10-K
Introduction & Summary

This section provides an overview of General Electric. It does not contain all of the information you should consider. Please read the entire Annual Report on Form 10-K carefully before voting or making an investment decision.

IN PARTICULAR, PLEASE SEE THE FOLLOWING SECTIONS

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- Segment Operations: page 30
- Corporate Items & Eliminations: page 58
- Pension Costs: page 62
- Income Taxes: page 63
- Share Repurchase Program: page 187

Many of the General Electric-specific terms & acronyms used in this section are explained in About General Electric on page 19 and Glossary on page 120.

Some of the information we provide in this section is forward-looking and therefore could change over time to reflect changes in the environment in which General Electric competes.

Throughout the Annual Report on Form 10-K, we use the following icons:

- Power & Water
- Oil & Gas
- Energy Mgmt.
- Aviation
- Healthcare
- Transportation
- Appliances & Lighting
- GE Capital
### How We Performed Against Our 2014 Operating Goals

<table>
<thead>
<tr>
<th></th>
<th>Target</th>
<th>Actual</th>
<th>Year-over-Year Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial segment organic revenues¹</td>
<td>0%–5% growth</td>
<td>$148.6B</td>
<td>▲ 2%</td>
</tr>
<tr>
<td></td>
<td>4%–7% growth</td>
<td>$108.0B</td>
<td>▲ 7%</td>
</tr>
<tr>
<td><strong>OPERATING EARNINGS¹</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial segment profit</td>
<td>+</td>
<td>$16.7B</td>
<td>▲ 1%</td>
</tr>
<tr>
<td></td>
<td>++</td>
<td>$17.8B</td>
<td>▲ 10%</td>
</tr>
<tr>
<td>GE Capital earnings</td>
<td>~$6.7B²</td>
<td>$7.0B²</td>
<td>▲ 12%</td>
</tr>
<tr>
<td><strong>GE CFOA</strong></td>
<td>$14B–$17B</td>
<td>$15.2B</td>
<td>▲ 6%</td>
</tr>
<tr>
<td><strong>OPERATING MARGINS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>+</td>
<td>16.2%</td>
<td>▲ 50bps³</td>
</tr>
<tr>
<td><strong>INDUSTRIAL SG&amp;A EXPENSES AS % OF SALES</strong></td>
<td>~14%</td>
<td>14.0%</td>
<td>▲ 190bps³</td>
</tr>
<tr>
<td><strong>TOTAL CORPORATE COSTS (OPERATING)⁴</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted total corporate costs (operating)⁶</td>
<td></td>
<td>$4.1B</td>
<td>▲ 22%</td>
</tr>
<tr>
<td></td>
<td>$500M</td>
<td>$953M</td>
<td></td>
</tr>
</tbody>
</table>

2. Includes impact from GECC preferred stock dividend.
3. 100 basis points (bps) equals 1%.
4. For information on how we calculate these metrics, see GE Corporate Items and Eliminations on page 58.
How We Are Shaping a New Kind of Industrial Company

OUR STRATEGIC CHOICES

BE IN MARKETS WHERE WE WIN

• Recognized infrastructure leader
• Aggressively repositioning portfolio
  — Announced Alstom & GE Appliances transactions¹
• Refocused & reduced size of GE Capital
  — Completed Synchrony IPO
  — Reduced GE Capital ENI by 5% from 2013
• Built out GE Store to create unique competitive advantage
  — Expanded software & analytics product offerings based on Predix (GE’s Industrial Internet software platform)
  — Services order growth of 10%; Industrial growth market orders +9%
  — Big new product introduction (NPI) launches: H-turbine, LEAP engine²
  — Tier 4 locomotive, SIGNA PET/MR scanner, 20K blowout preventer
• Accelerated cost reductions
  — Reduced Industrial SG&A as a percentage of sales 190 basis points from 2013
  — Reduced corporate costs ~$1B³
• Intensified focus on gross margins
• Drove culture of simplification & accountability
  — Released GE Beliefs
  — Changed executive cash bonus program to align it more closely with key investor goals, including operating margin, free cash flow & ROIC

BUILD COMPETITIVE ADVANTAGE

• Recognized infrastructure leader
• Aggressively repositioning portfolio
  — Announced Alstom & GE Appliances transactions¹
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  — Released GE Beliefs
  — Changed executive cash bonus program to align it more closely with key investor goals, including operating margin, free cash flow & ROIC

CREATE SHAREOWNER VALUE

• Recognized infrastructure leader
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UNIFIED TEAM

See the following pages of the 10-K Introduction & Summary for more information.

