Operations
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). Unless otherwise indicated by the context, we use the terms “GE” and “GECC” on the basis of consolidation described in Note 1.

In the accompanying analysis of financial information, we sometimes use information derived from consolidated financial information 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 U.S. Securities and Exchange Commission (SEC) rules. For such measures, we have provided supplemental explanations and reconciliations in the Supplemental Information section.

We present Management’s Discussion of Operations in five parts: Overview of Our Earnings from 2011 through 2013, Global Risk Management, Segment Operations, Geographic Operations and Environmental Matters. Unless otherwise indicated, we refer to captions such as revenues and other income and earnings from continuing operations attributable to the company simply as “revenues” and “earnings” throughout this Management’s Discussion and Analysis. Similarly, discussion of other matters in our consolidated financial statements relates to continuing operations unless otherwise indicated. Discussion of GECC’s total assets excludes deferred income tax liabilities, which are presented as assets for purposes of our consolidating balance sheet presentations for this filing.

We supplement our GAAP net earnings and earnings per share (EPS) reporting by also reporting operating earnings and operating EPS (non-GAAP measures). Operating earnings and operating EPS include service costs and plan amendment amortization for our principal pension plans as these costs represent expenses associated with employee benefits earned. Operating earnings and operating EPS exclude non-operating pension cost/income such as interest costs, expected return on plan assets and non-cash amortization of actuarial gains and losses. We believe that this reporting provides better transparency to the employee benefit costs of our principal pension plans and Company operating results.

Overview of Our Earnings from 2011 through 2013
Earnings from continuing operations attributable to the Company increased 4% to $15.2 billion in 2013 and increased 4% to $14.6 billion in 2012, reflecting strong industrial segment growth and continued stabilization in financial services during the last two years. Operating earnings (non-GAAP measure), which exclude non-operating pension costs, increased 5% to $16.9 billion in 2013 compared with an 8% increase to $16.0 billion in 2012. EPS from continuing operations increased 7% to $1.47 in 2013 compared with a 12% increase to $1.38 in 2012. Operating EPS (non-GAAP measure) increased 9% to $1.64 in 2013 compared with a 16% increase to $1.51 in 2012. Net earnings attributable to the Company decreased 4% in 2013 reflecting a 4% increase in earnings from continuing operations, more than offset by an increase in losses from discontinuing operations. Net earnings attributable to the Company decreased 4% in 2012 reflecting losses from discontinued operations, partially offset by an increase of 4% in earnings from continuing operations. We begin 2014 with a record backlog of $244 billion, continue to invest in market-leading technology and services and expect to continue industrial segment revenue and earnings growth.

Power & Water (18% and 23% of consolidated three-year revenues and total segment profit, respectively) revenues decreased 13% in 2013 primarily as a result of lower volume and the effects of the stronger U.S. dollar, partially offset by higher prices and other income. Revenues increased 10% in 2012 primarily as higher volume and other income were partially offset by the effects of the stronger U.S. dollar and lower prices. Segment profit decreased 8% in 2013 primarily driven by lower volume and lower cost productivity, partially offset by the effects of deflation, higher prices and other income. Segment profit increased 8% in 2012 as higher volume, increased other income and deflation were partially offset by lower prices, lower productivity and the stronger U.S. dollar.

Oil & Gas (10% and 8% of consolidated three-year revenues and total segment profit, respectively) revenues increased 11% in 2013 primarily as a result of higher volume and higher prices. Revenues increased 12% in 2012 as higher volume (driven by acquisitions) and higher sales of both equipment and services were partially offset by the stronger U.S. dollar. Segment profit increased 13% in 2013 primarily on higher volume and higher prices, partially offset by lower cost productivity. Segment profit increased 16% in 2012 on higher volume and increased productivity, partially offset by the effects of the stronger U.S. dollar.

Energy Management (5% and less than 1% of consolidated three-year revenues and total segment profit, respectively) revenues increased 2% in 2013 as higher volume was partially offset by the effects of the stronger U.S. dollar. In 2012, revenues increased 15% as a result of higher volume primarily from acquisitions, higher prices and increased other income, partially offset by the effects of the stronger U.S. dollar. Segment profit decreased 16% in 2013 primarily driven by lower productivity. Segment profit increased 68% in 2012 primarily driven by higher prices and increased other income.

Aviation (14% and 17% of consolidated three-year revenues and total segment profit, respectively) revenues increased 10% in 2013 on higher volume and higher prices primarily driven by higher services and equipment sales in commercial spares and commercial engines, respectively. In 2012, Aviation revenues increased 6% as a result of higher prices and higher volume driven by increased commercial and military engine sales. Segment profit increased 16% in 2013 as a result of higher prices, higher volume and increased other income, partially offset by the effects of inflation and lower productivity. Segment profit increased 7% in 2012 as higher prices and higher volume were partially offset by the effects of inflation and lower productivity.
Healthcare (12% and 13% of consolidated three-year revenues and total segment profit, respectively) revenues were slightly lower in 2013 on lower prices and the effects of a stronger U.S. dollar, partially offset by higher volume. Revenues increased 1% in 2012 due to higher volume in international equipment sales, with the strongest growth in emerging markets and other income, partially offset by the stronger U.S. dollar and lower prices. Segment profit increased 4% in 2013 as a result of increased productivity and volume, partially offset by lower prices, the effects of inflation and the stronger U.S. dollar. Segment profit increased 4% in 2012 as increased productivity, higher volume and other income were partially offset by lower prices and the effects of inflation.

Transportation (4% and 4% of consolidated three-year revenues and total segment profit, respectively) revenues increased 5% in 2013 due to higher volume, primarily from acquisitions. Revenues increased 15% in 2012 due to higher volume and higher prices related to increased equipment sales and services. Segment profit increased 13% in 2013 as a result of the effects of deflation, higher volume and increased productivity. Segment profit increased 36% in 2012 as a result of higher volume, higher prices and increased productivity, reflecting improved service margins.

Appliances & Lighting (formerly Home & Business Solutions) (5% and 1% of consolidated three-year revenues and total segment profit, respectively) revenues increased 5% in 2013 primarily on higher volume at Appliances. In 2012, revenues increased 4% reflecting higher prices at Appliances, partially offset by lower volume. Segment profit increased 23% in 2013 primarily as a result of improved productivity and higher prices. Segment profit increased 31% in 2012 as a result of higher prices, partially offset by the effects of inflation and lower productivity.

GE Capital (31% and 33% of consolidated three-year revenues and total segment profit, respectively) revenues decreased 3% in 2013 and 6% in 2012, reflecting a reduction in ending net investment (ENI). Net earnings increased 12% in 2013 and 13% in 2012 as a result of dispositions and higher gains, partially offset by higher impairments and higher provisions for losses on financing receivables. We reduced ENI, excluding cash and equivalents, to $380 billion at December 31, 2013. GECC is a diversely funded and smaller, more focused finance company with strong experience, broad distribution, and the ability to earn a consistent return on capital, while managing our overall balance sheet size and risk. Discontinued operations also includes GE Money Japan (our Japanese personal loan business, Lake), and our Japanese mortgage and card businesses, excluding our investment in GE Nissen Credit Co., Ltd. our U.S. mortgage business (WMC), our U.S. recreational vehicle and marine equipment financing business (Consumer RV Marine), Consumer Mexico, Consumer Singapore, our Consumer home lending operations in Australia and New Zealand (Australian Home Lending) and our Consumer mortgage lending business in Ireland (Consumer Ireland). All of these operations were previously reported in the GE Capital segment.

We reported the operations described above as discontinued operations for all periods presented. For further information about discontinued operations, see the Segment Operations—Discontinued Operations section and Note 2.

WE DECLARED $8.1 BILLION IN DIVIDENDS IN 2013. Common per-share dividends increased 13% to $0.79 in 2013 after an increase of 15% to $0.70 in 2012. We increased our quarterly dividend four times between 2011 and 2013, and on February 7, 2014, our Board of Directors approved a quarterly dividend of $0.22 per share of common stock, which is payable April 25, 2014, to shareholders of record at close of business on February 24, 2014. In 2011, we declared $1.0 billion in preferred stock dividends (including $0.8 billion as a result of our redemption of preferred stock). See Note 15.

Except as otherwise noted, the analysis in the remainder of this section presents the results of GE (with GECC included on a one-line basis) and GECC. See the Segment Operations section and Note 27 for a more detailed discussion of the businesses within GE and GECC. Significant matters relating to our Statement of Earnings are explained below.

GE SALES OF PRODUCT SERVICES were $44.8 billion in 2013, an increase of 3% compared with 2012, and operating profit from product services was $13.4 billion in 2013, an increase of 7% compared with 2012. Both the sales and operating profit of product services increases were at Oil & Gas, Aviation, Energy Management and Transportation. GE sales of product services were $43.4 billion in 2012, an increase of 4% compared with 2011, and operating profit from product services was $12.5 billion in 2012, an increase of 6% compared with 2011. Both the sales and operating profit of product services increases were at Power & Water, Oil & Gas, Transportation and Energy Management.
POSTRETIRED BENEFIT PLANS costs were $6.0 billion, $5.5 billion and $4.1 billion in 2013, 2012 and 2011, respectively. Costs increased in 2013 and 2012 primarily due to the continued amortization of 2008 investment losses and the effects of lower discount rates (principal pension plans discount rate decreased from 5.28% at December 31, 2010 to 4.21% and 3.96% at December 31, 2011 and 2012, respectively).

Our discount rate for our principal pension plans at December 31, 2013 was 4.85%, which reflected current interest rates. Considering the current and target asset allocations, as well as historical and expected returns on various categories of assets in which our plans are invested, we have assumed that long-term returns on our principal pension plan assets will be 7.5% for cost recognition in 2014, a reduction from the 8.0% we assumed in 2013, 2012 and 2011. GAAP provides for recognition of differences between assumed and actual returns over a period no longer than the average future service of employees. See the Critical Accounting Estimates section for additional information.

We expect the costs of our postretirement benefits to decrease in 2014 by approximately $1.3 billion as compared to 2013, primarily because of the effects of higher discount rates and lower loss amortization related to our principal pension plans, partially offset by lower expected investment return on pension plan assets.

Pension expense for our principal pension plans on a GAAP basis was $4.4 billion, $3.8 billion and $2.4 billion in 2013, 2012 and 2011, respectively. Operating pension costs (non-GAAP) for these plans were $1.8 billion, $1.7 billion and $1.4 billion in 2013, 2012 and 2011, respectively. Operating earnings include service cost and prior service cost amortization for our principal pension plans as these costs represent expenses associated with employee service. Operating earnings exclude non-operating pension costs/income such as interest cost, expected return on plan assets and non-cash amortization of actuarial gains and losses. We expect operating pension costs for these plans will be about $1.4 billion in 2014. The expected decrease in operating pension costs is attributable primarily to the effects of higher discount rates and lower early retirement costs.

The GE Pension Plan was underfunded by $4.7 billion at the end of 2013 as compared to $13.3 billion at December 31, 2012. The GE Supplementary Pension Plan, which is an unfunded plan, had projected benefit obligations of $5.2 billion and $5.5 billion at December 31, 2013 and 2012, respectively. We underfund- ing at year-end 2013 was significantly reduced as compared to 2012 as the effects of higher discount rates and higher investment returns (14.6% return in 2013) more than offset liability growth. Our principal pension plans discount rate increased from 3.96% at December 31, 2012 to 4.85% at December 31, 2013, which decreased the pension benefit obligation at year-end 2013 by approximately $6.8 billion. Our GE Pension Plan assets increased from $44.7 billion at the end of 2012 to $48.3 billion at December 31, 2013, primarily driven by higher investment returns that were partially offset by benefit payments made during the year. Assets of the GE Pension Plan are held in trust, solely for the benefit of Plan participants, and are not available for general company operations.

On July 6, 2012, the U.S. government enacted the “Moving Ahead for Progress in the 21st Century Act”, which contained provisions that changed the interest rate methodology used to calculate Employee Retirement Income Security Act (ERISA) minimum pension funding requirements in the U.S. This change reduced our near-term annual cash funding requirements for the GE Pension Plan. We contributed $0.4 billion to the GE Pension Plan in 2012. We did not contribute to the GE Pension Plan in 2013.

On an ERISA basis, our preliminary estimate is that the GE Pension Plan was approximately 97% funded at January 1, 2014. We will contribute approximately $0.5 billion to the GE Pension Plan in 2014. Our current estimate of the projected 2015 GE Pension Plan required contribution is approximately $2.4 billion.

At December 31, 2013, the fair value of assets for our other pension plans was $2.5 billion less than the respective projected benefit obligations. The comparable amount at December 31, 2012, was $3.9 billion. This decrease was primarily attributable to higher discount rates and higher investment returns. We expect to contribute $0.8 billion to our other pension plans in 2014, as compared to $0.7 billion in both 2013 and 2012.

The unfunded liability for our principal retiree health and life plans was $9.0 billion and $10.9 billion at December 31, 2013 and 2012, respectively. This decrease was primarily attributable to the effects of higher discount rates (retiree health and life plans discount rate increased from 3.74% at December 31, 2012 to 4.61% at December 31, 2013) and lower costs from new health-care supplier contracts. We fund our retiree health benefits on a pay-as-you-go basis. We expect to contribute $0.5 billion to these plans in 2014 compared with actual contributions of $0.5 billion in both 2013 and 2012.

The funded status of our postretirement benefits plans and future effects on operating results depend on economic conditions and investment performance. For additional information about funded status, components of earnings effects and actuarial assumptions, see Note 12.

OTHER COSTS AND EXPENSES are primarily selling, general and administrative expenses (SG&A). GE’s costs were 15.9%, 17.5% and 18.5% of total sales in 2013, 2012 and 2011, respectively. The 2013 decrease was primarily driven by the effects of global cost reduction initiatives both in the industrial segments and corporate as a result of our simplification efforts, partially offset by increased acquisition-related costs and higher restructuring. The 2012 decrease was driven by increased sales and the effects of global cost reduction initiatives, partially offset by increased acquisition-related costs at GE.

INTEREST ON BORROWINGS AND OTHER FINANCIAL CHARGES amounted to $10.1 billion, $12.4 billion and $14.4 billion in 2013, 2012 and 2011, respectively. Substantially all of our borrowings are in financial services, where interest expense was $9.3 billion, $11.6 billion and $13.8 billion in 2013, 2012 and 2011, respectively. GECC average borrowings declined from 2012 to 2013 and from 2011 to 2012, in line with changes in average GECC
assets. Interest rates have decreased over the three-year period primarily attributable to declining global benchmark interest rates. GECC average borrowings were $379.5 billion, $420.0 billion and $450.5 billion in 2013, 2012 and 2011, respectively. The GECC average composite effective interest rate was 2.4% in 2013, 2.8% in 2012 and 3.1% in 2011. In 2013, GECC average assets of $522.7 billion were 7% lower than in 2012, which in turn were 5% lower than in 2011. See the Liquidity and Borrowings section for a discussion of liquidity, borrowings and interest rate risk management.

**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 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.

Income taxes on consolidated earnings from continuing operations were 4.2% in 2013 compared with 14.6% in 2012 and 28.5% in 2011.

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 the majority of its non-U.S. operations through foreign companies that are subject to low foreign taxes.

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 U.S. or foreign law, including the expiration of the U.S. tax law provision deferring tax on active financial services income, as discussed in Note 14. 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 indefinitely reinvest foreign earnings.

Our benefits from lower-taxed global operations increased to $4.0 billion in 2013 from $2.2 billion in 2012 principally because of the realization of benefits related to the sale of 68.5% of our Swiss consumer finance bank, Cembra Money Bank AG (Cembra), through an initial public offering (IPO), the realization of benefits for prior-year losses, and the resolution of Internal Revenue Service (IRS) audits. Our benefits from lower-taxed global operations increased to $2.2 billion in 2012 from $2.1 billion in 2011, principally because of the realization of benefits for prior-year losses and a decrease in current-year losses for which there was not a full tax benefit.

The benefit from lower-taxed global operations included $0.4 billion, $0.1 billion and $0.1 billion in 2013, 2012 and 2011, respectively, due to audit resolutions. Our benefit from lower-taxed global operations included the effect of the lower foreign tax rate on our indefinitely reinvested non-U.S. earnings, which provided a tax benefit of $2.5 billion, $1.3 billion and $1.5 billion in 2013, 2012 and 2011, respectively. Included in 2013 is a benefit from the indefinite investment of the eligible earnings from the sale of a portion of Cembra. The tax benefit from non-U.S. income taxed at a local country rather than the U.S. statutory tax rate is reported in the effective tax rate reconciliation in the caption “Tax on global earnings including exports” in Note 14. To the extent global interest rates and non-U.S. operating income increase, we would expect tax benefits to increase, subject to management’s intention to indefinitely reinvest those earnings.

The decrease in the consolidated effective tax rate from 2012 to 2013 was primarily attributable to an increase in tax benefits on lower-taxed global operations, including the tax benefit on the sale of a portion of Cembra. The effective tax rate was also lower due to favorable resolution of audit matters and lower income taxed at rates above the average tax rate, partially offset by the absence of the 2012 benefit attributable to the high tax basis in the entity sold in the Business Property disposition.

The decrease in the consolidated effective tax rate from 2011 to 2012 was due, in significant part, to the high effective tax rate in 2011 on the pre-tax gain on the NBC Universal (NBCU) transaction with Comcast Corporation (Comcast) discussed in Note 2. This gain increased the 2011 consolidated effective tax rate by 12.9 percentage points. The effective tax rate was also lower due to the benefit of the high tax basis in the entity sold in the Business Properties disposition.

Cash income taxes paid in 2013 were $2.5 billion, reflecting the effects of changes to temporary differences between the carrying amount of assets and liabilities and their tax bases and the timing of tax payments to governments.

On January 2, 2013, the American Taxpayer Relief Act of 2012 was enacted and the law extended several provisions, including a two-year extension of the U.S. tax provision deferring tax on active financial services income and certain U.S. business credits, retroactive to January 1, 2012. Under accounting rules, a tax law change is taken into account in calculating the income tax provision in the period enacted. Because the extension was enacted into law in 2013, tax expense in 2013 reflected retroactive extension of the previously expired provisions.

A more detailed analysis of differences between the U.S. federal statutory rate and the consolidated rate, as well as other information about our income tax provisions, is provided in Note 14. The nature of business activities and associated income taxes differ for GE and for GECC and a separate analysis of each is presented in the paragraphs that follow.
We believe that the GE effective tax rate is best analyzed in relation to GE earnings before income taxes excluding the GECC net earnings from continuing operations, as GE tax expense does not include taxes on GECC earnings. GE pre-tax earnings from continuing operations, excluding GECC earnings from continuing operations, were $8.8 billion, $9.5 billion and $12.6 billion for 2013, 2012 and 2011, respectively. The decrease in earnings from 2011 to 2012 reflects the non-repeat of the pre-tax gain on sale of NBCU and higher loss amortization related to our principal pension plans. On this basis, GE’s effective tax rate was 18.9% in 2013, 21.3% in 2012 and 38.3% in 2011.

Resolution of audit matters reduced the GE effective tax rate throughout this period. The effects of such resolutions are included in the following captions in Note 14.

<table>
<thead>
<tr>
<th>Audit resolutions—effect on GE</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax on global activities</td>
<td>(2.4)%</td>
<td>(0.7)%</td>
<td>(0.9)%</td>
</tr>
<tr>
<td>including exports</td>
<td></td>
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<tr>
<td>U.S. business credits</td>
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<td>—</td>
<td>(0.4)</td>
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<tr>
<td>All other—net</td>
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<td>(0.9)</td>
<td>(0.7)</td>
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<td></td>
<td>(4.0)%</td>
<td>(1.6)%</td>
<td>(2.0)%</td>
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The GE effective tax rate decreased from 2012 to 2013 primarily because of the benefit of audit resolutions shown above.

The GE effective tax rate decreased from 2011 to 2012 primarily because of the high effective tax rate in 2011 on the pre-tax gain on the NBCU transaction with Comcast reflecting the low tax basis in our investments in the NBCU business and the recognition of deferred tax liabilities related to our 49% investment in NBCUniversal LLC (NBCU LLC) (see Note 2). This gain increased the 2011 GE effective tax rate by 19.7 percentage points. Partially offsetting this decrease was an increase in the GE effective tax rate from 2011 to 2012 due to higher income taxed above the average rate and to the decrease in the benefit from audit resolutions shown above.

The GECC effective 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 tax 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 GECC funds the majority of its non-U.S. operations through foreign companies that are subject to low foreign taxes.

We expect our ability to benefit from non-U.S. income taxed at less than the U.S. rate to continue subject to changes of U.S. or foreign law, including the expiration of the U.S. tax law provision deferring tax on active financial services income, as discussed in Note 14. 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 indefinitely reinvest foreign earnings.

As noted above, 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 for each period 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.

The GECC effective tax rate was (13.6)% in 2013, compared with 6.6% in 2012. Comparing pre-tax income to a tax benefit resulted in a negative tax rate for 2013. The GECC tax expense decreased by $1.5 billion from an expense of $0.5 billion in 2012 to a benefit of $1.0 billion in 2013. The lower 2013 tax expense is attributable to increased benefits from low-taxed global operations ($1.7 billion), including the significant tax benefit related to the sale of a portion of Cembra ($1.0 billion), and the 2013 tax benefits related to the extension of the U.S. tax provision deferring tax on active financial services income ($0.3 billion). Also lowering the expense is the benefit from the resolution of the IRS audit of the 2008–2009 tax years and items for other years ($0.1 billion), which is reported partially in the caption “Tax on global activities including exports” and partially in the caption “All other—net” in the effective tax rate reconciliation in Note 14.

The items lowering the expense are partially offset by the absence of the 2012 benefit attributable to the high tax basis in the entity sold in the Business Property disposition ($0.3 billion). The GECC effective tax rate was 6.6% in 2012, compared with 12.1% in 2011. The GECC tax expense of $0.5 billion in 2012 decreased by $0.4 billion from $0.9 billion in 2011. The lower 2012 tax expense resulted principally from the benefit attributable to the high-tax basis in the entity sold in the Business Property disposition ($0.3 billion), increased benefits from low-taxed global operations ($0.2 billion) and the absence of the 2011 high-taxed disposition of Garanti Bank ($0.1 billion). Partially offsetting the decrease in tax expense was the absence in 2012 of the 2011 benefit from resolution of the 2006–2007 IRS audit ($0.2 billion), which is reported in the caption “All other—net” in the effective tax rate reconciliation in Note 14, and from higher pre-tax income of $0.3 billion that increased the tax expense ($0.1 billion).

