GENERAL ELECTRIC CO
Form 10-Q
May 04, 2015

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

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

For the quarterly period ended March 31, 2015
OR

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

For the transition period from ____ to ____

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

New York	14-0689340
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
3135 Easton Turnpike, Fairfield, CT	06828-0001
(Address of principal executive offices)	(Zip Code)

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):
Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

There were 10,075,929,000 shares of common stock with a par value of $0.06 per share outstanding at March 31, 2015.

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FORWARD LOOKING STATEMENTS

This document contains "forward-looking statements" – that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance and financial condition, and often contain words such as "expect," "anticipate," "intend," "plan," "believe," "seek," "see," "will," "would," or "target."

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

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

- obtaining (or the timing of obtaining) any required regulatory reviews or approvals or any other consents or approvals associated with our announced plan to reduce the size of our financial services businesses;
- our ability to complete incremental asset sales as part of this plan in a timely manner (or at all) and at the prices we have assumed;
- changes in law, economic and financial conditions, including interest and exchange rate volatility, commodity and equity prices and the value of financial assets, including the impact of these conditions on our ability to sell or the value of incremental assets to be sold as part of this plan as well as other aspects of this plan;
- the impact of conditions in the financial and credit markets on the availability and cost of GECC's funding, and GECC's exposure to counterparties;
- the impact of conditions in the housing market and unemployment rates on the level of commercial and consumer credit defaults;
- pending and future mortgage loan repurchase claims and other litigation claims in connection with WMC, which may affect our estimates of liability, including possible loss estimates;
- our ability to maintain our current credit rating and the impact on our funding costs and competitive position if we do not do so;
- the adequacy of our cash flows and earnings and other conditions which may affect our ability to pay our quarterly dividend at the planned level or to repurchase shares at planned levels;
- GECC's ability to pay dividends to GE at the planned level, which may be affected by GECC's cash flows and earnings, financial services regulation and oversight, and other factors;
- our ability to convert pre-order commitments/wins into orders;
- the price we realize on orders since commitments/wins are stated at list prices;
- customer actions or developments such as early aircraft retirements or reduced energy demand and other factors that may affect the level of demand and financial performance of the major industries and customers we serve;
- the effectiveness of our risk management framework;
- the impact of regulation and regulatory, investigative and legal proceedings and legal compliance risks, including the impact of financial services regulation and litigation;
- adverse market conditions, timing of and ability to obtain required bank regulatory approvals, or other factors relating to us or Synchrony Financial that could prevent us from completing the Synchrony Financial split-off as planned;
- our capital allocation plans, as such plans may change including with respect to the timing and size of share repurchases, acquisitions, joint ventures, dispositions and other strategic actions;
- our success in completing, including obtaining regulatory approvals for, announced transactions, such as the proposed transactions and alliances with Alstom, Appliances and Real Estate, and our ability to realize anticipated earnings and savings;
- our success in integrating acquired businesses and operating joint ventures;
- the impact of potential information technology or data security breaches; and

- the other factors that are described in "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2014.

These or other uncertainties may cause our actual future results to be materially different than those expressed in our forward-looking statements. We do not undertake to update our forward-looking statements. This document includes certain forward-looking projected financial information that is based on current estimates and forecasts. Actual results could differ materially.

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

HOW WE TALK ABOUT OUR RESULTS

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

- General Electric or the Company - the parent company, General Electric Company.
- GE - the adding together of all affiliates other than General Electric Capital Corporation (GECC), whose continuing operations are presented on a one-line basis, giving effect to the elimination of transactions among such affiliates. Transactions between GE and GECC have not been eliminated at the GE level. We present the results of GE in the center columns of our consolidated statements of earnings, financial position and cash flows. An example of a GE metric is GE cash from operating activities (GE CFOA).
- General Electric Capital Corporation or GECC or Financial Services – the adding together of all affiliates of GECC, giving effect to the elimination of transactions among such affiliates. We present the results of GECC in the right-side columns of our consolidated statements of earnings, financial position and cash flows. It should be noted that GECC is sometimes referred to as GE Capital or Capital, when not in the context of discussing segment results.
- GE consolidated – the adding together of GE and GECC, giving effect to the elimination of transactions between GE and GECC. We present the results of GE consolidated in the left-side columns of our consolidated statements of earnings, financial position and cash flows.
- Industrial – GE excluding GECC. We believe that this provides investors with a view as to the results of our industrial businesses and corporate items. An example of an Industrial metric is Industrial CFOA, which is GE CFOA excluding the effects of dividends from GECC.
- Industrial segment – the sum of our seven industrial reporting segments without giving effect to the elimination of transactions among such segments. We believe that this provides investors with a view as to the results of our industrial segments, without inter-segment eliminations and corporate items. An example of an industrial segment metric is industrial segment revenue growth.
- Total segment – the sum of our seven industrial reporting segments and one financial services reporting segment, without giving effect to the elimination of transactions among such segments. We believe that this provides investors with a view as to the results of all of our segments, without inter-segment eliminations and corporate items.