EPS GROWTH THROUGH 2016

Industrial
Organic Industrial earnings growth
+ Alstom earnings¹
+ restructuring benefits + reduction in GE’s overall share count

GE Capital
~20¢
EPS loss due to split-off of Synchrony Financial¹ & sale of non-core assets

Expect EPS growth in 2015 & 2016

2015 OPERATING EPS GOAL⁴
$1.70–$1.80
Industrial... $1.10–$1.20 • GE Capital... ~$0.60⁵

1. Subject to regulatory approvals.
2. LEAP is a trademark of CFM International, a 50-50 joint venture between Snecma (Safran) and GE.
3. For information on how we calculate this metric, see GE Corporate Items and Eliminations on page 58.
5. May be lower, depending on pace of GE Capital ENI reduction.
Value From a Multi-business Company

1. Great infrastructure businesses built upon technical & market leadership critical scale to take advantage of global demographic trends

2. Diversity provides strength through disruptive events & commodity cycles

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
<th>Business Impacted</th>
<th>Businesses Mitigating Impact</th>
<th>GE Response</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>9/11 attacks</td>
<td>Energy, GE Capital</td>
<td></td>
<td>Invested in next-gen aircraft engines</td>
<td>GE 90, GENx, next-gen CFM</td>
</tr>
<tr>
<td>2004</td>
<td>U.S. gas turbine cycle bottom</td>
<td></td>
<td>Most other businesses saw double-digit growth</td>
<td>Invested to diversify Energy</td>
<td>Stronger, more diversified Energy²</td>
</tr>
<tr>
<td>2009</td>
<td>Financial crisis</td>
<td>Industrial businesses generated -$17B of cash flow</td>
<td>Supported GE Capital with cash infusions</td>
<td>Smaller GE Capital that is stronger &amp; more focused³</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>Oil price drop</td>
<td>Aviation, Healthcare</td>
<td>Restructuring Oil &amp; Gas &amp; acquiring Alstom energy businesses at attractive price¹</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3. Each business contributes to GE by providing unique expertise to the GE Store & leverages the GE Store to compete more effectively (see page 11)

How We Are Performing

<table>
<thead>
<tr>
<th>CONSOLIDATED</th>
<th>Earnings from Continuing Operations Attributable to GE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td></td>
</tr>
<tr>
<td>2012 $146.7B</td>
<td>$2108</td>
</tr>
<tr>
<td>2013 $146.0B</td>
<td>$2018</td>
</tr>
<tr>
<td>2014 $148.6B</td>
<td>$2198</td>
</tr>
<tr>
<td>2012 $14.6B</td>
<td>$15.1%</td>
</tr>
<tr>
<td>2013 $15.2B</td>
<td>$15.7%</td>
</tr>
<tr>
<td>2014 $15.3B</td>
<td>$16.2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>INDUSTRIAL</th>
<th>Backlog</th>
<th>Margins</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012 $28.3B</td>
<td>$14.6B</td>
<td>$2108</td>
</tr>
<tr>
<td>2013 $24.7B</td>
<td>$15.2B</td>
<td>$2018</td>
</tr>
<tr>
<td>2014 $27.6B</td>
<td>$15.3B</td>
<td>$2198</td>
</tr>
</tbody>
</table>

Other 2014 results

- Margins: 19.4%  Backlog: $65B
- # gas turbines shipped: 108
- # wind turbines shipped: 2,879

Positive: Growing demand for H-technology, strong services model, continued growth in natural gas & strong global demand in renewables

Negative: Excess capacity in developed markets & macroeconomic/geopolitical environments

Outlook: Outperforming the competition in a challenging environment

Contribution to GE Store

Combustion science & services installed base

1. See How We’ve Made Purposeful Portfolio Moves on page 14 for further details.
2. Subject to regulatory approvals.
MISSION: Pushing the boundaries of technology in oil & gas to bring energy to the world