Global Risk Management

A disciplined approach to risk is important in a diversified organization like ours in order to ensure that we are executing according to our strategic objectives and that we only accept risk for which we are adequately compensated. We evaluate risk at the individual transaction level, and evaluate aggregated risk at the customer, industry, geographic and collateral-type levels, where appropriate.
Risk assessment and risk management are the responsibility of management and are carried out through risk managers who are operationally integrated into each of our businesses. These risk managers have acquired deep domain expertise through their long careers and proximity to the business’ operations and core processes. Both risk managers and the business leadership teams have specific, risk-focused goals and objectives that are aligned with our overall risk framework.

The GE Board of Directors (Board) has oversight for risk management with a focus on the most significant risks facing the Company, including strategic, operational, financial and legal and compliance risks. At the end of each year, management and the Board jointly develop a list of major risks that GE plans to prioritize in the next year. Throughout the year, the Board and the committees to which it has delegated responsibility dedicate a portion of their meetings to review and discuss specific risk topics in greater detail. Strategic, operational and reputational risks are presented and discussed in the context of the CEO’s report on operations to the Board at regularly scheduled Board meetings and at presentations to the Board and its committees by the vice chairmen, GE and GECC Chief Risk Officers (CROs), general counsel and other employees. The Board has delegated responsibility for the oversight of specific risks to Board committees as follows:

- The GE Risk Committee oversees risks related to GE Capital and jointly meets throughout the year with the GECC Board of Directors (GECC Board), which is in addition to an annual joint meeting of the GE and GECC Boards. The GE Risk Committee also oversees the Company’s four to five most critical enterprise risks and how management is mitigating these risks.

- The Audit Committee oversees GE’s and GE Capital’s policies and processes relating to the financial statements, the financial reporting process, compliance and auditing. The Audit Committee, in coordination with the GE Risk Committee, discusses with management the Company’s risk assessment and risk management practices and, when reviewing and approving the annual audit plan for the internal audit functions, prioritizes audit focus areas based on their potential risk to the Company. The Audit Committee also monitors ongoing compliance issues and matters, and also semi-annually conducts an assessment of compliance issues and programs. The Audit Committee jointly meets with the GECC Board once a year, which is in addition to an annual joint meeting of the GE Risk Committee and Audit Committee.

- The Management Development and Compensation Committee oversees the risk management associated with management resources, structure, succession planning, management development and selection processes, and includes separate reviews of incentive compensation arrangements at GE and GE Capital to confirm that incentive pay does not encourage unnecessary and excessive risk taking and to review and discuss, at least annually, the relationship between risk management policies and practices, corporate strategy and senior executive compensation. The Management Development and Compensation Committee also incentivizes leaders to improve the Company’s competitive position.

- The Governance and Public Affairs Committee oversees risk related to the Company’s governance structure and processes and risks arising from related-person transactions, reviews and discusses with management risks related to GE’s public policy initiatives and activities, and monitors the Company’s environmental, health and safety compliance and related risks.

The GE Board’s risk oversight process builds upon management’s risk assessment and mitigation processes, which include standardized reviews of long-term strategic and operational planning; executive development and evaluation; code of conduct compliance under the Company’s The Spirit & The Letter; regulatory compliance; health, safety and environmental compliance; financial reporting and controllership; and information technology and security. A vice chairman of GE and GE’s CRO are responsible for overseeing and coordinating risk assessment and mitigation on an enterprise-wide basis. They lead the Corporate Risk Function and are responsible for the identification of key business risks, providing for appropriate management of these risks within GE Board guidelines, and enforcement through policies and procedures. In 2013, the Company combined its risk evaluation process with its quarterly operating reviews to simplify the Company’s operating rhythm and added a vice chairman position with responsibility for both enterprise risk and operations. The Policy Compliance Review Board is a management-level committee that further assists in assessing and mitigating risk. The Policy Compliance Review Board, which conducted four compliance operating reviews and met seven times in 2013, is chaired by the Company’s general counsel and includes the Chief Financial Officer and other senior-level functional leaders. It has principal responsibility for monitoring compliance matters across the Company.

GE’s Corporate Risk Function leverages the risk infrastructures in each of our businesses, which have adopted an approach that corresponds to the Company’s overall risk policies, guidelines and review mechanisms. Our risk infrastructure operates at the business and functional levels and is designed to identify, evaluate and mitigate risks within each of the following categories:

- **STRATEGIC.** Strategic risk relates to the Company’s future business plans and strategies, including the risks associated with the markets and industries in which we operate, demand for our products and services, competitive threats, technology and product innovation, mergers and acquisitions and public policy.

- **OPERATIONAL.** Operational risk relates to risks (systems, processes, people and external events) that affect the operation of our businesses. It includes product life cycle and execution; product safety and performance; information management and data protection and security, including cyber security; business disruption; human resources; and reputation.
• **FINANCIAL.** Financial risk relates to our ability to meet financial obligations and mitigate credit risk, liquidity risk and exposure to broad market risks, including volatility in foreign currency exchange rates, interest rates and commodity prices. Liquidity risk refers to the potential inability to meet contractual or contingent financial obligations (whether on- or off-balance sheet) as they arise, and could potentially impact an institution’s financial condition or overall safety and soundness. Credit risk is the risk of financial loss arising from a customer or counterparty failure to meet its contractual obligations. We face credit risk in our industrial businesses, as well as in our GE Capital investing, lending and leasing activities and derivative financial instruments activities.

• **LEGAL AND COMPLIANCE.** Legal and compliance risk relates to risks arising from the government and regulatory environment and action, compliance with integrity policies and procedures, including those relating to financial reporting, environmental health and safety, and intellectual property risks. Government and regulatory risk includes the risk that the government or regulatory actions will impose additional cost on us or cause us to have to change our business models or practices.

Risks identified through our risk management processes are prioritized and, depending on the probability and severity of the risk, escalated to the CRO. These risks are discussed and responsibility for them is assigned to the business or functional leader most suited to manage the risk in connection with the quarterly operating reviews. Assigned owners are required to continually monitor, evaluate and report on risks for which they bear responsibility. Enterprise risk leaders within each business and corporate function are responsible to present to the CRO risk assessments and key risks at least annually. We have general response strategies for managing risks, which categorize risks according to whether the Company will avoid, transfer, reduce or accept the risk. These response strategies are tailored to ensure that risks are within acceptable GE Board general guidelines.

Depending on the nature of the risk involved and the particular business or function affected, we use a wide variety of risk mitigation strategies, including delegation of authorities, standardized processes and strategic planning reviews, operating reviews, insurance, and hedging. As a matter of policy, we generally hedge the risk of fluctuations in foreign currency exchange rates, interest rates and commodity prices. Our service businesses employ a comprehensive collateral process leading up to and through the execution of a contractual service agreement to mitigate legal, financial and operational risks. Furthermore, we centrally manage some risks by purchasing insurance, the amount of which is determined by balancing the level of risk retained or assumed with the cost of transferring risk to others. We manage the risk of fluctuations in economic activity and customer demand by monitoring industry dynamics and responding accordingly, including by adjusting capacity, implementing cost reductions and engaging in mergers, acquisitions and dispositions.

**GE CAPITAL RISK MANAGEMENT AND OVERSIGHT**

GE Capital acknowledges risk-taking as a fundamental characteristic of providing financial services. It is inherent to its business and arises in lending, leasing and investment transactions undertaken by GE Capital. GE Capital operates within the parameters of its established risk appetite in pursuit of its strategic goals and objectives.

GE Capital continues to enhance its risk infrastructure and processes to manage risks related to its businesses, and the GE Corporate Risk Function relies upon them in fulfilling its mission.

The GE Risk Committee oversees GE Capital’s risk appetite, risk assessment and management processes. The GE Risk Committee and the GECC Board oversee the GE Capital risk management framework, with the GECC Board approving all significant acquisitions and dispositions as well as significant borrowings and investments. The GE Risk Committee and the GECC Board exercise oversight of investment activities in the business units through delegations of authority. All participants in the GE Capital risk management process must comply with approval limits established by the GE Risk Committee and the GECC Board.

The Enterprise Risk Management Committee (ERMC), which comprises the most senior leaders in GE Capital as well as the GE CRO, oversees the implementation of GE Capital’s risk appetite, and senior management’s establishment of appropriate systems (including policies, procedures and management committees) to ensure enterprise risks are effectively identified, measured, monitored and controlled. The ERMC has delegated management of specific risks to various sub-committees, including the Operational Risk Management Committee, Asset-Liability Committee, Capital Planning Committee and Asset Quality Committee. Day-to-day risk oversight for GE Capital is provided by an independent global risk management organization that includes the GE Capital corporate function in addition to independent risk officers embedded in the individual business units.

GE Capital’s risk management approach rests upon three major tenets: a broad spread of risk based on managed exposure limits; senior secured commercial financings; and a hold-to-maturity model with transactions underwritten to “on-book” standards. Dedicated risk professionals across the businesses include underwriters, portfolio managers, collectors, environmental and engineering specialists, and specialized asset managers. The senior risk officers have, on average, over 30 years of experience.

GE Capital manages all risks relevant to its business environment, which, if materialized, could prevent GE Capital from achieving its risk objectives and/or result in losses. These risks are defined as GE Capital’s Enterprise Risk Universe, which includes the following risks: strategic, liquidity, credit and investment, market and operational (including financial, compliance, information technology, human resources and legal). Reputational risk is considered and managed across each of the categories. GE
Capital continues to make significant investments in resources to enhance its evolving risk management infrastructure.

GE Capital’s Corporate Risk Function, in consultation with the ERMC, updates the Enterprise Risk Appetite Statement annually. This document articulates the enterprise risk objectives, its key universe of risks and the supporting limit structure. GE Capital’s risk appetite is determined relative to its desired risk objectives, including, but not limited to, credit ratings, capital levels, liquidity management, regulatory assessments, earnings, dividends and compliance. GE Capital determines its risk appetite through consideration of portfolio analytics, including stress testing and economic capital measurement, experience and judgment of senior risk officers, current portfolio levels, strategic planning, and regulatory and rating agency expectations.

The Enterprise Risk Appetite Statement is presented to the GECC Board and the GE Risk Committee for review and approval at least annually. On a quarterly basis, the status of GE Capital’s performance against these limits is reviewed by the GE Risk Committee.

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

Key risk management policies are approved by the GECC Board and the GE Risk Committee at least annually. GE Capital senior management, in coordination with the GE CRO, meets with the GE Risk Committee throughout the year. At these meetings, GE Capital senior management focuses on the risk issues, strategy and governance of the business.

Operational risks are inherent in GE Capital’s business activities and are typical of any large enterprise. GE Capital’s operational risk management program seeks to effectively manage operational risk to reduce the potential for significant unexpected losses, and to minimize the impact of losses experienced in the normal course of business. Additional information about our liquidity and how we manage this risk can be found in the Financial Resources and Liquidity section. Additional information about our credit risk and our portfolio can be found in the Financial Resources and Liquidity and Critical Accounting Estimates sections. Additional information about our market risk and how we manage this risk can be found in the Financial Resources and Liquidity section.

Segment Operations
Our eight segments are focused on the broad markets they serve: Power & Water, Oil & Gas, Energy Management, Aviation, Healthcare, Transportation, Appliances & Lighting and GE Capital.

In addition to providing information on segments in their entirety, we have also provided supplemental information about the businesses within GE Capital.

Segment profit is determined based on internal performance measures used by the Chief Executive Officer to assess the performance of each business in a given period. In connection with that assessment, the Chief Executive Officer 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, responsibility for which preceded the current management team. See Corporate Items and Eliminations for certain amounts not allocated to GE operating segments because they are excluded from measurement of their operating performance for external purposes.

Segment profit excludes results reported as discontinued operations, earnings attributable to noncontrolling interests of consolidated subsidiaries, GECC preferred stock dividends declared and accounting changes. Segment profit excludes or includes interest and other financial charges and income taxes according to how a particular segment’s management is measured. These costs are excluded in determining segment profit, which we sometimes refer to as “operating profit,” for Power & Water, Oil & Gas, Energy Management, Aviation, Healthcare, Transportation, and Appliances & Lighting and are included in determining segment profit, which we sometimes refer to as “net earnings,” for GE Capital. 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. Prior to January 1, 2011, segment profit excluded the effects of principal pension plans. Beginning January 1, 2011, we began allocating service costs related to our principal pension plans and no longer allocate the retiree costs of our postretirement healthcare benefits to our segments. This revised allocation methodology better aligns segment operating costs to the active employee costs, which are managed by the segments. This change does not significantly affect reported segment results.

Results of our formerly consolidated subsidiary, NBCU, and our equity method investment in NBCU LLC until we sold it in the first quarter of 2013, are reported in the Corporate items and eliminations line on the Summary of Operating Segments.

We have reclassified certain prior-period amounts to conform to the current-period presentation. For additional information about our segments, see Note 27.
Summary of Operating Segments

(In millions)

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<thead>
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<tbody>
<tr>
<td>Power &amp; Water</td>
<td>$26,724</td>
<td>$28,299</td>
<td>$25,675</td>
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<td>$27,389</td>
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<td>Oil &amp; Gas</td>
<td>16,975</td>
<td>15,321</td>
<td>13,608</td>
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<td>9,683</td>
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<td>Energy Management</td>
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<td>7,412</td>
<td>6,422</td>
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<td>Aviation</td>
<td>21,911</td>
<td>19,994</td>
<td>18,859</td>
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<td>Healthcare</td>
<td>18,200</td>
<td>18,290</td>
<td>18,083</td>
<td>16,897</td>
<td>16,015</td>
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<td>Transportation</td>
<td>5,885</td>
<td>5,608</td>
<td>4,885</td>
<td>3,370</td>
<td>3,387</td>
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<td>Appliances &amp; Lighting</td>
<td>8,338</td>
<td>7,967</td>
<td>7,693</td>
<td>7,957</td>
<td>7,816</td>
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<td>Total industrial segment revenues</td>
<td>$103,602</td>
<td>$102,811</td>
<td>$95,225</td>
<td>$85,216</td>
<td>$88,681</td>
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<td>GE Capital</td>
<td>44,067</td>
<td>45,364</td>
<td>48,324</td>
<td>49,163</td>
<td>51,065</td>
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<td>Total segment revenues</td>
<td>$147,669</td>
<td>148,175</td>
<td>$143,549</td>
<td>$134,379</td>
<td>$139,746</td>
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<td>Corporate items and eliminations</td>
<td>(1,624)</td>
<td>(1,491)</td>
<td>2,993</td>
<td>14,496</td>
<td>13,940</td>
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<td>CONSOLIDATED REVENUES</td>
<td>$146,045</td>
<td>$146,684</td>
<td>$146,542</td>
<td>$148,875</td>
<td>$153,686</td>
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SEGMENT PROFIT

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</thead>
<tbody>
<tr>
<td>Power &amp; Water</td>
<td>$4,992</td>
<td>$5,422</td>
<td>$5,021</td>
<td>$5,804</td>
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<td>Oil &amp; Gas</td>
<td>2,178</td>
<td>1,924</td>
<td>1,660</td>
<td>1,406</td>
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<td>Energy Management</td>
<td>110</td>
<td>131</td>
<td>78</td>
<td>156</td>
<td>144</td>
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<td>Aviation</td>
<td>4,345</td>
<td>3,747</td>
<td>3,512</td>
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<td>Healthcare</td>
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<td>2,920</td>
<td>2,803</td>
<td>2,741</td>
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<td>Transportation</td>
<td>1,166</td>
<td>1,031</td>
<td>757</td>
<td>315</td>
<td>473</td>
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<tr>
<td>Appliances &amp; Lighting</td>
<td>381</td>
<td>311</td>
<td>237</td>
<td>404</td>
<td>360</td>
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<tr>
<td>Total industrial segment profit</td>
<td>$16,220</td>
<td>$15,486</td>
<td>$14,068</td>
<td>$14,130</td>
<td>$14,352</td>
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<td>GE Capital</td>
<td>8,258</td>
<td>7,345</td>
<td>6,480</td>
<td>3,083</td>
<td>1,364</td>
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<td>Total segment profit</td>
<td>$24,478</td>
<td>22,831</td>
<td>20,548</td>
<td>17,213</td>
<td>15,716</td>
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<td>Corporate items and eliminations</td>
<td>(6,300)</td>
<td>(4,841)</td>
<td>(288)</td>
<td>(1,012)</td>
<td>(506)</td>
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<td>GE interest and other financial charges</td>
<td>(1,333)</td>
<td>(1,533)</td>
<td>(1,299)</td>
<td>(1,600)</td>
<td>(1,478)</td>
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<tr>
<td>GE provision for income taxes</td>
<td>(1,668)</td>
<td>(2,013)</td>
<td>(2,839)</td>
<td>(2,024)</td>
<td>(2,739)</td>
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<tr>
<td>Earnings from continuing operations attributable to the Company</td>
<td>15,177</td>
<td>14,624</td>
<td>14,122</td>
<td>12,577</td>
<td>10,993</td>
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<tr>
<td>Earnings (loss) from discontinued operations, net of taxes</td>
<td>(2,120)</td>
<td>(983)</td>
<td>29</td>
<td>(933)</td>
<td>32</td>
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<tr>
<td>CONSOLIDATED NET EARNINGS ATTRIBUTABLE TO THE COMPANY</td>
<td>$13,057</td>
<td>$13,641</td>
<td>$14,151</td>
<td>$11,644</td>
<td>$11,025</td>
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(a) Segment revenues include both revenues and other income related to the segment.
(b) Includes the results of NBCU, our formerly consolidated subsidiary, and our former equity method investment in NBCU LLC until we sold it in the first quarter of 2013.
See accompanying notes to consolidated financial statements.

POWER & WATER revenues of $24.7 billion decreased $3.6 billion, or 13%, in 2013 as lower volume ($3.9 billion), primarily equipment at Wind and Thermal, and the effects of the stronger U.S. dollar ($0.1 billion) were partially offset by higher prices ($0.2 billion) and other income ($0.2 billion) primarily related to a sale of assets.

Segment profit of $5.0 billion decreased $0.4 billion, or 8%, in 2013 as lower volume ($0.7 billion) and lower cost productivity ($0.3 billion), despite SG&A cost reductions, were partially offset by the effects of deflation ($0.2 billion), higher prices ($0.2 billion) and other income ($0.2 billion) primarily related to a sale of assets.

Power & Water revenues of $28.3 billion increased $2.6 billion, or 10%, in 2012 as higher volume ($3.4 billion), driven by an increase in sales of equipment at Wind, and an increase in other income ($0.2 billion) were partially offset by the effects of the stronger U.S. dollar ($0.6 billion) and lower prices ($0.4 billion).

Segment profit of $5.4 billion increased $0.4 billion, or 8%, in 2012 as higher volume ($0.7 billion), increased other income ($0.2 billion) and the impacts of deflation ($0.1 billion) were partially offset by lower prices ($0.4 billion), lower productivity ($0.1 billion) and the effects of the stronger U.S. dollar ($0.1 billion).
were partially offset by the effects of the stronger U.S. dollar ($0.1 billion).

Oil & Gas orders increased 8% to $19.7 billion in 2013. Total Oil & Gas backlog increased 27% to $18.8 billion at December 31, 2013, composed of equipment backlog of $13.0 billion and services backlog of $5.8 billion. Comparable December 31, 2012 equipment and service order backlogs were $10.2 billion and $4.5 billion, respectively.

**ENERGY MANAGEMENT** Revenues of $7.6 billion increased $0.2 billion, or 2%, in 2013 as higher volume ($0.2 billion) was partially offset by the effects of the stronger U.S. dollar ($0.1 billion).

Segment profit of $0.1 billion decreased 16% in 2013 as a result of lower productivity ($0.1 billion).

Energy Management revenues of $7.4 billion increased $1.0 billion (including $1.0 billion from acquisitions), or 15%, in 2012 as higher volume ($1.1 billion), primarily driven by acquisitions, higher prices ($0.1 billion) and increased other income ($0.1 billion) were partially offset by the effects of the stronger U.S. dollar ($0.2 billion).

Segment profit of $0.1 billion increased $0.1 billion, or 68%, in 2012 as a result of higher prices ($0.1 billion) and increased other income ($0.1 billion).

Energy Management orders increased 12% to $8.8 billion in 2013. Total Energy Management backlog increased 20% to $4.6 billion at December 31, 2013, composed of equipment backlog of $3.6 billion and services backlog of $1.0 billion. Comparable December 31, 2012 equipment and service order backlogs were $3.2 billion and $0.6 billion, respectively.

**AVIATION** Revenues of $21.9 billion increased $1.9 billion (including $0.5 billion from acquisitions), or 10%, in 2013 due primarily to higher volume ($1.4 billion) and higher prices ($0.6 billion). Higher volume and higher prices were driven by increased services revenues ($0.7 billion) and equipment ($1.2 billion). The increase in services revenue was primarily due to higher commercial spares sales, while the increase in equipment revenue was primarily due to increased commercial engine shipments.

Segment profit of $4.3 billion increased $0.6 billion, or 16%, in 2013 as higher prices ($0.6 billion), higher volume ($0.2 billion) and increased other income ($0.1 billion) were partially offset by the effects of inflation ($0.2 billion) and lower productivity ($0.1 billion).

Aviation revenues of $20.0 billion increased $1.1 billion, or 6%, in 2012 due primarily to higher prices ($0.8 billion) and higher volume ($0.4 billion), which were driven by increased commercial and military engine sales.

Segment profit of $3.7 billion increased $0.2 billion, or 7%, in 2012 as higher prices ($0.8 billion) and higher volume ($0.1 billion) were partially offset by higher inflation ($0.3 billion) and lower productivity ($0.3 billion).