OTHER TERMS USED BY GE

- Revenues – unless otherwise indicated, we refer to captions such as "revenues and other income", simply as revenues.
- Organic revenues – revenues excluding the effects of acquisitions, dispositions and foreign currency exchange.
- Earnings – unless otherwise indicated, we refer to captions such as "earnings from continuing operations attributable to the company" simply as earnings.
- Earnings per share (EPS) – unless otherwise indicated, we refer to "earnings per share from continuing operations attributable to the company" simply as earnings per share.
- Operating earnings – GE earnings from continuing operations attributable to the company excluding the impact of non-operating pension costs.
- Segment profit – refers to the operating profit of the industrial segments and the net earnings of the financial services segment. See page 12 for a description of the basis for segment profits.
- Operating pension costs – comprise the service cost of benefits earned, prior service cost amortization and curtailment loss for our principal pension plans.
- Non-operating pension costs – comprise the expected return on plan assets, interest cost on benefit obligations and net actuarial loss amortization for our principal pension plans.

NON-GAAP FINANCIAL MEASURES

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

- Operating earnings (loss) and operating EPS – Excluding the GE Capital exit impacts
- Operating and non-operating pension costs
- Consolidated and GECC Revenues – Excluding the GE Capital exit impacts
- Industrial segment organic revenue growth
- Oil & Gas organic revenue and operating profit growth
- Industrial cash flows from operating activities (Industrial CFOA)
- GE Capital ending net investment (ENI), excluding liquidity
- GECC Tier 1 common ratio estimate

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

OUR OPERATING SEGMENTS

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

OUR INDUSTRIAL OPERATING SEGMENTS

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

OUR FINANCIAL SERVICES OPERATING SEGMENT

GE Capital

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

THE GE CAPITAL EXIT PLAN

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

As part of the GE Capital Exit Plan, we agreed to sell the substantial majority of GECC's Real Estate debt and equity portfolio to funds managed by The Blackstone Group (which, at closing, intends to sell a portion of this portfolio to Wells Fargo & Company), and also have letters of intent with other buyers for the majority of the remaining commercial real estate assets. In total, these deals are valued at approximately $26.5 billion.

As part of the GE Capital Exit Plan, on April 10, 2015, the Company and GECC entered into an amendment to their existing financial support agreement. Under this amendment (the Amendment), the Company has provided a full and unconditional guarantee (the Guarantee) of the payment of principal and interest on all tradable senior and subordinated outstanding long-term debt securities and all commercial paper issued or guaranteed by GECC identified in the Amendment. In the aggregate, the Guarantee applied to approximately $210 billion of GECC debt as of April 10, 2015. The Guarantee replaced the requirement that the Company make certain income maintenance payments to

GECC in certain circumstances. GECC's U.S. public indentures were concurrently amended to provide the full and unconditional guarantee by the Company set forth in the Guarantee.

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

We recorded $16.1 billion of after-tax charges ($13.8 billion of which is attributable to continuing operations and $2.4 billion of which is attributable to discontinued operations) in the first quarter of 2015 related to the GE Capital Exit Plan. The first quarter charges recorded in continuing operations include tax expense related to expected repatriation of foreign earnings and write-off of deferred tax assets ($6.0 billion), asset impairments due to shortened hold periods ($5.0 billion), and charges on businesses held for sale ($2.8 billion), including goodwill allocation.

PRESENTATION

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

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

Amounts reported in billions in graphs and tables within this Form 10-Q report are computed based on the amounts in millions. As a result, the sum of the components reported in billions may not equal the total amount reported in billions due to rounding.

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

REFERENCES

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

For additional information related to the GE Capital Exit Plan, GE Capital segment operations and the credit quality of financing receivables, refer to the General Electric Capital Corporation quarterly report on Form 10-Q for the three months ended March 31, 2015.

CORPORATE INFORMATION

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

KEY PERFORMANCE INDICATORS

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

REVENUES PERFORMANCE	INDUSTRIAL SEGMENT PROFIT	INDUSTRIAL SEGMENT MARGIN

	1Q 2015
Industrial Segment	(1)%
Industrial Segment Organic*	3%
Financial Services	(39)%
Financial Services excluding the GE Capital exit impacts*	(7)%

EARNINGS (LOSS) PER SHARE	INDUSTRIAL ORDERS	INDUSTRIAL BACKLOG

¢ ¢ Earnings (Loss)
¢ ¢ Operating Earnings (Loss)*

(a) Operating earnings (loss) per share excluding the GE Capital exit impacts* was $0.31.	Equipment	Equipment
	Services	Services

GE CFOA

SIGNIFICANT DEVELOPMENTS IN 2015

GECC Dividend

We announced the GE Capital Exit Plan.