Major products: surface & subsea drilling & production systems, floating production platform equipment, mechanical drives & compressors, high-pressure reactors, artificial lift solutions, sensing & inspection solutions

MISSION: Being a global technology leader for the transmission, distribution & conversion of electrical power

Major products: electrical distribution & control products & services, lighting & power panels, grid management products & grid modernization services, industrial automation & software solutions, advanced motor, drive & control technologies

MISSION: Providing our aviation customers with the most technologically advanced & productive engines, systems & services for their success

Major products: jet & turboprop engines, components & integrated systems for commercial, military, business & general aviation aircraft & ship propulsion applications, global service network

Revenues Profits Revenues Profits Revenues Profits

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenues</th>
<th>Profits</th>
<th>Year</th>
<th>Revenues</th>
<th>Profits</th>
<th>Year</th>
<th>Revenues</th>
<th>Profits</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>$15.2B</td>
<td>$1.9B</td>
<td>2012</td>
<td>$74B</td>
<td>$0.1B</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>$17.0B</td>
<td>$2.2B</td>
<td>2013</td>
<td>$76B</td>
<td>$0.18</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>$18.7B</td>
<td>$2.6B</td>
<td>2014</td>
<td>$7.3B</td>
<td>$0.28</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Other 2014 results

Margins: 13.8% Backlog: $19B

Positive: Strong demand for standardizing solutions & reducing customer operating expenditures
Negative: Industry challenges due to low oil prices & reductions in customers’ forecasted capital expenditures
Outlook: Aggressively reducing costs to help prepare for multiple scenarios

Positive: Growth in energy & marine industries driving demand for Power Conversion equipment & services
Negative: Slow European economic recovery
Outlook: Restructuring + investing + expecting to close Alstom transaction in 2015 = solid growth

Positive: Differentiating through technology & supply chain momentum, lower fuel costs resulting in increased airline profitability & continued growth in passenger traffic & freight
Negative: Lower military shipments due to continued pressure on U.S. military budget
Outlook: Positioning the business for long-term growth

Contribution to GE Store Services technology & first-mover in growth markets
Contribution to GE Store Electrification, controls & power conversion technology
Contribution to GE Store Advanced materials/ manufacturing & engineering productivity

1. Subject to regulatory approvals.
**MISSION:** Developing transformational medical technologies & services that are shaping a new age of patient care

**Major products:** diagnostic imaging systems (MRI, CT, nuclear & molecular imaging, digital mammography), surgical imaging products, ultrasound, protein & cellular analysis tools, software & analytics solutions to optimize healthcare delivery

---

**MISSION:** Being a global technology leader & supplier to the railroad, mining, marine, stationary power, drilling & energy storage industries

**Major products:** locomotives, diesel engines, drilling motors, mining equipment & propulsion systems, motorized drive systems, signaling systems, software & analytics solutions to optimize rail transportation

---

**MISSION:** Answering real-life needs, defining trends & simplifying routines. Leading a global lighting revolution to deliver innovative solutions that change the way people light & think about their world

**Major products:** lighting products & services, such as industrial-scale lighting solutions & major home appliances, such as refrigerators, cooktops, dishwashers & hybrid water heaters

---

### Revenues  Profits

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare</td>
<td>$18.3B</td>
<td>$18.2B</td>
<td>$18.3B</td>
<td>$2.9B</td>
<td>$3.0B</td>
<td>$3.0B</td>
</tr>
<tr>
<td>Transportation</td>
<td>$5.6B</td>
<td>$5.9B</td>
<td>$5.7B</td>
<td>$1.0B</td>
<td>$1.2B</td>
<td>$1.1B</td>
</tr>
<tr>
<td>Appliances &amp; Lighting</td>
<td>$8.0B</td>
<td>$8.3B</td>
<td>$8.4B</td>
<td>$0.3B</td>
<td>$0.4B</td>
<td>$0.4B</td>
</tr>
</tbody>
</table>

### Other 2014 results

**Margins:** 16.7%  
**Backlog:** $16B  
**U.S. orders:** $8.5B  
**Europe orders:** $3.7B  
**Growth region orders:** $5.7B