Aviation orders increased 16% to $27.2 billion in 2013. Total Aviation backlog increased 22% to $125.1 billion at December 31, 2013, composed of equipment backlog of $28.4 billion and services backlog of $96.7 billion. Comparable December 31, 2012 equipment and service order backlogs were $22.9 billion and $79.5 billion, respectively.

**HEALTHCARE** Revenues of $18.2 billion decreased $0.1 billion in 2013. Revenues decreased as lower prices ($0.3 billion), the effects of the stronger U.S. dollar ($0.2 billion) and lower other income were partially offset by higher volume ($0.5 billion).

Segment profit of $3.0 billion increased $0.1 billion, or 4%, in 2013 as higher productivity ($0.6 billion), driven by SG&A cost reductions, and higher volume ($0.1 billion) were partially offset by lower prices ($0.3 billion), the effects of inflation ($0.2 billion), the stronger U.S. dollar ($0.1 billion) and lower other income.

Healthcare revenues of $18.3 billion increased $0.2 billion, or 1%, in 2012 as higher volume ($0.8 billion) and other income ($0.1 billion) were partially offset by the stronger U.S. dollar ($0.4 billion) and lower prices ($0.3 billion). The revenue increase, driven by higher equipment sales, is attributable to international markets, with the strongest growth in emerging markets.

Segment profit of $2.9 billion increased $0.1 billion, or 4%, in 2012 as increased productivity ($0.4 billion), higher volume ($0.1 billion) and other income ($0.1 billion) were partially offset by lower prices ($0.3 billion) and higher inflation ($0.2 billion), primarily non-material related.

Healthcare orders increased 1% to $19.2 billion in 2013. Total Healthcare backlog increased 5% to $16.1 billion at December 31, 2013, composed of equipment backlog of $5.0 billion and services backlog of $11.1 billion. Comparable December 31, 2012 equipment and service order backlogs were $4.5 billion and $10.9 billion, respectively.

**TRANSPORTATION** Revenues of $5.9 billion increased $0.3 billion, or 5%, in 2013 due to higher volume ($0.3 billion) primarily from acquisitions.

Segment profit of $1.2 billion increased $0.1 billion, or 13%, in 2013 as a result of effects of material deflation ($0.1 billion) and higher volume and productivity.

Transportation revenues of $5.6 billion increased $0.7 billion, or 15%, in 2012 due to higher volume ($0.6 billion) and higher prices ($0.1 billion). The revenue increase was split between equipment sales ($0.4 billion) and services ($0.3 billion). The increase in equipment revenue was primarily driven by an increase in U.S. locomotive sales and growth in our global mining equipment business. The increase in service revenue was due to higher overhauls and increased service productivity.

Segment profit of $1.0 billion increased $0.3 billion, or 36%, in 2012 as a result of higher volume ($0.1 billion), higher prices ($0.1 billion) and increased productivity ($0.1 billion), reflecting improved service margins.

Transportation orders decreased 8% to $5.1 billion in 2013. Total Transportation backlog increased 3% to $14.9 billion at December 31, 2013, composed of equipment backlog of $2.5 billion and services backlog of $12.4 billion. Comparable December 31, 2012 equipment and service order backlogs were $3.3 billion and $11.1 billion, respectively.
APPLIANCES & LIGHTING revenues of $8.3 billion increased $0.4 billion, or 5%, in 2013 reflecting higher volume ($0.4 billion), primarily at Appliances.

Segment profit of $0.4 billion increased 23%, or $0.1 billion, in 2013 primarily due to improved productivity ($0.1 billion) and higher prices.

Appliances & Lighting revenues of $8.0 billion increased $0.3 billion, or 4%, in 2012 reflecting an increase at Appliances, partially offset by lower revenues at Lighting. Overall, revenues increased as higher prices ($0.3 billion) principally at Appliances were partially offset by lower volume ($0.1 billion).

Segment profit of $0.3 billion increased 31%, or $0.1 billion, in 2012 as higher prices ($0.3 billion) were partially offset by the effects of inflation ($0.2 billion) and lower productivity ($0.1 billion).

GE CAPITAL

<table>
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<th>(In millions)</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
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<tbody>
<tr>
<td>REVENUES</td>
<td>$44,067</td>
<td>$45,364</td>
<td>$48,324</td>
</tr>
<tr>
<td>SEGMENT PROFIT</td>
<td>$8,258</td>
<td>$7,345</td>
<td>$6,480</td>
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December 31 (In millions)

<table>
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<tr>
<th>TOTAL ASSETS</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>$516,829</td>
<td>$539,351</td>
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GE Capital 2013 revenues decreased 3% and net earnings increased 12% compared with 2012. Revenues for 2013 included $0.1 billion from acquisitions and $0.1 billion as a result of dispositions. Additionally, revenues decreased as a result of organic revenue declines, primarily due to lower ENI, and higher impairments, partially offset by higher gains. Net earnings increased as a result of dispositions, primarily related to the sale of a portion of Cembra through an IPO and higher gains primarily related to the sale of our remaining equity interest in Bank of Ayudhya (Bay Bank), partially offset by higher impairments and higher provisions for losses on financing receivables. GE Capital net earnings in 2013 also included restructuring, rationalization and other charges of $0.2 billion and net losses of $0.1 billion related to our treasury operations. GE Capital net earnings excluded $0.3 billion of preferred stock dividends declared in 2013.

GE Capital 2012 revenues decreased 6% and net earnings increased 13% compared with 2011. Revenues for 2012 included $0.1 billion from acquisitions and were reduced by $0.6 billion as a result of dispositions. Revenues in 2012 also decreased as a result of organic revenue declines, primarily due to lower ENI, the stronger U.S. dollar, and the absence of the 2011 gain on sale of a substantial portion of our Garanti Bank equity investment (the Garanti Bank transaction). Net earnings increased by $0.9 billion in 2012, primarily due to lower impairments and core increases, including higher tax benefits, partially offset by the absence of the 2011 gain on the Garanti Bank transaction and operations. GE Capital net earnings in 2012 also included restructuring, rationalization and other charges of $0.1 billion and net losses of $0.2 billion related to our treasury operations. GE Capital net earnings excluded $0.1 billion of preferred stock dividends declared in 2012.

Additional information about certain GE Capital businesses follows.

CLL 2013 revenues decreased 13% and net earnings decreased 18% compared with 2012. Revenues for 2013 were reduced by $0.1 billion as a result of dispositions. Revenues in 2013 also decreased as a result of organic revenue declines ($1.2 billion), primarily due to lower ENI ($0.8 billion), and higher impairments ($0.7 billion). Net earnings decreased reflecting higher impairments ($0.6 billion), partially offset by dispositions ($0.1 billion).

CLL 2012 revenues decreased 7% and net earnings decreased 11% compared with 2011. Revenues for 2012 were reduced by $0.4 billion as a result of dispositions. Revenues in 2012 also decreased as a result of organic revenue declines ($0.6 billion), primarily due to lower ENI ($0.5 billion), and the stronger U.S. dollar ($0.2 billion). Net earnings decreased reflecting core decreases ($0.2 billion) and dispositions ($0.1 billion).

Consumer 2013 revenues increased 3% and net earnings increased 35% compared with 2012. Revenues for 2013 included $0.1 billion from acquisitions and $0.3 billion as a result of dispositions. Revenues in 2013 also increased as a result of higher gains ($0.5 billion), partially offset by organic revenue declines ($0.4 billion). The increase in net earnings resulted primarily from the sale of a portion of Cembra ($1.2 billion), higher gains ($0.3 billion) related to the sale of Bay Bank and core increases ($0.1 billion). These increases were partially offset by higher provisions for losses on financing receivables ($0.5 billion) reflecting the use of a more granular portfolio segmentation approach, by loss type, in determining the incurred loss period and projected net write-offs over the next 12 months in our installment and revolving credit portfolios.
Consumer 2012 revenues decreased 7% and net earnings decreased 11% compared with 2011. Revenues for 2012 included $0.1 billion from acquisitions and were reduced by $0.1 billion as a result of dispositions. Revenues in 2012 also decreased as a result of the absence of the 2011 gain on the Garanti Bank transaction ($0.7 billion), the stronger U.S. dollar ($0.4 billion) and organic revenue declines ($0.2 billion). The decrease in net earnings resulted primarily from the absence of the 2011 gain on the Garanti Bank transaction and operations ($0.4 billion), higher provisions for losses on financing receivables ($0.1 billion) and disposals ($0.1 billion), partially offset by core increases ($0.2 billion). The higher provisions for losses on financing receivables reflects the use of a more granular portfolio segmentation approach, by loss type, in determining the incurred loss period in our U.S. Installment and Revolving Credit portfolio.

Real Estate 2013 revenues increased 7% and net earnings were favorable compared with 2012. Revenues in 2013 increased primarily as a result of increases in net gains on property sales ($1.1 billion) mainly due to the sale of real estate comprising certain floors located at 3 Rockefeller Center, New York, partially offset by organic revenue declines ($0.7 billion), primarily due to lower ENI ($0.6 billion). Real Estate net earnings increased as a result of core increases ($0.9 billion) including increases in net gains on property sales ($0.7 billion) and higher tax benefits ($0.3 billion). Depreciation expense on real estate equity investments totaled $0.6 billion and $0.8 billion in 2013 and 2012, respectively.

Real Estate 2012 revenues decreased 2% and net earnings were favorable compared with 2011. Revenues in 2012 decreased as a result of organic revenue declines ($0.2 billion), primarily due to lower ENI, and the stronger U.S. dollar ($0.1 billion), partially offset by increases in net gains on property sales ($0.2 billion). Real Estate net earnings increased as a result of lower impairments ($0.7 billion), core increases ($0.7 billion) including higher tax benefits of $0.5 billion, lower provisions for losses on financing receivables ($0.2 billion) and increases in net gains on property sales ($0.1 billion). Depreciation expense on real estate equity investments totaled $0.8 billion and $0.9 billion in 2012 and 2011, respectively.

Energy Financial Services 2013 revenues increased 1% and net earnings decreased 5% compared with 2012. Revenues in 2013 increased as a result of disposals ($0.1 billion) and organic revenue growth ($0.1 billion), partially offset by lower gains ($0.1 billion) and higher impairments. The decrease in net earnings resulted primarily from lower gains ($0.1 billion), partially offset by core increases and disposals.

Energy Financial Services 2012 revenues increased 23% and net earnings decreased 2% compared with 2011. Revenues in 2012 increased primarily as a result of organic revenue growth ($0.3 billion), including the consolidation of an entity involved in power generating activities and asset sales by investees, and higher gains.

GECAS 2013 revenues increased 1% and net earnings decreased 27% compared with 2012. Revenues in 2013 increased as a result of lower finance lease impairments and higher gains. The decrease in net earnings resulted primarily from higher equipment leased to others (ELTO) impairments ($0.3 billion) related to our operating lease portfolio of commercial aircraft, and core decreases, partially offset by higher gains.

GECAS 2012 revenues increased 1% and net earnings increased 6% compared with 2011. Revenues in 2012 increased as a result of organic revenue growth ($0.2 billion) and higher gains, partially offset by higher impairments ($0.2 billion). The increase in net earnings resulted primarily from core increases ($0.1 billion) and higher gains, partially offset by higher impairments ($0.1 billion).

### CORPORATE ITEMS AND ELIMINATIONS

<table>
<thead>
<tr>
<th>(in millions)</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NBCU/NBCU LLC</td>
<td>$1,528</td>
<td>$1,615</td>
<td>$5,686</td>
</tr>
<tr>
<td>Eliminations and other</td>
<td>(453)</td>
<td>(186)</td>
<td>—</td>
</tr>
<tr>
<td>Total</td>
<td>$(1,624)</td>
<td>$(1,491)</td>
<td>$2,993</td>
</tr>
<tr>
<td><strong>OPERATING PROFIT (COST)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NBCU/NBCU LLC</td>
<td>$1,528</td>
<td>$1,615</td>
<td>$4,535</td>
</tr>
<tr>
<td>Principal retirement plans(a)</td>
<td>(3,222)</td>
<td>(3,098)</td>
<td>(1,898)</td>
</tr>
<tr>
<td>Unallocated corporate and other costs</td>
<td>(5,053)</td>
<td>(3,544)</td>
<td>(2,925)</td>
</tr>
<tr>
<td>Total</td>
<td>$(6,300)</td>
<td>$(6,431)</td>
<td>$288</td>
</tr>
</tbody>
</table>

(a) Included non-operating pension income (cost) for our principal pension plans (non-GAAP) of $(2.6) billion, $(2.1) billion and $(1.1) billion in 2013, 2012 and 2011, respectively, which includes expected return on plan assets, interest costs and non-cash amortization of actuarial gains and losses.

Revenues in 2013 decreased $0.1 billion from 2012. This decrease was primarily a result of $0.1 billion lower income related to the operations and disposition of NBCU LLC, a $0.1 billion pre-tax loss related to the impairment of an investment in a Brazilian company and $0.2 billion of lower revenues related to a plant that was sold in 2012, partially offset by $0.3 billion of higher gains from disposed businesses. The higher gains from disposed businesses reflect the net effect of $0.5 billion of gains from industrial business dispositions in 2013 compared with a $0.3 billion gain on joint venture formation and a $0.1 billion loss on sale of a plant in 2012.

Operating costs in 2013 increased $1.5 billion from 2012. Costs increased primarily as a result of $1.3 billion of higher restructuring and other charges, $0.2 billion of higher GECC preferred stock dividends, $0.1 billion of higher principal retirement plan costs, $0.1 billion of lower NBCU-related income and $0.1 billion of impairment referred to above, partially offset by $0.3 billion of higher gains on disposed businesses.

Revenues decreased $4.5 billion in 2012 as $4.1 billion of lower NBCU/NBCU LLC related revenues (primarily due to the non-repeat of the pre-tax gain on the NBCU transaction and the deconsolidation of NBCU in 2011, partially offset by higher earnings at NBCU LLC due to a gain on disposition in 2012) and
$0.1 billion of pre-tax losses related to the sale of a plant in the U.K. were partially offset by $0.3 billion of gains on the formation of a joint venture at Aviation.

Operating costs in 2012 increased $4.6 billion from 2011. Costs increased primarily as a result of $2.9 billion of lower NBCU/NBCU LLC related earnings (primarily due to the non-repeat of the 2011 gain related to the NBCU transaction, partially offset by earnings at NBCU LLC due to a gain on disposition in 2012), $1.2 billion of higher costs of our principal retirement plans and $0.4 billion of higher research and development spending and global corporate costs, partially offset by $0.2 billion of lower restructuring and other charges.

Certain amounts included in Corporate items and eliminations cost are not allocated to GE operating segments because they are excluded from the measurement of their operating performance for internal purposes. These costs include certain restructuring and other charges, technology and product development costs and acquisition-related costs. For 2013, these amounts totaled $2.4 billion, including Power & Water ($0.4 billion), Oil & Gas ($0.3 billion), Energy Management ($0.2 billion), Aviation ($0.6 billion), Healthcare ($0.6 billion), Transportation ($0.1 billion) and Appliances & Lighting ($0.2 billion). In 2013, Corporate items and eliminations also included $0.5 billion of gains from business dispositions including Power & Water ($0.1 billion), Oil & Gas ($0.1 billion) and Healthcare ($0.2 billion).

For 2012, these amounts totaled $1.5 billion, including Power & Water ($0.2 billion), Oil & Gas ($0.1 billion), Energy Management ($0.2 billion), Aviation ($0.3 billion), Healthcare ($0.5 billion), Transportation ($0.1 billion) and Appliances & Lighting ($0.1 billion). In 2012, Corporate items and eliminations also included $0.3 billion of gains related to formation of a joint venture at Aviation.

For 2011, these amounts totaled $1.5 billion, including Power & Water ($0.2 billion), Oil & Gas ($0.1 billion), Energy Management ($0.2 billion), Aviation ($0.3 billion), Healthcare ($0.4 billion), Transportation ($0.1 billion) and Appliances & Lighting ($0.1 billion).

**DISCONTINUED OPERATIONS**

<table>
<thead>
<tr>
<th>Earnings (loss) from discontinued operations, net of taxes</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$(2,120)</td>
<td>$(983)</td>
<td>$29</td>
</tr>
</tbody>
</table>

Discontinued operations primarily comprised GE Money Japan, WMC, Consumer RV Marine, Consumer Mexico, Consumer Singapore, Australian Home Lending, Consumer Ireland, CLL, Trailer Services and Consumer Russia. Associated results of operations, financial position and cash flows are separately reported as discontinued operations for all periods presented.

In 2013, loss from discontinued operations, net of taxes, reflected a $1.6 billion after-tax effect of incremental reserves, primarily related to an agreement to extinguish our loss-sharing arrangement for excess interest claims associated with the 2008 sale of GE Money Japan, a $0.2 billion after-tax effect of incremental reserves related to retained representation and warranty obligations to repurchase previously sold loans on the 2007 sale of WMC and a $0.2 billion after-tax loss on the planned disposal of Consumer Russia.

In 2012, loss from discontinued operations, net of taxes, primarily reflected a $0.6 billion after-tax effect of incremental reserves for excess interest claims related to our loss-sharing arrangement on the 2008 sale of GE Money Japan, a $0.3 billion after-tax effect of incremental reserves related to retained representation and warranty obligations to repurchase previously sold loans on the 2007 sale of WMC and a $0.2 billion loss (including a $0.1 billion loss on disposal related to Consumer Ireland, partially offset by a $0.1 billion tax benefit related to the resolution with the IRS regarding the tax treatment of the 2007 sale of our Plastics business.

In 2011, earnings from discontinued operations, net of taxes, included a $0.3 billion gain on disposal related to the sale of Consumer Singapore and $0.1 billion earnings from operations at Consumer Russia, partially offset by a $0.2 billion after-tax effect of incremental reserves for excess interest claims related to our loss-sharing arrangement on the 2008 sale of GE Money Japan and a $0.2 billion loss from operations at Consumer Ireland.

For additional information related to discontinued operations, see Note 2.

**Geographic Operations**

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

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

**GEOGRAPHIC REVENUES**

<table>
<thead>
<tr>
<th>In billions</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>$68.6</td>
<td>70.5</td>
<td>$69.9</td>
</tr>
<tr>
<td>Europe</td>
<td>25.3</td>
<td>26.7</td>
<td>28.2</td>
</tr>
<tr>
<td>Pacific Basin</td>
<td>25.5</td>
<td>24.4</td>
<td>23.2</td>
</tr>
<tr>
<td>Americas</td>
<td>13.1</td>
<td>13.2</td>
<td>13.2</td>
</tr>
<tr>
<td>Middle East and Africa</td>
<td>13.5</td>
<td>11.9</td>
<td>12.0</td>
</tr>
<tr>
<td>Total</td>
<td>$146.0</td>
<td>146.7</td>
<td>146.5</td>
</tr>
</tbody>
</table>
Non-U.S. revenues were $77.4 billion in 2013, compared with $76.2 billion and $76.6 billion in 2012 and 2011, respectively. Non-U.S. revenues to external customers as a percentage of consolidated revenues were 53% in 2013, compared with 52% in both 2012 and 2011.

GE non-U.S. revenues, excluding GECC, in 2013 were $59.0 billion, up 3% over 2012. Increases in growth markets of 72% in Algeria, 38% in Sub-Sahara and 7% in China offset a decrease of 9% in Europe. These revenues as a percentage of GE total revenues, excluding GECC, were 58% in 2013, compared with 57% and 55% in 2012 and 2011, respectively.

GE non-U.S. revenues, excluding GECC, were $57.3 billion in 2012, up 5% from 2011, primarily resulting from increases of 22% in Australia and New Zealand, 20% in China and 8% in Latin America, partially offset by a decrease of 36% in India. The effects of currency fluctuations on reported results decreased revenues by $0.3 billion in 2013, primarily driven by the Japanese yen ($0.3 billion) and Brazilian real ($0.2 billion), partially offset by the euro ($0.4 billion). The effect of currency fluctuations on reported results decreased revenues by $1.9 billion in 2012, primarily driven by the euro ($1.4 billion) and Brazilian real ($0.2 billion). The effects of currency fluctuations on reported results increased revenues by $1.4 billion in 2011, primarily driven by the euro ($0.8 billion) and Japanese yen ($0.2 billion).

GECC non-U.S. revenues decreased 3% to $18.4 billion in 2013, compared with $19.0 billion and $22.3 billion in 2012 and 2011, respectively, primarily as a result of decreases in Europe. Non-U.S. revenues as a percentage of total revenues were 42% in 2013 and 2012, compared with 46% in 2011.

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

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

**TOTAL ASSETS (CONTINUING OPERATIONS)**

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>$325.4</td>
<td>$350.7</td>
</tr>
<tr>
<td>Europe</td>
<td>195.1</td>
<td>188.9</td>
</tr>
<tr>
<td>Pacific Basin</td>
<td>51.8</td>
<td>55.7</td>
</tr>
<tr>
<td>Americas</td>
<td>32.9</td>
<td>32.9</td>
</tr>
<tr>
<td>Other Global</td>
<td>49.0</td>
<td>53.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$654.2</td>
<td>$681.7</td>
</tr>
</tbody>
</table>

Total assets of non-U.S. operations on a continuing basis were $328.8 billion in 2013, a decrease of $2.2 billion from 2012. This decrease reflected declines in Pacific Basin and Other Global, primarily due to the strengthening of the U.S. dollar against the Japanese yen and dispositions at various businesses, partially offset by increases in Europe, primarily due to acquisitions.

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

**Environmental Matters**

Our operations, like operations of other companies engaged in similar businesses, involve the use, disposal and cleanup of substances regulated under environmental protection laws. We are involved in a number of remediation actions to clean up hazardous wastes as required by federal and state laws. Such statutes require that responsible parties fund remediation actions regardless of fault, legality of original disposal or ownership of a disposal site. Expenditures for site remediation actions amounted to approximately $0.4 billion in both 2013 and 2012 and $0.3 billion in 2011. We presently expect that such remediation actions will require average annual expenditures of about $0.4 billion for each of the next two years.

