion lower restructuring and other charges offset by \$0.1 billion higher costs associated with our principal retirement plans, including the effects of lower discount rates and updated mortality assumptions, and

Lower headquarter functional costs offset by higher investment in Information Technology (IT) growth initiatives.

2015 – 2014 COMMENTARY: NINE MONTHS ENDED SEPTEMBER 30

Revenues and other income increased \$0.5 billion, primarily a result of:
\$0.5 billion higher other income from a settlement related to the NBCU transaction.

Operating costs decreased \$0.1 billion, primarily as a result of:
\$0.5 billion higher income from the NBCU transaction,
\$0.1 billion of lower restructuring and other charges, and
Lower headquarter functional costs offset by higher investment in IT growth initiatives.

These decreases to operating costs were partially offset by \$0.4 billion higher costs associated with our principal retirement plans including the effects of lower discount rates and updated mortality assumptions.

*Non-GAAP Financial Measure
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COSTS NOT INCLUDED IN SEGMENT RESULTS

Certain amounts are not included in industrial operating segment results because they are excluded from measurement of their operating performance for internal and external purposes. These amounts are included in GE Corporate Items & Eliminations and may include matters such as charges for restructuring; rationalization and other similar expenses; acquisition costs and related charges; technology and product development cost; certain gains and losses from acquisitions or dispositions; and litigation settlements or other charges, for which responsibility preceded the current management team. The amount of costs and gains not included in segment results follows.

COSTS

(In billions)	Three months ended		Nine months ended	
	September 30		September 30	
	2015	2014	2015	2014
Power & Water	\$0.1	\$0.1	\$0.2	\$0.3
Oil & Gas	0.2	0.1	0.5	0.2
Energy Management	-	0.1	0.1	0.2
Aviation	-	0.1	-	0.2
Healthcare	-	0.1	0.1	0.4
Transportation	-	-	-	-
Appliances & Lighting	-	-	-	0.1
Total	\$0.3	\$0.5	\$1.1	\$1.4

For the nine months ended September 30, 2014, a gain of \$0.1 billion related to a fuel dispenser business disposition was excluded from Oil & Gas results.

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DISCONTINUED OPERATIONS

Discontinued operations primarily included most of our CLL business, our Real Estate business and our U.S. mortgage business (WMC). All of these operations were previously reported in the GE Capital segment.

Results of operations, financial position and cash flows for these businesses are separately reported as discontinued operations for all periods presented.

FINANCIAL INFORMATION FOR DISCONTINUED OPERATIONS

	Three months ended September 30		Nine months ended September 30	
	2015	2014	2015	2014
(In millions)				
Earnings (loss) from discontinued operations, net of taxes	\$(347)	\$706	\$(10,336)	\$2,065

2015 – 2014 COMMENTARY: THREE MONTHS ENDED SEPTEMBER 30

The third quarter 2015 loss from discontinued operations, net of taxes, primarily reflected the following: \$0.5 billion after-tax loss at our CLL business (including \$1.2 billion after-tax impairment charges on planned disposals).

Third quarter 2015 losses were partially offset by \$0.1 billion after-tax earnings at our Real Estate business, including a \$0.2 billion after-tax gain on transactions closed in the quarter.

The third quarter 2014 earnings from discontinued operations, net of taxes, primarily reflected the following: \$0.5 billion of after-tax earnings from operations at our CLL business, and \$0.2 billion of after-tax earnings from operations at our Real Estate business.

2015 – 2014 COMMENTARY: NINE MONTHS ENDED SEPTEMBER 30

The 2015 loss from discontinued operations, net of taxes, primarily reflected the following: \$8.2 billion after-tax loss at our CLL business (including a \$8.4 billion after-tax loss on planned disposals), and \$2.2 billion after-tax loss at our Real Estate business primarily loss on planned disposals.

The 2014 earnings from discontinued operations, net of taxes, primarily reflected the following: \$1.4 billion of after-tax earnings from operations at our CLL business, and \$0.7 billion of after-tax earnings from operations at our Real Estate business.

For additional information related to discontinued operations, see Note 2 to the consolidated financial statements.
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OTHER CONSOLIDATED INFORMATION

INCOME TAXES

Income taxes have a significant effect on our net earnings. As a global commercial enterprise, our tax rates are affected by many factors, including our global mix of earnings, the extent to which those global earnings are indefinitely reinvested outside the United States, legislation, acquisitions, dispositions and tax characteristics of our income. Our tax rates are also affected by tax incentives introduced in the U.S. and other countries in furtherance of policies to encourage and support certain types of activity. Our tax returns are routinely audited and settlements of issues raised in these audits sometimes affect our tax provisions.

GE and GECC file a consolidated U.S. federal income tax return. This enables GE to use GECC tax deductions and credits to reduce the tax that otherwise would have been payable by GE. The GECC effective tax rate reflects the benefit of these tax reductions in the consolidated return. GE makes cash payments to GECC for these tax reductions at the time GE's tax payments are due.

CONSOLIDATED – THREE AND NINE MONTHS ENDED SEPTEMBER 30
(Dollars in billions)

PROVISION FOR INCOME TAXES

2015 – 2014 COMMENTARY: THREE MONTHS ENDED SEPTEMBER 30

The consolidated income tax provision was slightly lower as tax benefits associated with the GE Capital Exit Plan were largely offset by lower tax benefits from lower-taxed global operations. The consolidated tax provision includes \$0.4 billion for GE (excluding GECC) for the third quarters of both 2014 and 2015.