- **Positive:** World-class data & analytics capability, continued growth in most emerging markets, hospital demand for services & IT solutions & signs of improvement in U.S. market
- **Negative:** Slow growth in other developed markets due to pressure on healthcare spend & effects of a stronger U.S. dollar
- **Outlook:** Growing through product leadership, solution offerings & disciplined operations

---

**Other 2014 results**

**Margins:** 20.0%  
**Backlog:** $21B  
**# locomotives shipped:** 796

- **Positive:** Fewer parked locomotives & network velocity, increased commodity volume & U.S. growth driven by early demand for Tier 4 locomotives
- **Negative:** Continued softness in global commodity prices pressuring mining
- **Outlook:** Growing earnings through technology leadership

---

**Other 2014 results**

**Margins:** 5.1%

- **Positive:** U.S. housing up but normalizing & strong global shift to energy-efficient lighting
- **Negative:** Slowing demand in professional non-LED market segment
- **Outlook:** Expecting to close sale of Appliances to Electrolux by mid-20151 & repositioning Lighting

---

1. Subject to regulatory approvals.
**MISSION:** Investing financial, human & intellectual capital to help our customers build their businesses

**Major products:** GE-industry-focused financial services verticals, commercial loans & leases, commercial real estate, fleet management services, consumer credit cards

---

<table>
<thead>
<tr>
<th>Revenues</th>
<th>Profits</th>
<th>% of GE Capital’s segment profits</th>
</tr>
</thead>
<tbody>
<tr>
<td>$45.4B</td>
<td>$7.2B</td>
<td>3%</td>
</tr>
<tr>
<td>$44.1B</td>
<td>$8.0B</td>
<td>10%</td>
</tr>
<tr>
<td>$42.7B</td>
<td>$7.0B</td>
<td>12%</td>
</tr>
</tbody>
</table>

Other 2014 results

- **ENI (ex. liquidity):** $363B
- **Net Interest Margin:** 5.0%
- **Tier 1 Common Ratio (Basel 1) (estimated):** 12.7%

**Positive:** Growing verticals & commercial finance

**Negative:** Reduced earnings through continued reduction in non-core assets, including split-off of Synchrony Financial, & regulatory cost

**Outlook:** Executing portfolio transformation, including Synchrony Financial split-off, in investor-friendly manner

---


2. Subject to regulatory approvals.
The GE Store
Driving Competitive Advantage Across Our Businesses

- **AVIATION**: Provides advanced materials & manufacturing techniques, & engineering productivity.
- **HEALTHCARE**: Provides diagnostics technology & is a first-mover & anchor tenant in all of our growth markets.
- **POWER & WATER**: Provides combustion science & services installed base.
- **GLOBAL RESEARCH CENTER**: Global research organization.
- **SOFTWARE CENTER OF EXCELLENCE**: Software center of excellence.
- **GLOBAL GROWTH ORGANIZATION**: Global growth organization.
- **CULTURE & SIMPLIFICATION**: Culture & simplification.
- **TRANSPORTATION**: Provides engine technology & localization in growth regions.
- **ENERGY MANAGEMENT**: Provides electrification, controls & power conversion technology.
- **APPLIANCES & LIGHTING**: LED is gateway to energy efficiency.
- **OIL & GAS**: Provides services technology & is a first-mover in growth regions.
- **POWER & WATER**: Provides electrification, controls & power conversion technology.

GE 2014 FORM 10-K 11
How We Use the GE Store to Win

Key Differentiators for GE

GLOBAL GROWTH ORGANIZATION

“We are driving GE’s global growth by leveraging our global scale, building local capabilities & providing company-to-country infrastructure solutions.”

John Rice
Vice Chairman & CEO,
Global Growth Organization

Industrial segment revenues from growth markets¹

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$27B</td>
<td>$40B</td>
<td>$43B</td>
</tr>
</tbody>
</table>

13% average annual growth rate

BEST GROWTH MARKET FOOTPRINT¹

<table>
<thead>
<tr>
<th>Countries with $1B+ orders</th>
<th>Growth market localization</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>2010</td>
</tr>
<tr>
<td>2013</td>
<td>2013</td>
</tr>
<tr>
<td>2014</td>
<td>2014</td>
</tr>
</tbody>
</table>

Non-U.S. infrastructure orders

<table>
<thead>
<tr>
<th>2010</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>$47B</td>
<td>$65B</td>
<td>$69B</td>
</tr>
</tbody>
</table>

1. GE launched the Global Growth Organization in 2010.

SOFTWARE CENTER OF EXCELLENCE

“The Software Center of Excellence leads the intersection of the physical & analytical & creates a new source of competitiveness.”