In 2006, we entered into a consent decree with the Environmental Protection Agency (EPA) to dredge PCB-containing sediment from the upper Hudson River. The consent decree provided that the dredging would be performed in two phases. Phase 1 was completed in May through November of 2009. Between Phase 1 and Phase 2 there was an intervening peer review by an independent panel of national experts. The panel evaluated the performance of Phase 1 dredging operations with respect to Phase 1 Engineering Performance Standards and recommended proposed changes to the standards. On December 17, 2010, EPA issued its decision setting forth the final performance standards for Phase 2 of the Hudson River dredging project, incorporating aspects of the recommendations from the independent peer review panel and from GE. In December 2010, we agreed to perform Phase 2 of the project in accordance with the final performance standards set by EPA and increased our reserve by $0.8 billion in the fourth quarter of 2010 to account for the probable and estimable costs of completing Phase 2. In 2011, we completed the first year of Phase 2 dredging and commenced work on planned upgrades to the Hudson River wastewater processing facility. Over the past three years we have dredged 1.7 million cubic yards from the river and, based upon that result and our best professional engineering judgment, we believe that our current reserve continues to reflect our probable and estimable costs for the remainder of Phase 2 of the dredging project.
Financial Resources and Liquidity
This discussion of financial resources and liquidity addresses the Statement of Financial Position; Liquidity and Borrowings; Debt and Derivative Instruments, Guarantees and Covenants; Consolidated Statements of Changes in Shareowners’ Equity and Comprehensive Income; Statement of Cash Flows—Overview from 2011 through 2013; Contractual Obligations; and Variable Interest Entities (VIEs).

Overview of Financial Position
Major changes to our shareowners’ equity are discussed in the Shareowners’ Equity and Comprehensive Income section. In addition, other significant changes to balances in our Statement of Financial Position follow.

Statement of Financial Position
Because GE and GECC share certain significant elements of their Statements of Financial Position—property, plant and equipment and borrowings, for example—the following discussions address 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.

INVESTMENT SECURITIES comprise mainly investment-grade debt securities supporting obligations to annuitants and policyholders in our run-off insurance operations and supporting obligations to holders of guaranteed investment contracts (GICs) in Trinity, and investments held in our CLL business collateralized by senior secured loans of high-quality, middle-market companies in a variety of industries. The fair value of investment securities decreased to $44.0 billion at December 31, 2013 from $48.5 billion at December 31, 2012, primarily due to the sale of U.S. government and federal agency securities at our treasury operations and the impact of higher interest rates. At December 31, 2013, we held debt securities with an estimated fair value of $43.3 billion, which included corporate debt securities, asset-backed securities (ABS), commercial mortgage-backed securities (CMBS) and residential mortgage-backed securities (RMBS) with estimated fair values of $23.5 billion, $7.4 billion, $3.0 billion and $1.9 billion, respectively. Net unrealized gains on debt securities were $2.5 billion and $4.8 billion at December 31, 2013 and 2012, respectively. This amount included unrealized losses on corporate debt securities, state and municipal securities and CMBS of $0.3 billion, $0.2 billion and $0.1 billion, respectively, at December 31, 2013, as compared with $0.4 billion, $0.1 billion and $0.1 billion, respectively, at December 31, 2012.

We regularly review investment securities for impairment using both qualitative and quantitative criteria. For debt securities, our qualitative review considers our intent to sell the security and the financial health of and specific prospects for the issuer, including whether the issuer is in compliance with the terms and covenants of the security. Our quantitative review considers whether there has been an adverse change in expected future cash flows. Unrealized losses are not indicative of the amount of credit loss that would be recognized. We presently do not intend to sell the vast majority of our debt securities that are in an unrealized loss position and believe that it is not more likely than not that we will be required to sell the vast majority of these securities before recovery of our amortized cost. For equity securities, we consider the length of time and magnitude of the amount that each security is in an unrealized loss position. We believe that the unrealized loss associated with our equity securities will be recovered within the foreseeable future. Uncertainty in the capital markets may cause increased levels of other-than-temporary impairments. For additional information relating to how credit losses are calculated, see Note 3.

Our RMBS portfolio is collateralized primarily by pools of individual, direct mortgage loans (a majority of which were originated in 2006 and 2005), not other structured products such as collateralized debt obligations. The vast majority of our RMBS are in a senior position in the capital structure of the deals and more than 70% are agency bonds or insured by Monoline insurers (Monolines) (on which we continue to place reliance). Of our total RMBS portfolio at December 31, 2013 and 2012, approximately $0.4 billion and $0.5 billion, respectively, relates to residential subprime credit, primarily supporting our guaranteed investment contracts. A majority of this exposure is related to investment securities backed by mortgage loans originated in 2006 and 2005. Substantially all of the subprime RMBS were investment grade at the time of purchase and approximately 70% have been subsequently downgraded to below investment grade.

Our CMBS portfolio is collateralized by both diversified pools of mortgages that were originated for securitization (conduit CMBS) and pools of large loans backed by high-quality properties (large loan CMBS), the majority of which were originated in 2007 and 2006. The vast majority of the securities in our CMBS portfolio have investment-grade credit ratings and the vast majority of the securities are in a senior position in the capital structure of the deals.

Our ABS portfolio is collateralized by senior secured loans of high-quality, middle-market companies in a variety of industries, as well as a variety of diversified pools of assets such as student loans and credit cards. The vast majority of the securities in our ABS portfolio are in a senior position in the capital structure of the deals. In addition, substantially all of the securities that are below investment grade are in an unrealized gain position.

If there has been an adverse change in cash flows for RMBS, management considers credit enhancements such as Monoline insurance (which are features of a specific security). In evaluating the overall creditworthiness of the Monoline, we use an analysis that is similar to the approach we use for corporate bonds, including an evaluation of the sufficiency of the Monoline’s cash reserves and capital, ratings activity, whether the Monoline is...
in default or default appears imminent, and the potential for intervention by an insurance or other regulator.

Monolines provide credit enhancement for certain of our investment securities, primarily RMBS and municipal securities. The credit enhancement is a feature of each specific security that guarantees the payment of all contractual cash flows, and is not purchased separately by GE. The Monoline industry continues to experience financial stress from increasing delinquencies and defaults on the individual loans underlying insured securities. We continue to rely on Monolines with adequate capital and claims paying resources. We have reduced our reliance on Monolines that do not have adequate capital or have experienced regulator intervention. At December 31, 2013, our investment securities insured by Monolines on which we continue to place reliance were $1.0 billion, including $0.3 billion of our $0.4 billion investment in subprime RMBS. At December 31, 2013, the unrealized loss associated with securities subject to Monoline credit enhancement, for which there is an expected credit loss, was $0.1 billion.

Total pre-tax, other-than-temporary impairment losses during 2013 were $0.8 billion, which was recognized in earnings and primarily relates to credit losses on corporate debt securities and other-than-temporary losses on equity securities and an insignificant amount primarily relates to non-credit-related losses on RMBS and is included within accumulated other comprehensive income (AOCI).

Total pre-tax, other-than-temporary impairment losses during 2012 were $0.2 billion, of which $0.1 billion was recognized in earnings and primarily relates to credit losses on non-U.S. corporate, U.S. corporate and RMBS securities and other-than-temporary losses on equity securities and $0.1 billion primarily relates to non-credit-related losses on RMBS and is included within AOCI.

At December 31, 2013 and 2012, unrealized losses on investment securities totaled $0.7 billion and $0.8 billion, respectively, including $0.4 billion and $0.8 billion, respectively, aged 12 months or longer. Of the amount aged 12 months or longer at December 31, 2013, more than 70% are debt securities that were considered to be investment grade by the major rating agencies. In addition, of the amount aged 12 months or longer, $0.1 billion and $0.2 billion related to structured securities (mortgage-backed and asset-backed) and corporate debt securities, respectively. With respect to our investment securities that are in an unrealized loss position, aged 12 months or longer at December 31, 2013, the majority relate to debt securities held to support obligations to holders of GICs. We presently do not intend to sell the vast majority of our debt securities that are in an unrealized loss position and believe that it is not more likely than not that we will be required to sell these securities before recovery of our amortized cost. For additional information, see Note 3.

FAIR VALUE MEASUREMENTS. For financial assets and liabilities measured at fair value on a recurring basis, fair value is the price we would receive to sell an asset or pay to transfer a liability in an orderly transaction with a market participant at the measurement date. In the absence of active markets for the identical assets or liabilities, such measurements involve developing assumptions based on market observable data and, in the absence of such data, internal information that is consistent with what market participants would use in a hypothetical transaction that occurs at the measurement date. Additional information about our application of this guidance is provided in Notes 1 and 21. At December 31, 2013, the aggregate amount of investments that are measured at fair value through earnings totaled $3.2 billion and consisted primarily of various assets held for sale in the ordinary course of business, as well as equity investments.

WORKING CAPITAL, representing GE current receivables and inventories, less GE accounts payable and progress collections, decreased $0.7 billion at December 31, 2013, compared to December 31, 2012 due to increases in accounts payable and progress collections, partially offset by increases in current receivables and inventory. As Power & Water, Oil & Gas and Aviation deliver units out of their backlogs to fulfill commitments over the next few years, progress collections of $13.2 billion at December 31, 2013, will be earned, which, along with progress collections on new orders, will impact working capital. We discuss current receivables and inventories, two important elements of working capital, in the following paragraphs.

CURRENT RECEIVABLES, BEFORE ALLOWANCE FOR LOSSES, for GE totaled to $11.4 billion at December 31, 2013 and $9.7 billion at December 31, 2012, and included $7.4 billion due from customers at the end of 2013 compared with $6.3 billion at the end of 2012. GE current receivables turnover was 9.9 in 2013, compared with 10.5 in 2012. The overall increase in current receivables was primarily due to higher volume at Power & Water and Oil & Gas. See Note 4.

INVENTORIES for GE totaled $17.3 billion at December 31, 2013, an increase of $2.0 billion from 2012. This increase reflected higher inventories at Power & Water, Oil & Gas and Aviation to fulfill commitments and backlog. GE inventory turnover was 6.1 and 6.7 in 2013 and 2012, respectively. See Note 5.

FINANCING RECEIVABLES is our largest category of assets and represents one of our primary sources of revenues. Our portfolio of financing receivables is diverse and not directly comparable to major U.S. banks. A discussion of the quality of certain elements of the financing receivables portfolio follows.

Our consumer portfolio is composed primarily of non-U.S. mortgage, sales finance, auto and personal loans in various European and Asian countries and U.S. consumer credit card and
sales finance receivables. In 2007, we exited the U.S. mortgage business and we have no U.S. auto or student loans.

Our commercial portfolio primarily comprises senior secured positions with comparatively low loss history. The secured receivables in this portfolio are collateralized by a variety of asset classes, which for our CLL business primarily include: industrial-related facilities and equipment, vehicles, corporate aircraft, and equipment used in many industries, including the construction, manufacturing, transportation, media, communications, entertainment, and healthcare industries. The portfolios in our Real Estate, GECAS and Energy Financial Services businesses are collateralized by commercial real estate, commercial aircraft and operating assets in the global energy and water industries, respectively. We are in a secured position for substantially all of our commercial portfolio.

Losses on financing receivables are recognized when they are incurred, which requires us to make our best estimate of probable losses inherent in the portfolio. The method for calculating the best estimate of losses depends on the size, type and risk characteristics of the related financing receivable. Such an estimate requires consideration of historical loss experience, adjusted for current conditions, and judgments about the probable effects of relevant observable data, including present economic conditions such as delinquency rates, financial health of specific customers and market sectors, collateral values (including housing price indices as applicable), and the present and expected future levels of interest rates. The underlying assumptions, estimates and assessments we use to provide for losses are updated periodically to reflect our view of current conditions and are subject to the regulatory examination process, which can result in changes to our assumptions. Changes in such estimates can significantly affect the allowance and provision for losses. It is possible to experience credit losses that are different from our current estimates.

Our risk management process includes standards and policies for reviewing major risk exposures and concentrations, and evaluates relevant data either for individual loans or financing leases, or on a portfolio basis, as appropriate.

Loans acquired in a business acquisition are recorded at fair value, which incorporates our estimate at the acquisition date of the credit losses over the remaining life of the portfolio. As a result, the allowance for losses is not carried over at acquisition. This may have the effect of causing lower reserve coverage ratios for those portfolios.

For purposes of the discussion that follows, "delinquent" receivables are those that are 30 days or more past due based on their contractual terms, and "nonearning" receivables are those that are 90 days or more past due or for which collection is otherwise doubtful. Nonearning receivables exclude loans purchased at a discount (unless they have deteriorated post acquisition). These loans are initially recorded at fair value and accrete interest income over the estimated life of the loan based on reasonably estimable cash flows even if the underlying loans are contractually delinquent at acquisition. In addition, nonearning receivables exclude loans that are paying on a cash accounting basis but are classified as nonaccrual and impaired. "Nonaccrual" financing receivables include all nonearning receivables and are those on which we have stopped accruing interest. We stop accruing interest at the earlier of the time at which collection of an account becomes doubtful or the account becomes 90 days past due, with the exception of consumer credit card accounts, on which we accrue interest until the account becomes 180 days past due, as discussed below. Recently restructured financing receivables are not considered delinquent when payments are brought current according to the restructured terms, but may remain classified as nonaccrual until there has been a period of satisfactory payment performance by the borrower and future payments are reasonably assured of collection.

Beginning in the fourth quarter of 2013, we revised our methods for classifying financing receivables as nonaccrual and nonearning to more closely align with regulatory guidance. Under the revised methods, we continue to accrue interest on consumer credit cards until the accounts are written off in the period the account becomes 180 days past due. Previously, we stopped accruing interest on consumer credit cards when the account became 90 days past due. In addition, the revised methods limit the use of the cash basis of accounting for nonaccrual financing receivables.

As a result of these revisions, consumer credit card receivables of $11.1 billion that were previously classified as both nonaccrual and nonearning were returned to accrual status in the fourth quarter of 2013. In addition, $1.5 billion of Real Estate and CLL financing receivables previously classified as nonaccrual, paying in accordance with contractual terms and accounted for on the cash basis, were returned to accrual status, while $2.2 billion of financing receivables previously classified as nonaccrual and accounted for on the cash basis (primarily in Real Estate and CLL) were placed into the nonearning category based on our assessment of the short-term outlook for resolution through payoff or refinancing. These changes had an insignificant effect on earnings.

Given that the revised methods result in nonaccrual and nonearning amounts that are substantially the same, we plan to discontinue the reporting of nonearning financing receivables, one of our internal performance metrics, and report selected ratios related to nonaccrual financing receivables in the first quarter of 2014.

Further information on the determination of the allowance for losses on financing receivables and the credit quality and categorization of our financing receivables is provided in the Critical Accounting Estimates section and Notes 1 and 6.
### COMMERCIAL

<table>
<thead>
<tr>
<th></th>
<th>Financing receivables</th>
<th>Nonearning receivables</th>
<th>Allowance for losses</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CLL</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Americas</td>
<td>$68,585</td>
<td>$72,517</td>
<td>$1,243</td>
</tr>
<tr>
<td>Europe (a)</td>
<td>37,962</td>
<td>37,037</td>
<td>1,046</td>
</tr>
<tr>
<td>Asia</td>
<td>9,469</td>
<td>11,401</td>
<td>413</td>
</tr>
<tr>
<td>Other (a)</td>
<td>451</td>
<td>603</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total CLL</strong></td>
<td>116,467</td>
<td>121,558</td>
<td>2,702</td>
</tr>
<tr>
<td><strong>Energy Financial Services</strong></td>
<td>3,107</td>
<td>4,851</td>
<td>4</td>
</tr>
<tr>
<td><strong>GECAS</strong></td>
<td>9,377</td>
<td>10,915</td>
<td>—</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>318</td>
<td>486</td>
<td>6</td>
</tr>
<tr>
<td><strong>Total Commercial</strong></td>
<td>129,269</td>
<td>137,810</td>
<td>2,712</td>
</tr>
<tr>
<td><strong>REAL ESTATE</strong></td>
<td>19,899</td>
<td>20,946</td>
<td>2,301</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$258,207</td>
<td>$273,105</td>
<td>$7,232</td>
</tr>
</tbody>
</table>

(a) During 2013, we transferred our European equipment services portfolio from CLL Other to CLL Europe. Prior-period amounts were reclassified to conform to the current period presentation.

(b) Included financing receivables of $12.025 billion and $12.221 billion, nonearning receivables of $751 million and $1.036 million and allowance for losses of $139 million and $142 million at December 31, 2013 and 2012, respectively, primarily related to loans, net of credit insurance, whose terms permitted interest-only payments and high loan-to-value ratios at inception (greater than 90%). At origination, we underwrite loans with an adjustable rate to the reset value. Of these loans, about 85% are in our U.K. and France portfolios, which comprise mainly loans with interest-only payments, high loan-to-value ratios at inception and introductory below market rates, have a delinquency rate of 14%, have a loan-to-value ratio at origination of 82% and have re-indexed loan-to-value ratios of 84% and 64%, respectively. Re-indexed loan-to-value ratios may not reflect actual realizable values of future repossessions. At December 31, 2013, 11% (based on dollar values) of these loans in our U.K. and France portfolios have been restructured.

The portfolio of financing receivables, before allowance for losses, was $258.2 billion at December 31, 2013, and $273.1 billion at December 31, 2012. Financing receivables, before allowance for losses, decreased $14.9 billion from December 31, 2012, primarily as a result of dispossession ($6.5 billion), write-offs ($5.9 billion), collections (which includes sales) exceeding originations ($3.6 billion) and the stronger U.S. dollar ($1.7 billion).

Related nonearning receivables totaled $7.2 billion (2.8% of outstanding receivables) at December 31, 2013, compared with $7.5 billion (2.8% of outstanding receivables) at December 31, 2012. Nonearning receivables decreased from December 31, 2012, primarily due to collections and write-offs at CLL and the placing of consumer credit card accounts on accrual status, partially offset by nonearning receivables previously classified as cash basis resulting from a revision to our nonaccrual and nonearning methods to more closely align with regulatory guidance in the fourth quarter of 2013.

The allowance for losses at December 31, 2013 totaled $5.2 billion compared with $4.9 billion at December 31, 2012, representing our best estimate of probable losses inherent in the portfolio. Allowance for losses increased $0.2 billion from December 31, 2012, primarily because provisions were higher than write-offs, net of recoveries by $0.4 billion, which is attributable to an increase in provision in our Consumer installment and revolving portfolios. The allowance for losses as a percent of total financing receivables increased from 1.8% at December 31, 2012 to 2.0% at December 31, 2013 primarily due to an increase in the allowance for losses and a decline in the overall financing receivables balance as discussed above. Further information surrounding the allowance for losses related to each of our portfolios follows.
The following table provides information surrounding selected ratios related to nonearning financing receivables and the allowance for losses.

<table>
<thead>
<tr>
<th>December 31</th>
<th>Nonearning financing receivables as a percent of financing receivables</th>
<th>Allowance for losses as a percent of nonearning financing receivables</th>
<th>Allowance for losses as a percent of total financing receivables</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>COMMERCIAL</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CLL Americas</td>
<td>1.8%</td>
<td>1.8%</td>
<td>38.1%</td>
</tr>
<tr>
<td>Europe</td>
<td>2.8</td>
<td>3.5</td>
<td>39.7</td>
</tr>
<tr>
<td>Asia</td>
<td>4.4</td>
<td>1.7</td>
<td>21.8</td>
</tr>
<tr>
<td>Other</td>
<td>—</td>
<td>8.6</td>
<td>—</td>
</tr>
<tr>
<td>Total CLL</td>
<td>2.3</td>
<td>2.4</td>
<td>36.2</td>
</tr>
<tr>
<td>Energy Financial Services</td>
<td>0.1</td>
<td>—</td>
<td>200.0</td>
</tr>
<tr>
<td>GECAS</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Other</td>
<td>1.9</td>
<td>2.7</td>
<td>33.3</td>
</tr>
<tr>
<td>Total Commercial</td>
<td>2.1</td>
<td>2.1</td>
<td>37.1</td>
</tr>
<tr>
<td><strong>REAL ESTATE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-U.S. residential mortgages</td>
<td>5.8</td>
<td>7.7</td>
<td>20.3</td>
</tr>
<tr>
<td>Non-U.S. installment and revolving credit</td>
<td>0.6</td>
<td>1.2</td>
<td>675.0</td>
</tr>
<tr>
<td>U.S. installment and revolving credit</td>
<td>—</td>
<td>2.0</td>
<td>—</td>
</tr>
<tr>
<td>Non-U.S. auto</td>
<td>0.9</td>
<td>0.6</td>
<td>311.1</td>
</tr>
<tr>
<td>Other</td>
<td>5.0</td>
<td>4.3</td>
<td>43.5</td>
</tr>
<tr>
<td>Total Consumer</td>
<td>2.0</td>
<td>3.7</td>
<td>179.4</td>
</tr>
<tr>
<td>Total</td>
<td>2.8</td>
<td>2.8</td>
<td>71.6</td>
</tr>
</tbody>
</table>

(a) Included nonearning financing receivables as a percent of financing receivables of 6.2% and 8.5%, allowance for losses as a percent of nonearning receivables of 16% and 17.7% and allowance for losses as a percent of total financing receivables of 1.2% and 1.2% at December 31, 2013 and December 31, 2012, respectively, primarily related to loans, net of credit insurance, whose terms permitted interest-only payments and high loan-to-value ratios at inception (greater than 90%). Compared to the overall Non-U.S. residential mortgage loan portfolio, the ratio of allowance for losses as a percent of nonearning financing receivables for these loans is lower, driven primarily by the higher mix of such products in the U.K. and France portfolios and as a result of the better performance and collateral realization experience in these markets.

(b) Not meaningful.

Included below is a discussion of financing receivables, allowance for losses, nonearning receivables and related metrics for each of our significant portfolios.

**CLL—AMERICAS.** Nonearning receivables of $1.2 billion represented 17.2% of total nonearning receivables at December 31, 2013. The ratio of allowance for losses as a percent of nonearning receivables increased from 36.8% at December 31, 2012, to 38.1% at December 31, 2013, reflecting a decrease in nonearning receivables. The ratio of nonearning receivables as a percent of financing receivables remained constant at 1.8% at December 31, 2013 primarily due to decreased nonearning exposures in our industrial and consumer-facing portfolios, partially offset by our materials, media and Latin America portfolios. Collateral supporting these nonearning financing receivables primarily includes assets in the restaurant and hospitality, trucking and industrial equipment industries and corporate aircraft, and for our leveraged finance business, equity of the underlying businesses.