2015 – 2014 COMMENTARY: NINE MONTHS ENDED SEPTEMBER 30

The consolidated income tax rate for the nine months ended September 30, 2015 was greater than 100% as the positive tax expense of \$7.5 billion exceeded pre-tax income of \$5.6 billion due to charges associated with GE Capital Exit Plan.

As discussed in Note 10 to the consolidated financial statements, during the first nine months ended September 30, 2015 in conjunction with the GE Capital Exit Plan, we incurred tax expense of \$6.2 billion related to expected repatriation of foreign earnings and write-off of deferred tax assets.

The increase in the income tax expense is primarily due to the tax expense incurred as part of the GE Capital Exit Plan, lower tax benefits from lower-taxed global operations and an increase in pre-tax income taxed at above the average tax rate.

The consolidated tax provision includes \$1.3 billion and \$1.1 billion for GE (excluding GECC) for the first nine months of 2015 and 2014, respectively. The increase is related primarily to higher pre-tax income taxed at above the average tax rate.

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BENEFITS FROM GLOBAL OPERATIONS

Absent the effects of the GE Capital Exit Plan, our consolidated income tax rate is lower than the U.S. statutory rate primarily because of benefits from lower-taxed global operations, including the use of global funding structures. There is a benefit from global operations as non-U.S. income is subject to local country tax rates that are significantly below the 35% U.S. statutory rate. These non-U.S. earnings have been indefinitely reinvested outside the U.S. and are not subject to current U.S. income tax. The rate of tax on our indefinitely reinvested non-U.S. earnings is below the 35% U.S. statutory rate because we have significant business operations subject to tax in countries where the tax on that income is lower than the U.S. statutory rate and because GE funds certain of its non-U.S. operations through foreign companies that are subject to low foreign taxes.

Historically, the most significant portion of these benefits depends on the provision of U.S. law deferring the tax on active financial services income, which, as discussed below, is subject to expiration. A substantial portion of the remaining benefit related to business operations subject to tax in countries where the tax on that income is lower than the U.S. statutory rate is derived from our GECAS aircraft leasing operations located in Ireland. No other operation in any one country accounts for a material portion of the remaining balance of the benefit.

We expect our ability to benefit from non-U.S. income taxed at less than the U.S. rate to continue, subject to changes in our earnings profile due to the GE Capital Exit Plan and changes in U.S. or foreign law, including the expiration of the U.S. tax law provision deferring tax on active financial services income. In addition, since this benefit depends on management's intention to indefinitely reinvest amounts outside the U.S., our tax provision will increase to the extent we no longer intend to indefinitely reinvest foreign earnings.

STATEMENT OF FINANCIAL POSITION

Because GE and GECC share certain significant elements of their Statements of Financial Position, the following discussion addresses significant captions in the consolidated statement. Within the following discussions, however, we distinguish between GE and GECC activities in order to permit meaningful analysis of each individual consolidating statement.

MAJOR CHANGES IN OUR FINANCIAL POSITION FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015

Cash and equivalents increased \$14.2 billion. See the following Liquidity Sources and Statement of Cash Flows sections for additional information.

GECC Financing receivables-net decreased \$38.7 billion. See the following GECC Financing Receivables section for additional information.

GECC Financing receivables held for sale increased \$22.9 billion. See the following GECC Financing Receivables Held for Sale section for additional information.

Deferred income taxes decreased \$5.2 billion primarily due to deferred tax asset write-offs resulting from the GE Capital Exit Plan, along with the remeasurement of postretirement benefit plans.

Assets of discontinued operations decreased \$65.0 billion, primarily due to the disposition of CLL businesses of \$35.0 billion and Real Estate of \$29.1 billion. See Note 2 for additional information.

Borrowings decreased \$46.5 billion, primarily due to net repayments on GECC borrowings of \$43.4 billion, along with a \$7.3 billion reduction in the balances driven by the strengthening of the U.S. dollar against all major currencies, partially offset by new debt issuances by GE of \$3.5 billion.

Bank deposits increased \$4.8 billion, primarily due to an increase in U.S. bank deposits of \$5.4 billion at Synchrony Financial, offset by a \$0.7 billion reduction driven by the strengthening of the U.S. dollar in non-U.S. bank deposits.

Liabilities of discontinued operations decreased \$5.0 billion, primarily due to the disposition of CLL businesses of \$3.3 billion and Real Estate of \$1.7 billion. See Note 2 for additional information.

GECC FINANCING RECEIVABLES

Financing receivables held for investment are those that we have the intent and ability to hold for the foreseeable future and are measured at the principal amount outstanding, net of the allowance for losses, write-offs, unamortized discounts and premiums, and net deferred loan fees or costs.

At September 30, 2015, our financing receivables portfolio primarily relates to Synchrony Financial (our U.S. consumer business), Working Capital Solutions, which purchases GE customer receivables and GECAS, Energy Financial Services and Healthcare Equipment Finance (that directly relate to GE's core industrial businesses). The portfolios in our GECAS and Energy Fina