Bill Ruh
VP, Software Sciences & Analytics

PREDIX™: OUR SOFTWARE PLATFORM FOR THE INDUSTRIAL INTERNET

Opened up to third-party developers in 2014

$1.4B
revenues in 2014 from GE Predictivity™

3%–5% targeted annual growth in $/installed base

$300M–$400M annual investment in Predix™ capabilities

40+
Industrial Internet solutions across our businesses

SERVICES COUNCIL

Vice Chairman Dan Heintzelman leads Services Council across GE, combining hardware/domain expertise with software/analytics capabilities to drive services growth

Current key initiatives: service contract optimization, productivity, global asset strategy, field engineer tools, controls system convergence

DELIVERING CUSTOMER OUTCOMES...

THE POWER OF PREDIX™

+ Efficiency
+ Uptime
+ System Cost Reduction
+ Safety & Quality
GLOBAL RESEARCH

“We are driving innovation & creativity by leveraging technology across product platforms.”

Mark Little
SVP, Chief Technology Officer

SHARING TECHNOLOGY ACROSS BUSINESSES

- Carbon fiber-reinforced composites
- Industrial inspection technologies
- Medical imaging modalities (X-ray, CT & ultrasound)

What’s an Example of Technology Sharing?
Global Research is using carbon fiber–reinforced composites — originally developed for fan blades in Aviation's GE9X aircraft engine — to drive advanced applications across other GE businesses. Power & Water now uses this technology in wind blades, Oil & Gas in offshore drilling impellers & riser pipes, & Healthcare in MRI systems.

CULTURE & SIMPLIFICATION

SHARED SERVICES

“We are centralizing support services to work smarter & more efficiently for sustainable growth.”

Shane Fitzsimons
SVP, Global Operations

LEADERSHIP

“GE’s culture of leadership is one of our greatest innovations.”

Susan Peters
SVP, Human Resources

Industrial SG&A expenses as a percentage of sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>17.5%</td>
</tr>
<tr>
<td>2013</td>
<td>15.9%</td>
</tr>
<tr>
<td>2014</td>
<td>14.0%</td>
</tr>
</tbody>
</table>

GLOBAL OPERATIONS SNAPSHOT

Accelerating the establishment of Shared Services to deliver better outcomes at lower cost for our businesses & customers

~40% of Industrial functions
6 global functions
6,000 Shared Services employees

$1B invested in employee development each year

OUR GLOBAL LEADERSHIP INSTITUTE

Crotonville is at the forefront of thinking in leadership, culture, strategy & innovation. Some of GE’s best-known initiatives — Lean Six Sigma, WorkOut, Simplification & FastWorks — took shape here.

2014 PROGRESS: RISING HIGHER

GE is the World’s Best Company for Global Leaders

#1
GE ranked #1 in the world on the Aon Hewitt Top Companies for Leaders list.

Building Top Talent & a Continuous Learning Culture Worldwide

40,000 participants
37 countries
188 locations
2,100 sessions
How We’ve Made Purposeful Portfolio Moves

Over the past decade, we have repositioned GE as a more focused, high-value industrial company. This includes making major investments to strengthen our infrastructure portfolio, substantially reducing our financial services businesses & selling businesses in which we lack competitive advantages.