**CLL—EUROPE.** Nonearning receivables of $1.0 billion represented 14.5% of total nonearning receivables at December 31, 2013. The ratio of allowance for losses as a percent of nonearning receivables increased from 34.3% at December 31, 2012 to 39.7% at December 31, 2013, reflecting a decrease in nonearning receivables and allowance for losses in our Interbanca S.p.A. and asset-backed lending portfolios primarily as a result of write-offs. The majority of our CLL—Europe nonearning receivables are attributable to the Interbanca S.p.A. portfolio, which was acquired in 2009. The loans acquired with Interbanca S.p.A. were recorded at fair value, which incorporates an estimate at the acquisition date of credit losses over their remaining life. Accordingly, these loans generally have a lower ratio of allowance for losses as a percent of nonearning receivables compared to the remaining portfolio. Excluding the nonearning loans attributable to the 2009 acquisition of Interbanca S.p.A., the ratio of allowance for losses as a percent of nonearning receivables increased from 58.4% at December 31, 2012, to 70.8% at December 31, 2013, primarily due to a decrease in nonearning receivables as a result of write-offs and sales in our acquisition finance and asset-backed lending portfolios. The ratio of nonearning receivables as a percent of financing receivables decreased from 3.5% at December 31, 2012, to 2.8% at December 31, 2013, for the reasons described above. Collateral supporting these secured nonearning financing receivables are primarily equity of the underlying businesses for our Interbanca S.p.A. business and acquisition finance businesses, the purchased receivables for our asset-backed lending portfolio, and equipment for our equipment finance portfolio.

**CLL—ASIA.** Nonearning receivables of $0.4 billion represented 5.7% of total nonearning receivables at December 31, 2013. The ratio of allowance for losses as a percent of nonearning receivables decreased from 41.5% at December 31, 2012, to 21.8% at December 31, 2013, primarily due to an increase in nonearning receivables in Australia, South Korea and Thailand, partially offset by restructuring activities and write-offs resulting in a reduction of nonearning receivables in our asset-based
financing businesses in Japan. The ratio of nonearning receiv-
ables as a percent of financing receivables increased from 1.7% at
December 31, 2012, to 4.4% at December 31, 2013, primarily
due to increased nonearning receivables mentioned above and
a decline in financing receivables primarily in our asset-based
financing businesses in Japan and Australia. Collateral supporting
these nonearning financing receivables is primarily commercial
real estate, manufacturing equipment and corporate aircraft.

REAL ESTATE—DEBT. Nonearning receivables of $2.3 billion rep-
resented 31.8% of total nonearning receivables at December 31,
2013. The increase in nonearning receivables from December 31,
2012, was primarily due to $2.1 billion of financing receivables
previously classified as cash basis resulting from a revision to
our nonaccrual and nonearning methods to more closely align
with regulatory guidance in the fourth quarter of 2013, partially
offset by the resolution of North American multi-family and hotel
nonearning loans, as well as European retail and mixed-use loans
through payoffs, foreclosures and write-offs. The ratio of allow-
ance for losses as a percent of nonearning receivables decreased
from 72.1% to 8.3% reflecting the increase in nonearning loans as
mentioned above. The ratio of allowance for losses as a percent of
total financing receivables decreased from 1.5% at December 31,
2012 to 1.0% at December 31, 2013, driven primarily by the
reduction in overall reserves due to improving market conditions
and new loan originations in 2013.

The Real Estate financing receivables portfolio is collateralized
by income-producing or owner-occupied commercial properties
across a variety of asset classes and markets. At December 31,
2013, total Real Estate financing receivables of $19.9 billion were
primarily collateralized by office buildings ($5.9 billion), apartment
buildings ($3.2 billion), retail facilities ($2.8 billion), warehouse
properties ($2.6 billion) and hotel properties ($2.2 billion). In
2013, commercial real estate markets continue to show signs of
improved stability and liquidity in certain markets; however,
the pace of improvement varies significantly by asset class and
market and the long-term outlook remains uncertain. We have
and continue to maintain an intense focus on operations and risk
management. Loan loss reserves related to our Real Estate—Debt
financing receivables are particularly sensitive to declines in
underlying property values. Estimating the impact of global prop-
erty values on loss performance across our portfolio depends
on a number of factors, including macroeconomic conditions,
property level operating performance, local market dynamics and
individual borrower behavior. As a result, any attempts to fore-
cast potential losses carry a high degree of imprecision and are
subject to change. At December 31, 2013, we had 116 foreclosed
commercial real estate properties totaling $1.0 billion.

CONSUMER—NON-U.S. RESIDENTIAL MORTGAGES. Nonearning
receivables of $1.8 billion represented 24.4% of total nonearning
receivables at December 31, 2013. The ratio of allowance for
losses as a percent of nonearning receivables increased from
18.7% at December 31, 2012, to 20.3% at December 31, 2013, as
a result of lower nonearning receivables due to improved collec-
tions and higher property values primarily in our U.K. portfolio.
Our non-U.S. mortgage portfolio has a loan-to-value ratio of
approximately 75% at origination and the vast majority are first
lien positions. Our U.K. and France portfolios, which comprise a
majority of our total mortgage portfolio, have reindexed loan-to-
value ratios of 77% and 56%, respectively, and about 9% of these
loans are without mortgage insurance and have a reindexed
loan-to-value ratio equal to or greater than 100%. Re-indexed
loan-to-value ratios may not reflect actual realizable values of
future repossessions. Loan-to-value information is updated on
a quarterly basis for a majority of our loans and considers eco-

omic factors such as the housing price index. At December 31,
2013, we had in repossession stock 447 houses in the U.K., which
had a value of approximately $0.1 billion. The ratio of nonearning
receivables as a percent of financing receivables decreased from
7.7% at December 31, 2012 to 5.8% at December 31, 2013 for the
reasons described above.

CONSUMER—NON-U.S. INSTALLMENT AND REVOLVING CREDIT.
Nonearning receivables of $0.1 billion represented 1.2% of total
nonearning receivables at December 31, 2013. The ratio of allow-
ance for losses as a percent of nonearning receivables increased
from 273.2% at December 31, 2012 to 675.0% at December 31,
2013, reflecting an increase in the allowance for losses primarily
due to the approach described below and a decrease in nonearn-
ing receivables reflecting the placing of consumer credit card
accounts on accrual status.

CONSUMER—U.S. INSTALLMENT AND REVOLVING CREDIT.
Nonearning receivables at December 31, 2013, reflect the plac-
ing of consumer credit card accounts on accrual status. The ratio of allow-
ance for losses as a percent of nonearning receivables increased
from 4.5% at December 31, 2012 to 5.1% at December 31, 2013,
reflecting an increase in the allowance for losses primarily
due to the approach described below.

In 2013, we completed our implementation of a more granular
portfolio segmentation approach, by loss type, in determining
the incurred loss period in our consumer revolving credit port-
folios, which resulted in an increase to the incurred loss period
and included a qualitative assessment of the adequacy of the
consumer revolving credit portfolios’ allowance for losses, which
compares this allowance for losses to projected net write-offs
over the next 12 months, in a manner consistent with regulatory
guidance. This resulted in an increase of $0.6 billion to the allow-
ance for losses on financing receivables ($0.3 billion, after tax),
the vast majority of which was attributable to our U.S. consumer
revolving credit portfolios.

Nonaccrual Financing Receivables
The following table provides details related to our nonaccrual
and nonearning financing receivables. Nonaccrual financing receiv-
ables include all nonearning receivables and are those on which
we have stopped accruing interest. We stop accruing interest
at the earlier of the time at which collection becomes doubtful
or the account becomes 90 days past due, with the exception of
consumer credit card accounts, as discussed below.

Beginning in the fourth quarter of 2013, we revised our
methods for classifying financing receivables as nonaccrual
and nonearning to more closely align with regulatory guidance.
Under the revised methods, we continue to accrue interest on
consumer credit cards until the accounts are written off in the
period the account becomes 180 days past due. Previously, we stopped accruing interest on consumer credit cards when the account became 90 days past due. In addition, the revised methods limit the use of the cash basis of accounting for nonaccrual
financing receivables.

As a result of these revisions, consumer credit card receivables of $1.1 billion that were previously classified as both nonaccrual and nonearning were returned to accrual status in the fourth quarter of 2013. In addition, $1.5 billion of Real Estate and CLL financing receivables previously classified as nonaccrual, paying in accordance with contractual terms and accounted for on the cash basis, were returned to accrual status, while $2.2 billion of financing receivables previously classified as nonaccrual and accounted for on the cash basis (primarily in Real Estate and CLL) were placed into the nonearning category based on our assessment of the short-term outlook for resolution through payoff or refinance. These changes had an insignificant effect on earnings.

Given that the revised methods result in nonaccrual and nonearning amounts that are substantially the same, we plan to discontinue the reporting of nonearning financing receivables, one of our internal performance metrics, and report selected ratios related to nonaccrual financing receivables in the first quarter of 2014.

Substantially all of the differences between nonearning and nonaccrual financing receivables relate to loans that are classified as nonaccrual financing receivables but are paying on a cash accounting basis, and therefore excluded from nonearning receivables. Of our $7.9 billion nonaccrual loans at December 31, 2013, $4.2 billion are currently paying in accordance with their contractual terms. Further information on our nonaccrual and nonearning financing receivables is provided in Notes 1 and 6.

### Impaired Loans

“Impaired” loans in the table below are defined as larger-balance or restructured loans for which it is probable that the lender will be unable to collect all amounts due according to original contractual terms of the loan agreement. The vast majority of our Consumer and a portion of our CLL nonaccrual receivables are excluded from this definition, as they represent smaller-balance homogeneous loans that we evaluate collectively by portfolio for impairment.

Impaired loans include nonearning receivables on larger-balance or restructured loans, loans that are currently paying interest under the cash basis (but are excluded from the nonearning category), and loans paying currently that had been previously restructured.

Specific reserves are recorded for individually impaired loans to the extent we have determined that it is probable that we will be unable to collect all amounts due according to original contractual terms of the loan agreement. Certain loans classified as impaired may not require a reserve because we believe that we will ultimately collect the unpaid balance (through collection or collateral repossession).

<table>
<thead>
<tr>
<th>December 31 (in millions)</th>
<th>2013</th>
<th>2012</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nonaccrual financing receivables</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial</td>
<td>$2,734</td>
<td>$4,138</td>
<td>$2,702</td>
<td>$2,877</td>
</tr>
<tr>
<td>Energy Financial Services</td>
<td>4</td>
<td>—</td>
<td>4</td>
<td>—</td>
</tr>
<tr>
<td>GECAS</td>
<td>—</td>
<td>3</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Other</td>
<td>6</td>
<td>25</td>
<td>6</td>
<td>13</td>
</tr>
<tr>
<td>Total Commercial</td>
<td>2,744</td>
<td>4,166</td>
<td>2,712</td>
<td>2,890</td>
</tr>
<tr>
<td>Real Estate(a)</td>
<td>2,551</td>
<td>4,885</td>
<td>2,301</td>
<td>444</td>
</tr>
<tr>
<td>Consumer(b)</td>
<td>2,620</td>
<td>4,288</td>
<td>2,219</td>
<td>4,181</td>
</tr>
<tr>
<td>Total</td>
<td>$7,915</td>
<td>$13,339</td>
<td>$7,232</td>
<td>$7,515</td>
</tr>
</tbody>
</table>

(a) During the fourth quarter of 2013, we reclassified financing receivables of $1.0 billion from nonaccrual to accrual status and $2.1 billion from nonaccrual to nonearning, as discussed above.

(b) During the fourth quarter of 2013, we reclassified consumer credit card receivables of $1.1 billion from both nonaccrual and nonearning to accrual status, as discussed above.

Further information pertaining to loans classified as impaired and specific reserves is included in the table below.

<table>
<thead>
<tr>
<th>December 31 (in millions)</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>LOANS REQUIRING ALLOWANCE FOR LOSSES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial(a)</td>
<td>$1,116</td>
<td>$1,372</td>
</tr>
<tr>
<td>Real Estate</td>
<td>1,245</td>
<td>2,202</td>
</tr>
<tr>
<td>Consumer</td>
<td>2,879</td>
<td>3,103</td>
</tr>
<tr>
<td>Total loans requiring allowance for losses</td>
<td>5,240</td>
<td>6,677</td>
</tr>
<tr>
<td>LOANS EXPECTED TO BE FULLY RECOVERABLE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial(a)</td>
<td>2,776</td>
<td>3,697</td>
</tr>
<tr>
<td>Real Estate</td>
<td>2,615</td>
<td>3,491</td>
</tr>
<tr>
<td>Consumer</td>
<td>109</td>
<td>105</td>
</tr>
<tr>
<td>Total loans expected to be fully recoverable</td>
<td>5,500</td>
<td>7,293</td>
</tr>
<tr>
<td>TOTAL IMPAIRED LOANS</td>
<td>$10,740</td>
<td>$13,970</td>
</tr>
<tr>
<td>ALLOWANCE FOR LOSSES (SPECIFIC RESERVES)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial(a)</td>
<td>$328</td>
<td>$487</td>
</tr>
<tr>
<td>Real Estate</td>
<td>74</td>
<td>188</td>
</tr>
<tr>
<td>Consumer</td>
<td>567</td>
<td>673</td>
</tr>
<tr>
<td>Total allowance for losses (specific reserves)</td>
<td>$969</td>
<td>$1,348</td>
</tr>
<tr>
<td>Average investment during the period</td>
<td>$12,347</td>
<td>$16,262</td>
</tr>
<tr>
<td>Interest income earned while impaired(b)</td>
<td>626</td>
<td>750</td>
</tr>
</tbody>
</table>

(a) Includes CLL, Energy Financial Services, GECAS and Other.

(b) Recognized principally on an accrual basis.
We regularly review our Real Estate loans for impairment using both quantitative and qualitative factors, such as debt service coverage and loan-to-value ratios. We evaluate a Real Estate loan for impairment when the most recent valuation reflects a projected loan-to-value ratio at maturity in excess of 100%, even if the loan is currently paying in accordance with its contractual terms.

Of our $3.9 billion of impaired loans at Real Estate at December 31, 2013, $3.6 billion are currently paying in accordance with the contractual terms of the loan and are typically loans where the borrower has adequate debt service coverage to meet contractual interest obligations. Impaired loans at CLL primarily represent senior secured lending positions.

Our impaired loan balance at December 31, 2013 and 2012, classified by the method used to measure impairment was as follows. See Note 1 for additional information.

<table>
<thead>
<tr>
<th>December 31 (in millions)</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discounted cash flow</td>
<td>$5,558</td>
<td>$6,693</td>
</tr>
<tr>
<td>Collateral value</td>
<td>5,182</td>
<td>7,277</td>
</tr>
<tr>
<td>Total</td>
<td>$10,740</td>
<td>$13,970</td>
</tr>
</tbody>
</table>

Our loss mitigation strategy is intended to minimize economic loss and, at times, can result in rate reductions, principal forgiveness, extensions, forbearance or other actions, which may cause the related loan to be classified as a troubled debt restructuring (TDR), and also as impaired. Changes to Real Estate’s loans primarily include maturity extensions, principal payment acceleration, changes to collateral terms and cash sweeps, which are in addition to, or sometimes in lieu of, fees and rate increases. The determination of whether these changes to the terms and conditions of our commercial loans meet the TDR criteria includes our consideration of all relevant facts and circumstances. At December 31, 2013, TDRs included in impaired loans were $9.5 billion, primarily relating to Real Estate ($3.6 billion), CLL ($3.0 billion) and Consumer ($2.9 billion).

Real Estate TDRs decreased from $5.1 billion at December 31, 2012 to $3.6 billion at December 31, 2013, primarily driven by resolution of TDRs through paydowns, partially offset by extensions of loans scheduled to mature during 2013, some of which were classified as TDRs upon modification. For borrowers with demonstrated operating capabilities, we work to restructure loans when the cash flow and projected value of the underlying collateral support repayment over the modified term. We deem loan modifications to be TDRs when we have granted a concession to a borrower experiencing financial difficulty and we do not receive adequate compensation in the form of an effective interest rate that is at current market rates of interest given the risk characteristics of the loan or other consideration that compensates us for the value of the concession. For the year ended December 31, 2013, we modified $1.6 billion of loans classified as TDRs, substantially all in our Debt portfolio. Changes to these loans primarily included maturity extensions, principal payment acceleration, changes to collateral or covenant terms and cash sweeps that are in addition to, or sometimes in lieu of, fees and rate increases. The limited liquidity and higher return requirements in the real estate market for loans with higher loan-to-value (LTV) ratios have typically resulted in the conclusion that the modified terms are not at current market rates of interest, even if the modified loans are expected to be fully recoverable. We received the same or additional compensation in the form of rate increases and fees for the majority of these TDRs. Of our $1.6 billion and $4.4 billion of modifications classified as TDRs in the last 12 months ended December 31, 2013 and 2012, respectively, $0.2 billion have subsequently experienced a payment default in both 2013 and 2012.

The substantial majority of the Real Estate TDRs have reserves determined based upon collateral value. Our specific reserves on Real Estate TDRs were $0.1 billion at December 31, 2013 and $0.2 billion at December 31, 2012, and were 1.9% and 3.1%, respectively, of Real Estate TDRs. In many situations these loans did not require a specific reserve as collateral value adequately covered our recorded investment in the loan. While these modified loans had adequate collateral coverage, we were still required to complete our TDR classification evaluation on each of the modifications without regard to collateral adequacy.

We utilize certain short-term (three months or less) loan modification programs for borrowers experiencing temporary financial difficulties in our Consumer loan portfolio. These loan modification programs are primarily concentrated in our non-U.S. residential mortgage and non-U.S. installment and revolving portfolios. We sold our U.S. residential mortgage business in 2007 and, as such, do not participate in the U.S. government-sponsored mortgage modification programs. For the year ended December 31, 2013, we provided short-term modifications of approximately $0.1 billion of consumer loans for borrowers experiencing financial difficulties, substantially all in our non-U.S. residential mortgage, credit card and personal loan portfolios, which are not classified as TDRs. For these modified loans, we provided insignificant interest rate reductions and payment deferrals, which were not part of the terms of the original contract. We expect borrowers whose loans have been modified under these short-term programs to continue to be able to meet their contractual obligations upon the conclusion of the short-term modification. In addition, we have modified $1.4 billion of Consumer loans for the year ended December 31, 2013, which are classified as TDRs. Further information on Consumer impaired loans is provided in Note 6.
Delinquencies
For additional information on delinquency rates at each of our major portfolios, see Note 6.

GECC Selected European Exposures
At December 31, 2013, we had $81.8 billion in financing receivables to consumer and commercial customers in Europe. The GECC financing receivables portfolio in Europe is well diversified across European geographies and customers. Approximately 88% of the portfolio is secured by collateral and represents approximately 500,000 commercial customers. Several European countries, including Spain, Portugal, Ireland, Italy, Greece and Hungary (focus countries), have been subject to credit deterioration due to weaknesses in their economic and fiscal situations. The carrying value of GECC funded exposures in these focus countries and in the rest of Europe comprised the following at December 31, 2013.

<table>
<thead>
<tr>
<th>December 31, 2013 (In millions)</th>
<th>Spain</th>
<th>Portugal</th>
<th>Ireland</th>
<th>Italy</th>
<th>Greece</th>
<th>Hungary</th>
<th>Rest of Europe</th>
<th>Total Europe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financing receivables, before allowance</td>
<td>$1,605</td>
<td>$262</td>
<td>$290</td>
<td>$7,149</td>
<td>$5</td>
<td>$3,014</td>
<td>$70,734</td>
<td>$83,059</td>
</tr>
<tr>
<td>Allowance for losses on financing receivables</td>
<td>(106)</td>
<td>(18)</td>
<td>(4)</td>
<td>(254)</td>
<td>—</td>
<td>(68)</td>
<td>(787)</td>
<td>(1,237)</td>
</tr>
<tr>
<td>Financing receivables, net of allowance for losses on financing receivables</td>
<td>$1,499</td>
<td>244</td>
<td>286</td>
<td>6,895</td>
<td>5</td>
<td>2,946</td>
<td>69,947</td>
<td>81,822</td>
</tr>
<tr>
<td>Investments (c)(d)</td>
<td>3</td>
<td>—</td>
<td>—</td>
<td>461</td>
<td>—</td>
<td>246</td>
<td>2,211</td>
<td>2,921</td>
</tr>
<tr>
<td>Cost and equity method investments(e)</td>
<td>307</td>
<td>—</td>
<td>383</td>
<td>61</td>
<td>35</td>
<td>—</td>
<td>1,940</td>
<td>2,726</td>
</tr>
<tr>
<td>Derivatives, net of collateral (c)(f)</td>
<td>2</td>
<td>—</td>
<td>—</td>
<td>63</td>
<td>—</td>
<td>—</td>
<td>102</td>
<td>167</td>
</tr>
<tr>
<td>ELTO (g)</td>
<td>401</td>
<td>108</td>
<td>419</td>
<td>754</td>
<td>242</td>
<td>328</td>
<td>9,286</td>
<td>11,538</td>
</tr>
<tr>
<td>Real estate held for investment(g)</td>
<td>793</td>
<td>—</td>
<td>—</td>
<td>422</td>
<td>—</td>
<td>—</td>
<td>4,455</td>
<td>5,670</td>
</tr>
<tr>
<td>Total funded exposures(h)</td>
<td>$3,005</td>
<td>$352</td>
<td>$1,088</td>
<td>$8,656</td>
<td>$282</td>
<td>$3,520</td>
<td>$87,941</td>
<td>$104,844</td>
</tr>
<tr>
<td>Unfunded commitments(i)</td>
<td>$20</td>
<td>$7</td>
<td>$38</td>
<td>$218</td>
<td>$3</td>
<td>$827</td>
<td>$5,784</td>
<td>$6,897</td>
</tr>
</tbody>
</table>

(a) Financing receivable amounts are classified based on the location or nature of the related obligor.
(b) Substantially all relates to non-sovereign obligors. Includes residential mortgage loans of approximately $30.2 billion before consideration of purchased credit protection.
(c) We have third-party mortgage insurance for less than 10% of these residential mortgage loans, which were primarily originated in France and the U.K.
(d) Investments and derivatives are classified based on the location of the parent of the obligor or issuer.
(e) Includes $0.8 billion related to financial institutions, $0.2 billion related to non-financial institutions and $1.9 billion related to sovereign issuers. Sovereign issuances totaled $0.1 billion and $0.2 billion related to Italy and Hungary, respectively. We held no investments issued by sovereign entities in the other focus countries.
(f) We manage counterparty exposure, including credit risk, on an individual counterparty basis. We place defined risk limits around each obligor and review our risk exposure on the basis of both the primary and parent obligor, as well as the issuer of securities held as collateral. These limits are adjusted on an ongoing basis based on our continuing assessment of the credit risk of the obligor or issuer. In setting our counterparty risk limits, we focus on high-quality credits and diversification through spread of risk in an effort to actively manage our overall exposure. We actively monitor each exposure against these limits and take appropriate action when we believe that risk limits have been exceeded or there are excess risk concentrations. Our collateral position and ability to work out problem accounts have historically mitigated our actual loss experience. Delinquency experience has been relatively stable in our European commercial and consumer platforms in the aggregate, and we actively monitor and take action to reduce exposures where appropriate. Uncertainties surrounding European markets could have an impact on the judgments and estimates used in determining the carrying value of these assets.