MAJOR PORTFOLIO CHANGES SINCE 2001

INVESTMENTS

POWER & WATER
Rebuilt & diversified business after the power bubble to include Distributed Power, Water & Wind
- Enron wind assets
- Multiple water assets
- Jenbacher Gas Engines
- Alstom announced

OIL & GAS
Built a competitive & diverse franchise
- Vetco Gray
- Hydril
- Dresser
- Wood Group Well Support
- Wellstream
- Lufkin

HEALTHCARE
Broadened Healthcare diagnostics franchise beyond U.S. diagnostic imaging to include Life Sciences & Healthcare IT
- Amersham
- Instrumentarium
- IDX/Healthcare IT

AVIATION
Expanded profit pools for the business through acquisitions focused on systems & supply chain
- Smiths Aerospace
- Avia

ENERGY MANAGEMENT
Added scale to the business
- Converteam
- Alstom announced

DISPOSITIONS

1 MEDIA
Reposition NBC Universal & divest at a good return
- Sold NBC Universal to Comcast

2 PLASTICS, SILICONES & SECURITY
Sell industrial businesses that do not fit GE’s core infrastructure platform
- Sold Plastics to Sabic
- Sold Silicones to Apollo
- Sold Security to United Technologies

3 APPLIANCES
Exit as it does not fit GE’s core infrastructure platform
- Announced sale of Appliances to Electrolux

4 INSURANCE
Sell insurance before the storm to reduce risk
- Completed staged exit of Genworth Financial
- Sold Reinsurance to Swiss Re
- Sold FGIC to Blackstone

5 CONSUMER FINANCE
Exit as it lacks GE competitive advantage
- Completed IPO of Synchrony Financial & expect to split-off remaining interest
- Exited Nordic & Swiss consumer finance businesses & announced sale of Hungary consumer finance business

STRONGER & SMALLER GE CAPITAL

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2014</th>
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</table>
| Ending net investment (ex. liquidity)
1 | $513B | $363B |
| Long-term debt outstanding | $381B | $207B |
| Commercial paper | $72B | $25B |
| Cash & liquidity | $37B | $76B |
| Tier 1 common ratio — Basel 1 (estimated)
2 | 4.7% | 12.7% |
| Adjusted debt:equity ratio
2 | 8.95:1 | 3.15:1 |

1 Subject to regulatory approvals.
"We are executing on a **balanced** and **disciplined** capital allocation plan that returns significant capital to investors, invests in the Company’s future growth, and keeps GE safe and secure.”

**Jeff Bornstein,** SVP & Chief Financial Officer

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**Generating Capital**

- Focus on free cash flow (GE CFOA less P&E)
- Synchrony Financial split-off...investor friendly
- GE Capital dividend
- Dispositions...~$2B/year

**Allocating Capital**

1. Return ~$40B to investors in dividends & shares repurchased through Synchrony Financial split-off
2. Focus on Alstom...other M&A focused & smaller
3. Invest organically

**~$76B capital to allocate in 2015 & 2016**

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**How We Balance Capital Allocation**

**Allocation /Amounts**

<table>
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<tr>
<th>2012</th>
<th>2013</th>
<th>2014</th>
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**Goals**

- Research & Development: Industrial sales at ~5%
- Dividends: Grow in line with earnings...1¢ per share quarterly increase for 2015
- Buyback (reported on a book basis): Offset employee share program dilution & reduce share count (including through Synchrony Financial split-off) to 9.0B–9.5B shares outstanding

**Allocation /Amounts**

- CFOA
- Acquisitions
- Restructuring & Other Charges
- Plant & Equipment

**Goals**

- Targeting world-class industrial cost structure & margins...
- ~12% Industrial SG&A expenses as a percentage of sales in 2016
- Continue to reshape portfolio...targeting for 2016
- 75% Industrial
- 25% GE Capital

**Focus on low-cost multimodal facilities in key growth markets**

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**How Capital Allocation Drives Results**

2. Subject to regulatory approvals.
3. We are excluding M&A transactions from the margin & Industrial ROTC targets because these targets were set prior to the Company’s announcement of the Alstom acquisition (which is subject to regulatory approval).

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**Free Cash Flow**

- (GE CFOA–P&E)
- $10.6B $11.2B $108-$12B

**Margins**

- Industrial segments, '15 & '16 ex. M&A'
- 15.7% 16.2% + -17%

**Returns**

- (Industrial ROTC, '15 & '16 ex. M&A)
- 14.3% 16.0% + -17%
How We Focus on the Most Critical Enterprise Risks

“I have asked GE’s leaders to go deep on what I believe are the four most critical risks facing the Company: product quality, cybersecurity, liquidity, and global compliance. Over the years, we have built lines of defense around these core risk focus areas.”

JEFF IMMELT
Chairman of the Board & Chief Executive Officer

<table>
<thead>
<tr>
<th>LINES OF DEFENSE</th>
<th>DEEP DOMAIN EXPERTISE</th>
<th>DISCIPLINED BUSINESS PROCESSES &amp; CHALLENGE CULTURE</th>
<th>STRONG AUDIT &amp; THIRD PARTY OVERSIGHT</th>
<th>BOARD TRANSPARENCY &amp; MANAGEMENT OVERSIGHT</th>
</tr>
</thead>
<tbody>
<tr>
<td>CORE RISK FOCUS AREAS</td>
<td>Product quality</td>
<td>• 65,000+ engineers, including 1,000+ PhDs</td>
<td>• Chief Engineers' Council</td>
<td>• Regulators… e.g., FAA, FDA, CFPB, NRC</td>
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<td>• Global Research Centers</td>
<td>• Product Safety Boards</td>
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<td></td>
<td>Cybersecurity</td>
<td>• 11,000+ IT &amp; cyber professionals</td>
<td>• Product/system design for security</td>
<td>• Internal audit… Corporate Audit Staff</td>
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<tr>
<td></td>
<td></td>
<td>• IT Security Operations Center</td>
<td>• Installed base remediation</td>
<td>• Penetration testing challenges… red team</td>
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<td></td>
<td></td>
<td>• Increased investment 2.5x since 2009</td>
<td>• Cybersecurity Task Force</td>
<td>• Wurldtech… industrial product design</td>
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<td></td>
<td>Liquidity (through a crisis)</td>
<td>• 750+ Treasury professionals</td>
<td>• Stress-testing</td>
<td>• Credit rating agencies</td>
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<td></td>
<td>• Limits on commercial paper levels to cash &amp; bank lines of credit</td>
<td>• Federal Reserve, OCC, FDIC</td>
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<td>Global compliance</td>
<td>• 750+ compliance professionals</td>
<td>• Cash flow metrics in compensation plans</td>
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<tr>
<td></td>
<td></td>
<td>• ~500 ombuds</td>
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<td>• External audit… KPMG (~360 partners &amp; 500k+ audit hours annually)</td>
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<td></td>
<td></td>
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<td></td>
<td>• Internal audit… Corporate Audit Staff &amp; GE Capital Audit</td>
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<td>• Ethisphere Magazine… GE named world’s most ethical company 8 years in a row</td>
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</table>
How We Oversee Risk

For more details, please see Risk Management on page 107 & Risk Factors on page 112.
How We Address Social Costs

“We’ve taken significant actions to control rising pension and healthcare costs, but this remains an area of focus for GE as we continue to balance the interests of our shareowners, employees and retirees.”

Jeff Immelt, Chairman of the Board & Chief Executive Officer

PENSION & HEALTHCARE PLANS PRE-TAX EXPENSE

Cost increase drivers

- Declining interest rates
- Volatile financial markets
- Healthcare cost inflation

Major GE actions to address rising pension & healthcare costs

- Annually...negotiated healthcare supplier contracts
- 2005/2008...changed new hire retiree health benefits
- 2009...stratified retiree health benefits for salaried employees
- 2011...implemented Medicare-approved prescription drug plan
- 2011/2012...moved to a defined contribution retirement plan for new hires
- 2012...announced closing of retiree health plans to salaried employees and pre-65 retirees (effective 2015)
- 2014...introduced private exchanges for salaried Medicare-eligible retirees

U.S. RETIREMENT PLANS LIABILITY

1 Includes global pension plans, U.S. Retirement Savings Plan & U.S. principal employee/retiree health plans.
2 In 2000, primarily because of its funded status, GE Pension Plan pre-tax earnings offset the cost of the other plans included in this chart.
3 Includes GE Pension Plan & principal retiree health plans.
4 Reflects GE’s estimate of liability reduction, based on GE actions as of December 31, 2014.
5 For a discussion of the assets associated with these liabilities, see Other Consolidated Information—Postretirement Benefit Plans on page 62 and Note 12 to the consolidated financial statements in this Form 10-K Report.