OTHER GECC RECEIVABLES totaled $16.5 billion at December 31, 2013, an increase of $2.6 billion from 2012, driven by higher amounts due from GE related to material procurement and factoring programs. At December 31, 2013, the balance was primarily composed of amounts due from GE (related to material procurement programs and factoring programs of $6.7 billion), insurance receivables, accrued interest and investment income, nonfinancing customer receivables and amounts due under operating leases.
GOODWILL AND OTHER INTANGIBLE ASSETS primarily reflecting additions of commercial aircraft at GECAS. $10.0 billion and $11.9 billion during 2013 and 2012, respectively, safety and environmental protection. Such as improvement of research and development facilities and ccess improvements; and 35% was investment for other purposes was investment in productivity through new equipment and pro-fi tiability. The average age of aircraft we impaired in 2013 was 15 years compared with seven years for our total fleet. GE property, plant and equipment consisted of investments for its own productive use, whereas the largest element for GECC was equipment provided to third parties on operating leases. Details by category of investment are presented in Note 7. GE additions to property, plant and equipment totaled $3.7 billion and $3.9 billion in 2013 and 2012, respectively. Total expenditures, excluding equipment leased to others, for the past five years were $14.2 billion, of which 43% was investment for growth through new capacity and product development; 22% was investment in productivity through new equipment and process improvements; and 35% was investment for other purposes such as improvement of research and development facilities and safety and environmental protection.

GECC additions to property, plant and equipment were $10.0 billion and $11.9 billion during 2013 and 2012, respectively, primarily reflecting additions of commercial aircraft at GECAS.

GOODWILL AND OTHER INTANGIBLE ASSETS totaled $77.6 billion and $14.3 billion, respectively, at December 31, 2013. Goodwill increased $4.5 billion and other intangible assets increased $2.3 billion from 2012, primarily from the acquisitions of the aerospace-parts business of Avio S.p.A. (Avio) and Lufkin Industries Inc. (Lufkin). Goodwill increased $0.8 billion from 2011 primarily from the acquisitions of Industrea Limited and Railcar Management, Inc., and the weaker U.S. dollar. Other intangible assets decreased $0.1 billion from 2011, primarily from dispositions and amortization expense, partially offset by acquisitions. See Note 8.

ALL OTHER ASSETS comprises mainly equity and cost method investments, real estate equity properties and investments, assets held for sale and derivative instruments, and totaled $70.8 billion at December 31, 2013, a decrease of $30.8 billion from 2012, primarily related to the sale of our remaining investment in NBCU LLC ($18.9 billion), certain held-for-sale real estate and aircraft ($7.9 billion), the sale of certain real estate investments ($3.4 billion), a decrease in the fair value of derivative instruments ($2.4 billion) and a decrease in our Penske Truck Leasing Co., L.P. (PTL) investment ($1.2 billion), partially offset by an increase in contract costs and estimated earnings ($1.5 billion). During 2013, we recognized $0.5 billion of other-than-temporary impairments of cost and equity method investments, excluding those related to real estate.

Included in other assets are Real Estate equity investments of $13.7 billion and $20.7 billion at December 31, 2013 and 2012, respectively. Our portfolio is diversified, both geographically and by asset type. We review the estimated values of our commercial real estate investments annually, or more frequently as conditions warrant. Based on the most recent valuation estimates available, the carrying value of our Real Estate investments exceeded their estimated value by about $2.1 billion. This amount is subject to variation and dependent on economic and market conditions, changes in cash flow estimates and composition of our portfolio, including sales. Commercial real estate valuations have shown signs of improved stability and liquidity in certain markets, primarily in the U.S.; however, the pace of improvement varies significantly by asset class and market. Accordingly, there continues to be risk and uncertainty surrounding commercial real estate values. Declines in estimated value of real estate below carrying amount result in impairment losses when the aggregate undiscounted cash flow estimates used in the estimated value measurement are below the carrying amount. As such, estimated losses in the portfolio will not necessarily result in recognized impairment losses. During 2013, Real Estate recognized pre-tax impairments of $0.3 billion in its real estate held for investment, which were primarily driven by declining cash flow projections for properties in Japan and Europe, as well as strategic decisions to sell portfolios in the U.S., Asia and Europe. During 2012, Real Estate recognized pre-tax impairments of $0.1 billion. Real Estate investments with undiscounted cash flows in excess of carrying value of 0% to 5% at December 31, 2013 had a carrying value of $0.4 billion and an associated estimated unrealized loss of an insignificant amount. Deterioration in economic conditions or prolonged market illiquidity may result in further impairments being recognized. On March 19, 2013, in connection with GE’s sale of its remaining 49% interest in NBCUniversal LLC to Comcast Corporation, we sold real estate comprising certain floors located at 30 Rockefeller Center, New York and the CNBC property located in Englewood Cliffs, New Jersey to affiliates of NBCUniversal for $1.4 billion in cash.

Contract costs and estimated earnings reflect revenues earned in excess of billings on our long-term contracts to construct technically complex equipment (such as power generation, aircraft engines and aeroderivative units) and long-term product maintenance or extended warranty arrangements. Our total contract costs and estimated earnings balances at December 31, 2013 and 2012, were $12.5 billion and $11.0 billion, respectively, reflecting the timing of billing in relation to work performed, as well as changes in estimates of future revenues and costs. Our total contract costs and estimated earnings balance at December 31, 2013 primarily related to customers in our Power & Water, Oil & Gas, Aviation and Transportation businesses. Further information is provided in the Critical Accounting Estimates section.
LIQUIDITY AND BORROWINGS

We maintain a strong focus on liquidity. At both GE and GECC we manage our liquidity to help provide access to sufficient funding to meet our business needs and financial obligations throughout business cycles.

Our liquidity and borrowing plans for GE and GECC are established within the context of our annual financial and strategic planning processes. At GE, our liquidity and funding plans take into account the liquidity necessary to fund our operating commitments, which include primarily purchase obligations for inventory and equipment, payroll and general expenses (including pension funding). We also take into account our capital allocation and growth objectives, including paying dividends, repurchasing shares, investing in research and development and acquiring industrial businesses. At GE, we rely primarily on cash generated through our operating activities, any dividend payments from GECC, and also have historically maintained a commercial paper program that we regularly use to fund operations in the U.S., principally within fiscal quarters. During 2013, GECC paid quarterly dividends of $1.9 billion and special dividends of $4.1 billion to GE.

GECC’s liquidity position is targeted to meet its obligations under both normal and stressed conditions. GECC establishes a funding plan annually that is based on the projected asset size and cash needs of the Company, which, over the past few years, has included our strategy to reduce our ending net investment in GE Capital. GECC relies on a diversified source of funding, including the unsecured term debt markets, the global commercial paper markets, deposits, secured funding, retail funding products, bank borrowings and securitizations to fund its balance sheet, in addition to cash generated through collection of principal, interest and other payments on our existing portfolio of loans and leases to fund its operating and interest expense costs.

Our 2014 GECC funding plan anticipates repayment of principal on outstanding short-term borrowings, including the current portion of long-term debt ($39.2 billion at December 31, 2013), through issuance of long-term debt and reissuance of commercial paper, cash on hand, collections of financing receivables exceeding originations, dispositions, asset sales, and deposits and other alternative sources of funding. Long-term maturities and early redemptions were $48.3 billion in 2013. Interest on borrowings is primarily repaid through interest earned on existing financing receivables. During 2013, GECC earned interest income on financing receivables of $19.6 billion, which more than offset interest expense of $9.3 billion.

During the first quarter of 2013, $5.0 billion of long-term debt issued by GE matured.

We maintain a detailed liquidity policy for GECC that includes a requirement to maintain a contingency funding plan. The liquidity policy defines GECC’s liquidity risk tolerance under different stress scenarios based on its liquidity sources and also establishes procedures to escalate potential issues. We actively monitor GECC’s access to funding markets and its liquidity profile through tracking external indicators and testing various stress scenarios. The contingency funding plan provides a framework for handling market disruptions and establishes escalation procedures in the event that such events or circumstances arise.

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

GE is also subject to the Volcker Rule, which U.S. regulators finalized on December 10, 2013. The rule prohibits companies that are affiliated with U.S. insured depository institutions from engaging in “proprietary trading” or acquiring or retaining any ownership interest in, or sponsoring or engaging in certain transactions with, a “hedge fund” or a “private equity fund.” Proprietary trading and fund investing, as prohibited by the rule, are not core activities for GE, but GE is assessing the full impact of the rule, in anticipation of full conformance with the rule, as required by July 21, 2015.

The FRB recently finalized regulations to revise and replace its current rules on capital adequacy and to extend capital regulations to savings and loan holding companies like GECC. Under the final rules, GECC expects that the standardized approach for calculating capital will apply to GECC, in its capacity as a savings and loan holding company, on January 1, 2015. However, that timing could change once nonbank SIFIs rules are finalized. GECC will ultimately become subject to the Basel III advanced capital rules that will be applicable to institutions with $250 billion or more in assets. Initial actions required for compliance with the advanced capital rules, including building out the necessary systems and models, will begin once GECC is subject to regulatory capital rules. However, full implementation will take several years to complete.

The FRB has also indicated in a proposed rulemaking that they will require nonbank SIFIs to submit annual capital plans for review, including institutions’ plans to make capital distributions, such as dividend payments. The applicability and timing of this proposed regulation to GECC is not yet determined. While GECC is not yet subject to this regulation, GECC’s capital allocation planning remains subject to FRB review as a savings and loan holding company.

Overall, GE does not believe that GECC’s designation as a nonbank SIFI will have a material impact on its business or operations.
Liquidity Sources
We maintain liquidity sources that consist of cash and equivalents, committed unused credit lines and high-quality, liquid investments.

We had consolidated cash and equivalents of $88.6 billion at December 31, 2013 that were available to meet our needs. Of this, $13.7 billion was held at GE and $74.9 billion was held at GECC.

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

Cash and equivalents of $57.0 billion at December 31, 2013 were held by non-U.S. subsidiaries. Of this amount at December 31, 2013, $8.1 billion was indefinitely reinvested. Indefinitely reinvested cash held outside of the U.S. is available to fund operations and other growth of non-U.S. subsidiaries; it is also available to fund our needs in the U.S. on a short-term basis through short-term loans, without being subject to U.S. tax. Under the Internal Revenue Code, these loans are permitted to be outstanding for 30 days or less and the total of all such loans is required to be outstanding for less than 60 days during the year.

At December 31, 2013, $2.2 billion of GE cash and equivalents was held in countries with currency controls that may restrict the transfer of funds to the U.S. or limit our ability to transfer funds to the U.S. without incurring substantial costs. These funds are available to fund operations and growth in these countries and we do not currently anticipate a need to transfer these funds to the U.S.

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

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

Funding Plan
We reduced our GE Capital ending net investment, excluding cash and equivalents, to $380 billion at December 31, 2013.

During 2013, GECC completed issuances of $33.7 billion of senior unsecured debt (excluding securitizations described below) with maturities up to 40 years (and subsequent to December 31, 2013, an additional $3.9 billion). Average commercial paper borrowings for GECC and GE during the fourth quarter were $31.6 billion and $6.8 billion, respectively, and the maximum amounts of commercial paper borrowings outstanding for GECC and GE during the fourth quarter were $33.1 billion and $9.0 billion, respectively. GECC commercial paper maturities are funded principally through new commercial paper issuances and at GE are substantially repaid before quarter-end using indefinitely reinvested overseas cash, which, as discussed above, is available for use in the U.S. on a short-term basis without being subject to U.S. tax.

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

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

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

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

EXCHANGE RATE AND INTEREST RATE RISKS are managed with a variety of techniques, including match funding and selective use of derivatives. We use derivatives to mitigate or eliminate certain financial and market risks because we conduct business in diverse markets around the world and local funding is not always efficient. In addition, we use derivatives to adjust the debt we are issuing to match the fixed or floating nature of the assets we are originating. We apply strict policies to manage each of these risks, including prohibitions on speculative activities. Following is an analysis of the potential effects of changes in interest rates and currency exchange rates using so-called “shock” tests that seek to model the effects of shifts in rates. Such tests are inherently limited based on the assumptions used (described further below) and should not be viewed as a forecast; actual effects would depend on many variables, including market factors and the composition of the Company’s assets and liabilities at that time.

- It is our policy to minimize exposure to interest rate changes.
- We fund our financial investments using debt or a combination of debt and hedging instruments so that the interest rates of our borrowings match the expected interest rate profile on our assets. To test the effectiveness of our fixed rate positions,
we assumed that, on January 1, 2014, interest rates decreased by 100 basis points across the yield curve (a “parallel shift” in that curve) and further assumed that the decrease remained in place for 2014. We estimated, based on the year-end 2013 portfolio and holding all other assumptions constant, that our 2014 consolidated net earnings would decline by less than $0.1 billion as a result of this parallel shift in the yield curve.

• It is our policy to minimize currency exposures and to conduct operations either within functional currencies or using the protection of hedge strategies. We analyzed year-end 2013 consolidated currency exposures, including derivatives designated and effective as hedges, to identify assets and liabilities denominated in other than their relevant functional currencies. For such assets and liabilities, we then evaluated the effects of a 10% shift in exchange rates between those currencies and the U.S. dollar, holding all other assumptions constant. This analysis indicated that our 2014 consolidated net earnings would decline by less than $0.1 billion as a result of such a shift in exchange rates.

Debt and Derivative Instruments, Guarantees and Covenants

CREDIT RATINGS

On April 3, 2012, Moody’s Investors Service (Moody’s) announced that it had downgraded the senior unsecured debt rating of GE by one notch from Aa2 to Aa3 and the senior unsecured debt rating of GECC by two notches from Aa2 to A1. The ratings downgrade did not affect GE’s and GECC’s short-term funding ratings of P-1, which were affirmed by Moody’s. Moody’s ratings outlook for GE and GECC is stable. We did not experience any material operational, funding or liquidity impacts from this ratings downgrade. As of December 31, 2013, GE’s and GECC’s long-term unsecured debt ratings from Standard and Poor’s Ratings Service (S&P) were AA+ with a stable outlook and their short-term funding ratings from S&P were A-1+. We are disclosing these ratings to enhance understanding of our sources of liquidity and the effects of our ratings on our costs of funds. Although we currently do not expect a downgrade in the credit ratings, our ratings may be subject to a revision or withdrawal at any time by the assigning rating organization, and each rating should be evaluated independently of any other rating.

Substantially all GICs were affected by the downgrade and are more fully discussed in the Principal Debt and Derivative Conditions section.

PRINCIPAL DEBT AND DERIVATIVE CONDITIONS

Certain of our derivative instruments can be terminated if specified credit ratings are not maintained and certain debt and derivative agreements of other consolidated entities have provisions that are affected by these credit ratings.

Fair values of our derivatives can change significantly from period to period based on, among other factors, market movements and changes in our positions. We manage counterparty credit risk (the risk that counterparties will default and not make payments to us according to the terms of our standard master agreements) on an individual counterparty basis. Where we have agreed to netting of derivative exposures with a counterparty, we offset our exposures with that counterparty and apply the value of collateral posted to us to determine the net exposure. We actively monitor these net exposures against defined limits and take appropriate actions in response, including requiring additional collateral.

Swap, forward and option contracts are executed under standard master agreements that typically contain mutual downgrade provisions that provide the ability of the counterparty to require termination if the long-term credit ratings of the applicable GE entity were to fall below A-/A3. In certain of these master agreements, the counterparty also has the ability to require termination if the short-term ratings of the applicable GE entity were to fall below A-1/P-1. The net derivative liability after consideration of netting arrangements, outstanding interest payments and collateral posted by us under these master agreements was estimated to be $1.2 billion at December 31, 2013. See Note 22.

Other debt and derivative agreements of consolidated entities include Trinity, which comprises two entities that hold investment securities, the majority of which are investment grade, and were funded by the issuance of GICs. These GICs included conditions under which certain holders could require immediate repayment of their investment should the long-term credit ratings of GECC fall below AA-/Aa3 or the short-term credit ratings fall below A-1+/P-1, and are reported in investment contracts, insurance liabilities and insurance annuity benefits. The Trinity assets and liabilities are disclosed in note (a) in our Statement of Financial Position. Another consolidated entity also had issued GICs where proceeds are loaned to GECC. These GICs included conditions under which certain holders could require immediate repayment of their investment should the long-term credit ratings of GECC fall below AA-/Aa3. These obligations are included in long-term borrowings in our Statement of Financial Position. These three consolidated entities ceased issuing GICs in 2010.

Following the April 3, 2012 Moody’s downgrade of GECC’s long-term credit rating to A1, substantially all of these GICs became redeemable by their holders. In 2012, holders of $2.4 billion in principal amount of GICs redeemed their holdings and GECC made related cash payments. The remaining outstanding GICs will continue to be subject to their scheduled maturities and individual terms, which may include provisions permitting redemption upon a downgrade of one or more of GECC’s ratings, among other things.

RATIO OF EARNINGS TO FIXED CHARGES, INCOME MAINTENANCE AGREEMENT AND SUBORDINATED DEBENTURES

GE provides implicit and explicit support to GECC through commitments, capital contributions and operating support. For example, and as discussed below, GE has committed to keep GECC’s ratio of earnings to fixed charges above a minimum level. GECC’s credit rating is higher than it would be on a stand-alone...
basis as a result of this financial support. GECC currently does not pay GE for this support.

On March 28, 1991, GE entered into an agreement with GECC to make payments to GECC, constituting additions to pre-tax income under the agreement (which increases equity), to the extent necessary to cause the ratio of earnings to fixed charges of GECC and consolidated affiliates (determined on a consolidated basis) to be not less than 1.10:1 for the period, as a single aggregation, of each GECC fiscal year commencing with fiscal year 1991. GECC’s ratio of earnings to fixed charges was 1.76:1 for 2013. No payment is required in 2013 pursuant to this agreement.

In addition, in connection with certain subordinated debentures of GECC that may be classified as equity (hybrid debt), during events of default or interest deferral periods under such subordinated debentures, GECC has agreed not to declare or pay any dividends or distributions or make certain other payments with respect to its capital stock, and GE has agreed to promptly return any payments made to GE in violation of this agreement. There were $7.7 billion of such debentures outstanding at December 31, 2013. See Note 10.

**Statements of Changes in Shareowners’ Equity and Comprehensive Income**

An analysis of changes in the elements of shareowners’ equity, as presented in the Statements of Changes in Shareowners’ Equity and Comprehensive Income, follows.

GE shareowners’ equity increased by $7.5 billion in 2013, compared with an increase of $6.6 billion in 2012 and a decrease of $2.5 billion in 2011.

Net earnings increased GE shareowners’ equity by $13.1 billion, $13.6 billion and $14.2 billion, partially offset by dividends declared of $8.1 billion, $7.4 billion and $7.5 billion (including $0.8 billion related to our preferred stock redemption) in 2013, 2012 and 2011, respectively.

Elements of AOCI increased shareowners’ equity by $11.1 billion in 2013, compared with an increase of $3.7 billion in 2012 and a decrease of $6.1 billion in 2011. The components of these changes are as follows:

- Changes in AOCI related to benefit plans increased shareowners’ equity by $11.3 billion in 2013, primarily reflecting lower discount rates used to measure postretirement benefit obligations, higher investment returns and amortization of actuarial losses and prior service costs out of AOCI. This compared with an increase of $2.3 billion and a decrease of $7.0 billion in 2012 and 2011, respectively. The increase in 2012 primarily reflected amortization of actuarial losses and prior service costs out of AOCI, higher investment returns and changes to our principal retiree benefit plans, partially offset by lower discount rates. The decrease in 2011 primarily reflected lower discount rates and lower investment returns, partially offset by amortization of actuarial losses and prior service costs out of AOCI. Further information about changes in benefit plans is provided in Note 12.

- Changes in AOCI related to the fair value of derivatives designated as cash flow hedges increased shareowners’ equity by $0.5 billion in 2013, primarily reflecting higher fair value of cross currency hedges, partially offset by releases from AOCI contemporaneous with the earnings effects of the related hedged items. Cash flow hedges increased shareowners’ equity by $0.5 billion and $0.1 billion in 2012 and 2011, respectively. Further information about the fair value of derivatives is provided in Note 22.

- Changes in AOCI related to investment securities decreased shareowners’ equity by $0.4 billion in 2013, reflecting the effects of higher interest rates, partially offset by adjustments to reflect the effect of lower unrealized gains on insurance-related assets and equity. Investment securities increased shareowners’ equity by $0.7 billion and $0.6 billion in 2012 and 2011, respectively, reflecting the effects of lower interest rates and improved market conditions on U.S. corporate debt securities, partially offset by adjustments to reflect the effect of the unrealized gains on insurance-related assets and equity. Further information about investment securities is provided in Note 3.

- Changes in AOCI related to currency translation adjustments decreased shareowners’ equity by $0.3 billion in 2013 and increased shareowners’ equity by $0.3 billion and $0.2 billion in 2012 and 2011, respectively. Changes in currency translation adjustments reflect the effects of changes in currency exchange rates on our net investment in non-U.S. subsidiaries that have functional currencies other than the U.S. dollar. At year-end 2013, the U.S. dollar weakened against the euro and the pound sterling and strengthened against the Japanese yen and the Australian dollar resulting in increases in currency translation adjustments that were more than offset by releases from AOCI related to dispositions. At year-end 2012, the U.S. dollar weakened against most major currencies, including the pound sterling and the euro, and strengthened against the Japanese yen resulting in increases in currency translation adjustments that were partially offset by releases from AOCI related to dispositions. At year-end 2011, the dollar strengthened against most major currencies, including the pound sterling and the euro and weakened against the Australian dollar and the Japanese yen.

Noncontrolling interests included in shareowners’ equity increased $0.8 billion and $3.7 billion in 2013 and 2012, respectively, principally as a result of the issuances of preferred stock by GECC. Noncontrolling interests decreased by $3.6 billion in 2011, principally as a result of dispossession.

**Statement of Cash Flows—Overview from 2011 through 2013**

Consolidated cash and equivalents were $88.6 billion at December 31, 2013, an increase of $11.3 billion from December 31, 2012. Cash and equivalents totaled $77.3 billion at December 31, 2012, a decrease of $7.2 billion from December 31, 2011.
We evaluate our cash flow performance by reviewing our industrial (non-financial services) businesses and financial services businesses separately. Cash from operating activities (CFOA) is the principal source of cash generation for our industrial businesses. The industrial businesses also have liquidity available via the public capital markets. Our financial services businesses use a variety of financial resources to meet our capital needs. Cash for financial services businesses is primarily provided from the issuance of term debt and commercial paper in the public and private markets and deposits, as well as financing receivables collections, sales and securitizations.

**GE Cash Flows**

GE cash and equivalents were $13.7 billion at December 31, 2013 compared with $15.5 billion at December 31, 2012. GE CFOA totaled $14.3 billion, $17.8 billion and $12.1 billion in 2013, 2012 and 2011, respectively. With respect to GE CFOA, we believe that it is useful to supplement our GE Statement of Cash Flows and to examine in a broader context the business activities that provide and require cash.

<table>
<thead>
<tr>
<th>For the years ended December 31 (in billions)</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating cash collections</td>
<td>$104.8</td>
<td>$105.4</td>
<td>$93.6</td>
</tr>
<tr>
<td>Operating cash payments</td>
<td>(96.5)</td>
<td>(94.0)</td>
<td>(81.5)</td>
</tr>
<tr>
<td>Cash dividends from GECC</td>
<td>6.0</td>
<td>6.4</td>
<td>-</td>
</tr>
<tr>
<td>GE cash from operating activities (GE CFOA)</td>
<td>$14.3</td>
<td>$17.8</td>
<td>$12.1</td>
</tr>
</tbody>
</table>

(a) GE sells customer receivables to GECC in part to fund the growth of our industrial businesses. These transactions can result in cash generation or cash use. During any given period, GE receives cash from the sale of receivables to GECC. It also foregoes collection of cash on receivables sold. The incremental amount of cash received from sale of receivables in excess of the cash GE would have otherwise collected had those receivables not been sold, represents the cash generated or used in the period relating to this activity. The incremental cash generated in GE CFOA from selling these receivables to GECC increased GE’s CFOA by $0.1 billion, $1.9 billion and $1.2 billion in 2013, 2012 and 2011, respectively. See Note 26 for additional information about the elimination of intercompany transactions between GE and GECC.

The most significant source of cash in GE CFOA is customer-related activities, the largest of which is collecting cash resulting from product or services sales. GE operating cash collections decreased by $0.6 billion in 2013 compared with an increase of $11.8 billion in 2012. In 2013, these changes are consistent with a decrease in collections on long-term contracts and increases in current receivables, partially offset by increased progress collections and improved segment revenues, including the impact of acquisitions, primarily at Aviation and Oil & Gas. In 2012, these changes are consistent with the changes in comparable GE segment revenues, including the impact of acquisitions, primarily at Oil & Gas and Energy Management. Analyses of segment revenues discussed in the preceding Segment Operations section provide additional information regarding our CFOA.

The most significant operating use of cash is to pay our suppliers, employees, tax authorities and others for a wide range of material and services. GE operating cash payments increased by $2.5 billion and $12.5 billion in 2013 and 2012, respectively. In 2013, these changes are consistent with NBCU deal-related tax payments and payouts under our long-term incentive plan, partially offset by the non-recurrence of principal pension plan funding. In 2012, these changes are consistent with the changes in GE total costs and expenses, including the impact of acquisitions, primarily at Oil & Gas and Energy Management.

Dividends from GECC, including special dividends, represent the distribution of a portion of GECC retained earnings, and are distinct from cash from continuing operating activities within the financial services businesses. The amounts we show in GE CFOA are the total dividends, including special dividends from excess capital. Beginning in the second quarter of 2012, GECC paid quarterly dividends of $1.9 billion in both 2013 and 2012. In addition, GECC paid special dividends of $4.1 billion and $4.5 billion in 2013 and 2012, respectively, to GE. There were no dividends received from GECC in 2011.

GE cash from investing activities was $4.8 billion for 2013 compared with cash used of $5.4 billion and $8.2 billion for 2012 and 2011, respectively. GE cash flows from investing activities increased $10.2 billion during 2013 compared with 2012, primarily due to proceeds of $16.7 billion from the 2013 sale of our remaining 49% common equity interest in NBCU LLC to Comcast, partially offset by the 2013 acquisitions of Avio for $4.4 billion and Lufkin for $3.3 billion.

GE cash used for investing activities decreased by $2.8 billion during 2012 compared with 2011 primarily due to decreased business acquisition activity of $9.7 billion driven by 2011 acquisitions of Converteam, the Well Support division of John Wood Group PLC, Dresser, Inc., Wellstream PLC and Lineage Power Holdings, Inc. This was offset by decreased business disposition activity of $5.7 billion driven by cash received in 2011 related to the formation of NBCU LLC ($6.2 billion) and an increase in additions to property, plant and equipment of $1.0 billion in 2012.

GE cash used for financing activities was $20.9 billion, $5.3 billion and $14.6 billion for 2013, 2012 and 2011, respectively. Cash used for financing activities increased $15.6 billion compared with 2012, primarily as a result of our 2013 repayment of $5.0 billion of GE unsecured notes compared with an issuance of $7.0 billion of notes in 2012. Additionally, increases in cash used in 2013 were a result of increased repurchases of GE shares for treasury in accordance with our share repurchase program of $5.2 billion and increased dividends paid to shareowners of $0.6 billion in 2013.

GE cash used for financing activities decreased $9.3 billion compared with 2011 primarily due to an issuance of $7.0 billion of notes in 2012 and non-recurrence of two transactions from 2011. In 2011, prior to the formation of NBCU LLC, GE purchased the remaining shares of Vivendi S.A.’s 12.3% interest in NBC Universal for $3.9 billion. Additionally, GE redeemed preferred shares from Berkshire Hathaway Inc. at a redemption price of $3.3 billion. The impacts of these 2011 transactions were partially offset by increased repurchases of GE shares for treasury in accordance with our share repurchase program of $2.9 billion and increased dividends paid to shareowners of $0.7 billion in 2012.

**GECC Cash Flows**

GECC cash from operating activities totaled $19.9 billion, $21.7 billion and $20.6 billion in 2013, 2012 and 2011, respectively. Cash from operating activities decreased $1.9 billion during 2013 compared with 2012, primarily due to decreases in net cash collateral held from counterparties on derivative contracts.
of $5.2 billion, partially offset by increases in other liabilities of $1.8 billion and accounts payable of $1.0 billion.

Cash from operating activities increased $1.1 billion during 2012 compared with 2011, primarily due to increases in net cash collateral held from counterparties on derivative contracts of $1.7 billion, partially offset by decreases in accounts payable of $0.9 billion.

Consistent with our plan to reduce GECC asset levels, cash from investing activities was $23.4 billion, $14.7 billion and $29.8 billion in 2013, 2012 and 2011, respectively. GECC cash from investing activities increased $8.7 billion during 2013 compared with 2012, primarily due to higher proceeds from sales of real estate properties of $7.3 billion; the acquisition of MetLife Bank, N.A. in 2013, resulting in net cash provided from the acquisition of $6.4 billion; lower net purchases of ELTO of $1.6 billion; partially offset by lower net loan repayments from our equity method investments of $4.9 billion and lower collections (which includes sales) exceeding originations of financing receivables of $1.9 billion.

GECC cash from investing activities decreased $15.1 billion during 2012 compared with 2011, primarily due to lower collections (which includes sales) exceeding originations of financing receivables of $9.0 billion and lower proceeds from sales of discontinued operations of $8.7 billion, and higher net purchases of ELTO of $1.7 billion. These decreases were partially offset by higher net dispositions and maturities of investment securities of $2.6 billion and a decrease in all other assets—investments of $1.7 billion driven by net activity of our equity method investments.

GECC cash used for financing activities was $29.4 billion, $52.5 billion and $33.2 billion in 2013, 2012 and 2011, respectively. GECC cash used for financing activities decreased $23.0 billion during 2013 compared with 2012, primarily due to lower net repayments of borrowings of $24.0 billion, consisting primarily of net reductions in long-term borrowings and commercial paper, and lower redemptions of guaranteed investment contracts of $2.3 billion, partially offset by lower proceeds from the issuance of preferred stock of $3.0 billion.

GECC cash used for financing activities increased $19.3 billion during 2012 compared with 2011, primarily due to a reduction in total borrowings of $11.7 billion, consisting primarily of net reductions in long-term borrowings and commercial paper; $6.5 billion of dividends paid to shareowners in 2012 (including $0.1 billion paid to preferred shareowners); a reduction in bank deposits of $4.2 billion and $1.0 billion of redemptions of guaranteed investment contracts at Trinity, partially offset by $4.0 billion of proceeds from the issuance of preferred stock.

GECC pays dividends to GE through a distribution of its retained earnings, including special dividends from proceeds of certain business sales. Beginning in the second quarter of 2012, GECC restarted its dividend to GE. During 2013 and 2012, GECC paid quarterly dividends of $1.9 billion in both years and special dividends of $4.1 billion and $4.5 billion, respectively, to GE. No dividends were paid to GE in 2011.

Intercompany Eliminations
Effects of transactions between related companies are made on an arms-length basis, are eliminated and consist primarily of GECC dividends to GE; GE customer receivables sold to GECC; GECC services for trade receivables management and material procurement; buildings and equipment (including automobiles) leased between GE and GECC; information technology (IT) and other services sold to GECC by GE; aircraft engines manufactured by GE that are installed on aircraft purchased by GECC from third-party producers for lease to others; and various investments, loans and allocations of GE corporate overhead costs. For further information related to intercompany eliminations, see Note 26.

Contractual Obligations
As defined by reporting regulations, our contractual obligations for future payments as of December 31, 2013, follow.

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowings and bank deposits (Note 10)</td>
<td>$383.0</td>
<td>$116.7</td>
<td>$103.4</td>
<td>$59.4</td>
<td>$103.5</td>
</tr>
<tr>
<td>Interest on borrowings and bank deposits</td>
<td>91.4</td>
<td>9.6</td>
<td>14.0</td>
<td>10.7</td>
<td>57.1</td>
</tr>
<tr>
<td>Purchase obligations(a)(b)</td>
<td>67.5</td>
<td>34.2</td>
<td>10.0</td>
<td>9.9</td>
<td>13.4</td>
</tr>
<tr>
<td>Insurance liabilities (Note 11)(c)</td>
<td>13.5</td>
<td>1.8</td>
<td>2.1</td>
<td>1.7</td>
<td>7.9</td>
</tr>
<tr>
<td>Operating lease obligations (Note 19)</td>
<td>4.3</td>
<td>0.9</td>
<td>1.4</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Other liabilities(d)</td>
<td>86.7</td>
<td>22.1</td>
<td>9.7</td>
<td>6.4</td>
<td>48.5</td>
</tr>
<tr>
<td>Contractual obligations of discontinued operations(e)</td>
<td>3.3</td>
<td>3.3</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

(a) Included all take-or-pay arrangements, capital expenditures, contractual commitments to purchase equipment that will be leased to others, contractual commitments related to factoring agreements, software acquisition/license commitments, contractual minimum programming commitments and any contractually required cash payments for acquisitions.

(b) Excluded funding commitments entered into in the ordinary course of business by our financial services businesses. Further information on these commitments and other guarantees is provided in Note 24.

(c) Included contracts with reasonably determinable cash flows such as structured settlements, guaranteed investment contracts, and certain property and casualty contracts, and excluded long-term care, variable annuity and other life insurance contracts.

(d) Included an estimate of future expected funding requirements related to our pension and postretirement benefit plans and included liabilities for unrecognized tax benefits. Because their future cash outflows are uncertain, the following non-current liabilities are excluded from the table above: deferred taxes, derivatives, deferred revenue and other sundry items. For further information on certain of these items, see Notes 14 and 22.

(e) Included payments for other liabilities.
**Variable Interest Entities**
We securitize financial assets and arrange other forms of asset-backed financing in the ordinary course of business as an alternative source of funding. The securitization transactions we engage in are similar to those used by many financial institutions.

The assets we currently securitize include: receivables secured by equipment, credit card receivables, floorplan inventory receivables, GE trade receivables and other assets originated and underwritten by us in the ordinary course of business. The securitisations are funded with variable funding notes and term debt.

Substantially all of our securitization VIEs are consolidated because we are considered to be the primary beneficiary of the entity. Our interests in other VIEs for which we are not the primary beneficiary are accounted for as investment securities, financing receivables or equity method investments depending on the nature of our involvement.

At December 31, 2013, consolidated variable interest entity assets and liabilities were $49.3 billion and $32.5 billion, respectively, an increase of $0.9 billion and a decrease of $0.4 billion from 2012. Assets held by these entities are of equivalent credit quality to our other assets. We monitor the underlying credit quality in accordance with our role as servicer and apply rigorous controls to the execution of securitization transactions. With the exception of credit and liquidity support discussed below, investors in these entities have recourse only to the underlying assets.

At December 31, 2013, investments in unconsolidated VIEs, were $12.5 billion, a decrease of $0.2 billion from 2012, primarily related to a decrease of $0.2 billion in PTL, partially offset by an increase of $1.9 billion in an investment in asset-backed securities issued by a senior secured loan fund. In the first quarter of 2013, PTL had repaid all outstanding debt owed and terminated its borrowing arrangement with GECC. During the second quarter of 2013, PTL ceased to be a VIE as a result of a principal in PTL retiring from the GE Board. Therefore, our investment in PTL ($899 million at December 31, 2013) is not reported in the December 31, 2013 balance. In addition to our existing investments, we have contractual obligations to fund additional investments in the unconsolidated VIEs to fund new asset origination. At December 31, 2013, these contractual obligations were $2.8 billion, an increase of $0.1 billion from 2012.

We do not have implicit support arrangements with any VIE. We did not provide non-contractual support for previously transferred financing receivables to any VIE in either 2013 or 2012.

**Critical Accounting Estimates**
Accounting estimates and assumptions discussed in this section are those that we consider to be the most critical to an understanding of our financial statements because they involve significant judgments and uncertainties. Many of these estimates include determining fair value. All of these estimates reflect our best judgment about current, and for some estimates future, economic and market conditions and their effects based on information available as of the date of these financial statements. If these conditions change from those expected, it is reasonably possible that the judgments and estimates described below could change, which may result in future impairments of investment securities, goodwill, intangibles and long-lived assets, incremental losses on financing receivables, increases in reserves for contingencies, establishment of valuation allowances on deferred tax assets and increased tax liabilities, among other effects. Also see Note 1, which discusses the significant accounting policies that we have selected from acceptable alternatives.

**LOSSES ON FINANCING RECEIVABLES** are recognized when they are incurred, which requires us to make our best estimate of probable losses inherent in the portfolio. The method for calculating the best estimate of losses depends on the size, type and risk characteristics of the related financing receivable. Such an estimate requires consideration of historical loss experience, adjusted for current conditions, and judgments about the probable effects of relevant observable data, including present economic conditions such as delinquency rates, financial health of specific customers and market sectors, collateral values (including housing price indices as applicable), and the present and expected future levels of interest rates. The underlying assumptions, estimates and assessments we use to provide for losses are updated periodically to reflect our view of current conditions and are subject to the regulatory examination process, which can result in changes to our assumptions. Changes in such estimates can significantly affect the allowance and provision for losses. It is possible that we will experience credit losses that are different from our current estimates. Write-offs in both our consumer and commercial portfolios can also reflect both losses that are incurred subsequent to the beginning of a fiscal year and information becoming available during that fiscal year that may identify further deterioration on exposures existing prior to the beginning of that fiscal year, and for which reserves could not have been previously recognized. Our risk management process includes standards and policies for reviewing major risk exposures and concentrations, and evaluates relevant data either for individual loans or financing leases, or on a portfolio basis, as appropriate.

Further information is provided in the Global Risk Management section and Financial Resources and Liquidity—Financing Receivables section, the Asset Impairment section that follows and in Notes 1 and 6.

**REVENUE RECOGNITION ON LONG-TERM PRODUCT SERVICES AGREEMENTS** requires estimates of profits over the multiple-year terms of such agreements, considering factors such as the frequency and extent of future monitoring, maintenance and overhaul events; the amount of personnel, spare parts and other resources required to perform the services; and future billing rate and cost changes. We routinely review estimates under product services agreements and regularly revise them to adjust for changes in outlook. We also regularly assess customer credit risk inherent in the carrying amounts of receivables and contract costs and estimated earnings, including the risk that contractual penalties may not be sufficient to offset our accumulated investment in the event of customer termination. We gain insight into future utilization and cost trends, as well as credit risk, through our knowledge of the installed base of equipment and the close interaction with our customers that comes with supplying critical
services and parts over extended periods. Revisions that affect a product services agreement’s total estimated profitability result in an adjustment of earnings; such adjustments increased earnings by $0.3 billion, $0.4 billion and $0.4 billion in 2013, 2012 and 2011, respectively. We provide for probable losses when they become evident.

Further information is provided in Notes 1 and 9.

**ASSET IMPAIRMENT** assessment involves various estimates and assumptions as follows:

**Investments.** We regularly review investment securities for impairment using both quantitative and qualitative criteria. For debt securities, if we do not intend to sell the security and it is not more likely than not that we will be required to sell the security before recovery of our amortized cost, we evaluate other qualitative criteria to determine whether a credit loss exists, such as the financial health of and specific prospects for the issuer, including whether the issuer is in compliance with the terms and covenants of the security. Quantitative criteria include determining whether there has been an adverse change in expected future cash flows. For equity securities, our criteria include the length of time and magnitude of the amount that each security is in an unrealized loss position. Our other-than-temporary impairment reviews involve our finance, risk and asset management functions as well as the portfolio management and research capabilities of our internal and third-party asset managers. See Note 1, which discusses the determination of fair value of investment securities.

Further information about actual and potential impairment losses is provided in the Financial Resources and Liquidity—Investment Securities section and in Notes 1, 3 and 9.

**Long-Lived Assets.** We review long-lived assets for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Determining whether an impairment has occurred typically requires various estimates and assumptions, including determining which undiscounted cash flows are directly related to the potentially impaired asset, the useful life over which cash flows will occur, their amount, and the asset’s residual value, if any. In turn, measurement of an impairment loss requires a determination of fair value, which is based on the best information available. We derive the required undiscounted cash flow estimates from our historical experience and our internal business plans. To determine fair value, we use quoted market prices when available, our internal cash flow estimates discounted at an appropriate interest rate and independent appraisals, as appropriate.

Our operating lease portfolio of commercial aircraft is a significant concentration of assets in GE Capital, and is particularly subject to market fluctuations. Therefore, we test recoverability of each aircraft in our operating lease portfolio at least annually. Additionally, we perform quarterly evaluations in circumstances such as when aircraft are re-leased, current lease terms have changed or a specific lessee’s credit standing changes. We consider market conditions, such as global demand for commercial aircraft. Estimates of future rentals and residual values are based on historical experience and information received routinely from independent appraisers. Estimated cash flows from future leases are reduced for expected downtime between leases and for estimated technical costs required to prepare aircraft to be redeployed. Fair value used to measure impairment is based on management’s best estimate. In determining its best estimate, management evaluates average current market values (obtained from third parties) of similar type and age aircraft, which are adjusted for the attributes of the specific aircraft under lease.

We recognized impairment losses on our operating lease portfolio of commercial aircraft of $0.7 billion and $0.2 billion in 2013 and 2012, respectively. Impairment losses in 2013 incorporated management’s downward revisions to cash flow estimates based upon shorter useful lives and lower aircraft residual values from those indicated by our third-party appraisers, reflecting the introduction of newer technology, fleet retirements and high fuel prices and operating costs. These revised estimates primarily related to cargo aircraft ($0.3 billion), older technology narrow-body aircraft ($0.2 billion) and regional jets ($0.1 billion). The average age of aircraft we impaired in 2013 was 15 years compared with seven years for our total fleet. Provisions for losses on financing receivables related to commercial aircraft were an insignificant amount for both 2013 and 2012.

Further information on impairment losses and our exposure to the commercial aviation industry is provided in the Operations—Overview of Our Earnings from 2011 through 2013 and the Financial Resources and Liquidity—Property, plant and equipment sections and in Notes 7 and 24.

**Real Estate.** We review the estimated value of our commercial real estate investments annually, or more frequently as conditions warrant. The cash flow estimates used for both estimating value and the recoverability analysis are inherently judgmental, and reflect current and projected lease profiles, available industry information about expected trends in rental, occupancy and capitalization rates and expected business plans, which include our estimated holding period for the asset. Our portfolio is diversified, both geographically and by asset type. However, the global real estate market is subject to periodic cycles that can cause significant fluctuations in market values. Based on the most recent valuation estimates available, the carrying value of our Real Estate investments exceeded their estimated value by about $2.1 billion. This amount is subject to variation dependent on the assumptions described above, changes in economic and market conditions and composition of our portfolio, including sales. Commercial real estate valuations have shown signs of improved stability and liquidity in certain markets, primarily in the U.S.; however, the pace of improvement varies significantly by asset class and market. Accordingly, there continues to be risk and uncertainty surrounding commercial real estate values. Declines in the estimated value of real estate below carrying amount result in impairment losses when the aggregate undiscounted cash flow estimates used in the estimated value measurement are below the carrying amount. As such, estimated losses in the portfolio will not necessarily result in recognized impairment losses. When we recognize an impairment, the impairment is measured using the estimated fair value of the underlying asset,
which is based upon cash flow estimates that reflect current and projected lease profiles and available industry information about capitalization lease rates and expected trends in rents and occupancy and is corroborated by external appraisals. During 2013, Real Estate recognized pre-tax impairments of $0.3 billion in its real estate held for investment, as compared to $0.1 billion in 2012. Deterioration in economic conditions or prolonged market illiquidity may result in further impairments being recognized. Furthermore, significant judgment and uncertainty related to forecasted valuation trends, especially in illiquid markets, result in inherent imprecision in real estate value estimates. Further information is provided in the Global Risk Management and the All Other Assets sections and in Note 9.

Goodwill and Other Identified Intangible Assets. We test goodwill for impairment annually in the third quarter of each year using data as of July 1 of that year. The impairment test consists of two steps: in step one, the carrying value of the reporting unit is compared with its fair value; in step two, which is applied when the carrying value is more than its fair value, the amount of goodwill impairment, if any, is derived by deducting the fair value of the reporting unit’s assets and liabilities from the fair value of its equity, and comparing that amount with the carrying amount of goodwill. We determined fair values for each of the reporting units using the market approach, when available and appropriate, or the income approach, or a combination of both. We assess the valuation methodology based upon the relevance and availability of the data at the time we perform the valuation. If multiple valuation methodologies are used, the results are weighted appropriately.

Valuations using the market approach are derived from metrics of publicly traded companies or historically completed transactions of comparable businesses. The selection of comparable businesses is based on the markets in which the reporting units operate giving consideration to risk profiles, size, geography, and diversity of products and services. A market approach is limited to reporting units for which there are publicly traded companies that have the characteristics similar to our businesses.

Under the income approach, fair value is determined based on the present value of estimated future cash flows, discounted at an appropriate risk-adjusted rate. We use our internal forecasts to estimate future cash flows and include an estimate of long-term future growth rates based on our most recent views of the long-term outlook for each business. Actual results may differ from those assumed in our forecasts. We derive our discount rates using a capital asset pricing model and analyzing published rates for industries relevant to our reporting units to estimate the cost of equity financing. We use discount rates that are commensurate with the risks and uncertainty inherent in the respective businesses and in our internally developed forecasts. Discount rates used in our reporting unit valuations ranged from 8.0% to 16.5%.

Estimating the fair value of reporting units requires the use of estimates and significant judgments that are based on a number of factors including actual operating results. It is reasonably possible that the judgments and estimates described above could change in future periods.

We review identified intangible assets with defined useful lives and subject to amortization for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Determining whether an impairment loss occurred requires comparing the carrying amount to the sum of undiscounted cash flows expected to be generated by the asset. We test intangible assets with indefinite lives annually for impairment using a fair value method such as discounted cash flows. For our insurance activities remaining in continuing operations, we periodically test for impairment our deferred acquisition costs and present value of future profits.

Further information is provided in the Financial Resources and Liquidity—Goodwill and Other Intangible Assets section and in Notes 1 and 8.

PENSION ASSUMPTIONS are significant inputs to the actuarial models that measure pension benefit obligations and related effects on operations. Two assumptions—discount rate and expected return on assets—are important elements of plan expense and asset/liability measurement. We evaluate these critical assumptions at least annually on a plan and country-specific basis. We periodically evaluate other assumptions involving demographic factors such as retirement age, mortality and turnover, and update them to reflect our experience and expectations for the future. Actual results in any given year will often differ from actuarial assumptions because of economic and other factors.

Accumulated and projected benefit obligations are measured as the present value of expected payments. We discount those cash payments using the weighted average of market-observed yields for high-quality fixed-income securities with maturities that correspond to the payment of benefits. Lower discount rates increase present values and subsequent-year pension expense; higher discount rates decrease present values and subsequent-year pension expense.

Our discount rates for principal pension plans at December 31, 2013, 2012 and 2011 were 4.85%, 3.96% and 4.21%, respectively, reflecting market interest rates.

To determine the expected long-term rate of return on pension plan assets, we consider current and target asset allocations, as well as historical and expected returns on various categories of plan assets. In developing future long-term return expectations for our principal benefit plans’ assets, we formulate views on the future economic environment, both in the U.S. and abroad. We evaluate general market trends and historical relationships among a number of key variables that impact asset class returns such as expected earnings growth, inflation, valuations, yields and spreads, using both internal and external sources. We also take into account expected volatility by asset class and diversification across classes to determine expected overall portfolio results given current and target allocations. Assets in our principal pension plans earned 14.6% in 2013, and had average annual returns of 6.5%, 5.9% and 8.9% per year in the 10-, 15- and 25-year periods ended December 31, 2013, respectively. These average historical returns were significantly affected by
Further information on our pension plans is provided in the Operations—Overview section and in Note 12.

INCOME TAXES. Our annual tax rate is based on our income, statutory tax rates and tax planning opportunities available to us in the various jurisdictions in which we operate. Tax laws are complex and subject to different interpretations by the taxpayer and respective governmental taxing authorities. Significant judgment is required in determining our tax expense and in evaluating our tax positions, including evaluating uncertainties. We review our tax positions quarterly and adjust the balances as new information becomes available. Our income tax rate is significantly affected by the tax rate on our global operations. In addition to local country tax laws and regulations, this rate depends on the extent earnings are indefinitely reinvested outside the United States. Indefinite reinvestment is determined by management’s judgment about and intentions concerning the future operations of the Company. At December 31, 2013 and 2012, approximately $110 billion and $108 billion of earnings, respectively, have been indefinitely reinvested outside the United States. Most of these earnings have been reinvested in active non-U.S. business operations, and we do not intend to repatriate these earnings to fund U.S. operations. Because of the availability of U.S. foreign tax credits, it is not practicable to determine the U.S. federal income tax liability that would be payable if such earnings were not reinvested indefinitely.

Deferred income tax assets represent amounts available to reduce income taxes payable on taxable income in future years. Such assets arise because of temporary differences between the financial reporting and tax bases of assets and liabilities, as well as from net operating loss and tax credit carryforwards. We evaluate the recoverability of these future tax deductions and credits by assessing the adequacy of future expected taxable income from all sources, including reversal of taxable temporary differences, forecasted operating earnings and available tax planning strategies. These sources of income rely heavily on estimates. We use our historical experience and our short- and long-range business forecasts to provide insight. Further, our global and diversified business portfolio gives us the opportunity to employ various prudent and feasible tax planning strategies to facilitate the recoverability of future deductions. Amounts recorded for deferred tax assets related to non-U.S. net operating losses, net of valuation allowances, were $5.5 billion and $4.8 billion at December 31, 2013 and 2012, respectively, including $0.8 billion at both December 31, 2013 and 2012 of deferred tax assets, net of valuation allowances, associated with losses reported in discontinued operations, primarily related to our loss on the sale of GE Money Japan. Such year-end 2013 amounts are expected to be fully recoverable within the applicable statutory expiration periods. To the extent we do not consider it more likely than not that a deferred tax asset will be recovered, a valuation allowance is established.

Further information on income taxes is provided in the Operations—Overview section and in Note 14.

DERIVATIVES AND HEDGING. We use derivatives to manage a variety of risks, including risks related to interest rates, foreign exchange and commodity prices. Accounting for derivatives as hedges requires that, at inception and over the term of the arrangement, the hedged item and related derivative meet the requirements for hedge accounting. The rules and interpretations related to derivatives accounting are complex. Failure to apply this complex guidance correctly will result in all changes in the fair value of the derivative being reported in earnings, without regard to the offsetting changes in the fair value of the hedged item.

In evaluating whether a particular relationship qualifies for hedge accounting, we test effectiveness at inception and each reporting period thereafter by determining whether changes in the fair value of the derivative offset, within a specified range, changes in the fair value of the hedged item. If fair value changes fail this test, we discontinue applying hedge accounting to that relationship prospectively. Fair values of both the derivative instrument and the hedged item are calculated using internal valuation models incorporating market-based assumptions, subject to third-party confirmation, as applicable.

At December 31, 2013, derivative assets and liabilities were $1.0 billion and $1.3 billion, respectively. Further information about our use of derivatives is provided in Notes 1, 9, 21 and 22.

FAIR VALUE MEASUREMENTS. Assets and liabilities measured at fair value every reporting period include investments in debt and equity securities and derivatives. Assets that are not measured at fair value every reporting period, but that are subject to fair value measurements in certain circumstances, include loans and long-lived assets that have been reduced to fair value when they are held for sale, impaired loans that have been reduced based on the fair value of the underlying collateral, cost and equity method investments and long-lived assets that are written down to fair value when they are impaired and the remeasurement of retained investments in formerly consolidated subsidiaries upon a change in control that results in deconsolidation of a subsidiary, if we sell a controlling interest and retain a noncontrolling stake in the entity. Assets that are written down to fair value when impaired and retained investments are not subsequently adjusted to fair value unless further impairment occurs.
A fair value measurement is determined as the price we would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. In the absence of active markets for the identical assets or liabilities, such measurements involve developing assumptions based on market observable data and, in the absence of such data, internal information that is consistent with what market participants would use in a hypothetical transaction that occurs at the measurement date. The determination of fair value often involves significant judgments about assumptions, such as determining an appropriate discount rate that factors in both risk and liquidity premiums, identifying the similarities and differences in market transactions, weighting those differences accordingly and then making the appropriate adjustments to those market transactions to reflect the risks specific to our asset being valued. Further information on fair value measurements is provided in Notes 1, 21 and 22.

OTHER LOSS CONTINGENCIES are uncertain and unresolved matters that arise in the ordinary course of business and result from events or actions by others that have the potential to result in a future loss. Such contingencies include, but are not limited to, environmental obligations, litigation, regulatory proceedings, product quality and losses resulting from other events and developments.

When a loss is considered probable and reasonably estimable, we record a liability in the amount of our best estimate for the ultimate loss. When there appears to be a range of possible costs with equal likelihood, liabilities are based on the low end of such range. However, the likelihood of a loss with respect to a particular contingency is often difficult to predict and determining a meaningful estimate of the loss or a range of loss may not be practicable based on the information available and the potential effect of future events and decisions by third parties that will determine the ultimate resolution of the contingency. Moreover, it is not uncommon for such matters to be resolved over many years, during which time relevant developments and new information must be continuously evaluated to determine both the likelihood of potential loss and whether it is possible to reasonably estimate a range of possible loss. When a loss is probable but a reasonable estimate cannot be made, disclosure is provided.

Disclosure also is provided when it is reasonably possible that a loss will be incurred or when it is reasonably possible that the amount of a loss will exceed the recorded provision. We regularly review all contingencies to determine whether the likelihood of loss has changed and to assess whether a reasonable estimate of the loss or range of loss can be made. As discussed above, development of a meaningful estimate of loss or a range of potential loss is complex when the outcome is directly dependent on negotiations with or decisions by third parties, such as regulatory agencies, the court system and other interested parties. Such factors bear directly on whether it is possible to reasonably estimate a range of potential loss and boundaries of high and low estimates.

Further information is provided in Notes 2, 13 and 24.

Other Information

New Accounting Standards
In March 2013, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2013-05, Foreign Currency Matters (Topic 830): Parent’s Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity. The ASU resolves conflicting guidance between Accounting Standards Codification (ASC) Subtopics 810-10, Consolidation, and 830-30, Foreign Currency Matters—Translation of Financial Statements, on whether accumulated currency translation adjustments should be released to earnings in certain circumstances. Under the revised guidance, the entire amount of the cumulative translation adjustment associated with the foreign entity will be released into earnings in the following circumstances: (a) the sale of a subsidiary or group of net assets within a foreign entity that represents a complete or substantially complete liquidation of that entity, (b) the loss of a controlling financial interest in an investment in a foreign entity, or (c) when the accounting for an investment in a foreign entity changes from the equity method to full consolidation. The ASU does not change the requirement to release a pro rata portion of the cumulative translation adjustment of the foreign entity into earnings for a partial sale of an equity method investment in a foreign entity. The revised guidance applies prospectively to transactions or events occurring in fiscal years beginning after December 31, 2013.

Research and Development
GE-funded research and development expenditures were $4.7 billion, $4.5 billion and $4.6 billion in 2013, 2012 and 2011, respectively. In addition, research and development funding from customers, principally the U.S. government, totaled $0.7 billion, $0.7 billion and $0.8 billion in 2013, 2012 and 2011, respectively. Aviation accounts for the largest share of GE’s research and development expenditures with funding from both GE and external funds. Power & Water and Healthcare also made significant expenditures funded primarily by GE.

Orders and Backlog
GE infrastructure equipment orders increased 14% to $60.6 billion and services orders increased 1% to $43.8 billion at December 31, 2013. Total GE infrastructure backlog increased 16% to $244.1 billion at December 31, 2013, composed of equipment backlog of $63.9 billion and services backlog of $180.2 billion. Orders constituting backlog may be cancelled or deferred by customers, subject in certain cases to penalties. See the Segment Operations section for further information.
Selected Financial Data
The following table provides key information for Consolidated, GE and GECC.

<table>
<thead>
<tr>
<th>(Dollars in millions; per-share amounts in dollars)</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GENERAL ELECTRIC COMPANY AND CONSOLIDATED AFFILIATES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues and other income</td>
<td>$146,045</td>
<td>$146,684</td>
<td>$146,542</td>
<td>$148,875</td>
<td>$153,686</td>
</tr>
<tr>
<td>Earnings from continuing operations attributable to the Company</td>
<td>15,177</td>
<td>16,624</td>
<td>14,122</td>
<td>12,577</td>
<td>10,993</td>
</tr>
<tr>
<td>Earnings (loss) from discontinued operations, net of taxes, attributable to the Company</td>
<td>(2,120)</td>
<td>(983)</td>
<td>29</td>
<td>(933)</td>
<td>32</td>
</tr>
<tr>
<td>Net earnings attributable to the Company</td>
<td>13,057</td>
<td>13,641</td>
<td>14,151</td>
<td>11,644</td>
<td>11,025</td>
</tr>
<tr>
<td>Dividends declared (a)</td>
<td>8,060</td>
<td>7,372</td>
<td>7,498</td>
<td>5,212</td>
<td>6,785</td>
</tr>
<tr>
<td>Return on average GE shareowners' equity (b)</td>
<td>12.2%</td>
<td>12.1%</td>
<td>12.1%</td>
<td>12.3%</td>
<td>11.7%</td>
</tr>
<tr>
<td>Per common share</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earnings from continuing operations—diluted</td>
<td>1.47</td>
<td>1.38</td>
<td>1.23</td>
<td>1.15</td>
<td>1.00</td>
</tr>
<tr>
<td>Earnings (loss) from discontinued operations—diluted</td>
<td>0.21</td>
<td>0.09</td>
<td>0.13</td>
<td>0.16</td>
<td>0.10</td>
</tr>
<tr>
<td>Net earnings—diluted</td>
<td>1.27</td>
<td>1.29</td>
<td>1.36</td>
<td>1.09</td>
<td>1.01</td>
</tr>
<tr>
<td>Earnings from continuing operations—basic</td>
<td>1.48</td>
<td>1.39</td>
<td>1.23</td>
<td>1.15</td>
<td>1.00</td>
</tr>
<tr>
<td>Earnings (loss) from discontinued operations—basic</td>
<td>0.21</td>
<td>0.09</td>
<td>0.13</td>
<td>0.16</td>
<td>0.10</td>
</tr>
<tr>
<td>Net earnings—basic</td>
<td>1.28</td>
<td>1.29</td>
<td>1.36</td>
<td>1.09</td>
<td>1.01</td>
</tr>
<tr>
<td>Dividends declared</td>
<td>0.79</td>
<td>0.70</td>
<td>0.61</td>
<td>0.46</td>
<td>0.61</td>
</tr>
<tr>
<td>Year-end closing stock price</td>
<td>28.03</td>
<td>20.99</td>
<td>17.91</td>
<td>18.29</td>
<td>15.13</td>
</tr>
<tr>
<td>Cash and equivalents</td>
<td>88,555</td>
<td>77,268</td>
<td>84,440</td>
<td>78,917</td>
<td>70,469</td>
</tr>
<tr>
<td>Total assets of continuing operations</td>
<td>654,221</td>
<td>681,684</td>
<td>718,018</td>
<td>729,895</td>
<td>751,677</td>
</tr>
<tr>
<td>Total assets</td>
<td>656,560</td>
<td>684,999</td>
<td>718,003</td>
<td>745,426</td>
<td>780,309</td>
</tr>
<tr>
<td>Long-term borrowings</td>
<td>221,665</td>
<td>236,084</td>
<td>243,459</td>
<td>293,323</td>
<td>336,172</td>
</tr>
<tr>
<td>Common shares outstanding—average (in thousands)</td>
<td>10,222,198</td>
<td>10,522,922</td>
<td>10,591,146</td>
<td>10,661,078</td>
<td>10,613,717</td>
</tr>
<tr>
<td>Common shareowner accounts—average</td>
<td>512,000</td>
<td>537,000</td>
<td>570,000</td>
<td>588,000</td>
<td>605,000</td>
</tr>
<tr>
<td>Employees at year end (c)</td>
<td>307,000</td>
<td>305,000</td>
<td>301,000</td>
<td>273,000</td>
<td>290,000</td>
</tr>
<tr>
<td><strong>GE DATA</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short-term borrowings</td>
<td>$ 1,841</td>
<td>$ 6,041</td>
<td>$ 2,184</td>
<td>$ 456</td>
<td>$ 504</td>
</tr>
<tr>
<td>Long-term borrowings</td>
<td>11,515</td>
<td>11,428</td>
<td>9,405</td>
<td>9,656</td>
<td>11,681</td>
</tr>
<tr>
<td>Noncontrolling interests</td>
<td>130,566</td>
<td>123,026</td>
<td>116,438</td>
<td>118,936</td>
<td>117,291</td>
</tr>
<tr>
<td>GE shareowners’ equity</td>
<td>130,566</td>
<td>123,026</td>
<td>116,438</td>
<td>118,936</td>
<td>117,291</td>
</tr>
<tr>
<td>Total capital invested</td>
<td>$ 144,758</td>
<td>$ 141,272</td>
<td>$ 129,033</td>
<td>$ 133,146</td>
<td>$ 135,273</td>
</tr>
<tr>
<td>Return on average total capital invested (b)</td>
<td>11.3%</td>
<td>11.7%</td>
<td>11.7%</td>
<td>12.0%</td>
<td>10.7%</td>
</tr>
<tr>
<td>Borrowings as a percentage of total capital invested (b)</td>
<td>9.2%</td>
<td>12.4%</td>
<td>9.0%</td>
<td>7.6%</td>
<td>9.0%</td>
</tr>
<tr>
<td>Working capital (b)</td>
<td>$ (1,278)</td>
<td>$ (567)</td>
<td>$ (1,712)</td>
<td>$ (3,035)</td>
<td>$ (1,596)</td>
</tr>
<tr>
<td><strong>GECC DATA</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues</td>
<td>$ 44,067</td>
<td>$ 45,364</td>
<td>$ 48,324</td>
<td>$ 49,163</td>
<td>$ 51,065</td>
</tr>
<tr>
<td>Earnings from continuing operations attributable to GECC</td>
<td>8,258</td>
<td>7,345</td>
<td>6,480</td>
<td>3,083</td>
<td>1,364</td>
</tr>
<tr>
<td>Earnings (loss) from discontinued operations, net of taxes, attributable to GECC</td>
<td>(2,054)</td>
<td>(1,130)</td>
<td>30</td>
<td>(928)</td>
<td>51</td>
</tr>
<tr>
<td>Net earnings attributable to GECC</td>
<td>6,204</td>
<td>6,215</td>
<td>6,310</td>
<td>2,155</td>
<td>1,415</td>
</tr>
<tr>
<td>Net earnings attributable to GECC common shareowner</td>
<td>5,906</td>
<td>6,092</td>
<td>6,510</td>
<td>2,155</td>
<td>1,415</td>
</tr>
<tr>
<td>GECC shareowners’ equity</td>
<td>82,694</td>
<td>81,890</td>
<td>77,110</td>
<td>68,984</td>
<td>70,833</td>
</tr>
<tr>
<td>Total borrowings and bank deposits</td>
<td>371,062</td>
<td>397,039</td>
<td>442,830</td>
<td>470,363</td>
<td>493,223</td>
</tr>
<tr>
<td>Ratio of debt to equity at GECC (d)</td>
<td>4.49:1</td>
<td>4.85:1</td>
<td>5.74:1</td>
<td>6.82:1</td>
<td>6.96:1</td>
</tr>
<tr>
<td>Total assets (e)</td>
<td>$ 516,829</td>
<td>$ 539,351</td>
<td>$ 584,643</td>
<td>$ 605,365</td>
<td>$ 650,465</td>
</tr>
</tbody>
</table>

Transactions between GE and GECC have been eliminated from the consolidated information.

(a) Included $1,031 million of preferred stock dividends ($806 million related to our preferred stock redemption) in 2011 and $300 million in both 2010 and 2009.
(b) Indicates terms are defined in the Glossary.
(c) Excludes NBC Universal employees of 14,000 in both 2010 and 2009.
(d) Ratios of 3.19:1, 3.66:1, 4.23:1, 5.25:1 and 5.65:1 for 2013, 2012, 2011, 2010 and 2009, respectively, net of cash and equivalents and with classification of hybrid debt as equity. For purposes of these ratios, cash and debt balances have been adjusted to include amounts classified as assets and liabilities of businesses held for sale and discontinued operations.
(e) GECC’s total assets excludes deferred income tax liabilities, which are presented as assets for purposes of our consolidating balance sheet presentation.