Industrial CFOA*	We signed an agreement to sell our consumer finance business in Australia and New Zealand for approximately 6.8 billion Australian dollars and 1.4 billion New Zealand dollars. We acquired Milestone Aviation Group for $1.8 billion on January 30, 2015. The effects of a stronger U.S. dollar primarily relative to the euro decreased consolidated revenues by $1.2 billion. GE returned $2.4 billion to shareowners in the three months ended March 31, 2015 through dividends and stock buybacks.

*Non-GAAP Financial Measure

CONSOLIDATED RESULTS

THREE MONTHS ENDED MARCH 31
(Dollars in billions)

REVENUES	INDUSTRIAL SEGMENT EQUIPMENT & SERVICES REVENUES
	Equipment
	Services

COMMENTARY: 2015-2014

Consolidated revenues decreased $4.2 billion, or 12%, primarily due to charges associated with the GE Capital Exit Plan of $3.2 billion and the impact of foreign exchange of $1.2 billion. Consolidated revenues excluding the GE Capital exit impacts* decreased 3%.

- Industrial segment revenues decreased 1%, reflecting the unfavorable impact of foreign exchange of $0.9 billion, partially offset by higher volume.
- Financial Services revenues decreased 39% primarily due to the effects of the GE Capital Exit Plan. Financial Services revenues excluding the GE Capital exit impacts* decreased 7%.
- The effects of acquisitions increased consolidated revenues $0.2 billion and $0.6 billion in 2015 and 2014, respectively. Dispositions affected our ongoing results through lower revenues of $0.3 billion and $2.0 billion in 2015 and 2014, respectively.

*Non-GAAP Financial Measure

THREE MONTHS ENDED MARCH 31
(Dollars in billions)

EARNINGS (LOSS)

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

¢ ¢ Earnings (Loss) ¢ ¢ Operating Earnings (Loss)*

(a) Operating earnings excluding the GE Capital exit impacts* was $3.1 billion.

COMMENTARY: 2015 - 2014

Consolidated earnings decreased $14.1 billion primarily due to lower financial services income resulting from charges associated with the GE Capital Exit Plan of $13.8 billion. The charges included: tax expense related to expected repatriation of foreign earnings and write-off of deferred tax assets; asset impairments due to shortened hold periods; and charges on businesses held for sale, including goodwill allocation.

- Industrial segment profit increased 9% largely driven by Aviation.
- Industrial segment margin increased 120 basis points (bps) driven by higher productivity and positive business mix, partially offset by the effects of inflation.
- Financial Services earnings decreased primarily due to charges associated with the GE Capital Exit Plan.
- The effects of acquisitions on our consolidated net earnings were an insignificant amount in 2015 and an increase of $0.1 billion in 2014. The effects of dispositions on net earnings were an insignificant amount and a decrease of $1.2 billion in 2015 and 2014, respectively.
- Industrial SG&A as a percentage of total sales increased slightly to16% primarily as a result of higher non-operating pension costs, restructuring and acquisition-related costs, partially offset by the favorable impact of global cost reduction initiatives.

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

*Non-GAAP Financial Measure

SEGMENT OPERATIONS

SEGMENT REVENUES AND PROFIT

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

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

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

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

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

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

PLANNED ACQUISITION OF ALSTOM IMPACTS MULTIPLE SEGMENTS

During the second quarter of 2014, GE's offer to acquire the Thermal, Renewables and Grid businesses of Alstom for approximately €12.4 billion (to be adjusted for the assumed net cash or liability at closing) was positively recommended by Alstom's board of directors. As part of the transaction, GE, Alstom and the French Government signed a memorandum of understanding for the formation of three joint ventures in grid technology, renewable energy, and global nuclear and French steam power. Alstom will invest approximately €2.6 billion in these joint ventures at the closing of the proposed transaction.

In the fourth quarter of 2014, Alstom completed its review of the proposed transaction with the works council and obtained approval from its shareholders. Also in the fourth quarter of 2014, GE and Alstom entered into an amendment to the original agreement where GE has agreed to pay Alstom a net amount of approximately €0.3 billion of additional consideration at closing. In exchange for this funding, Alstom has agreed to extend the trademark licensing of the Alstom name from 5 years to 25 years as well as other contractual amendments. The proposed transaction continues to be subject to regulatory approvals, which is currently in process. The transaction is targeted to close in 2015.

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

SUMMARY OF OPERATING SEGMENTS

	Three months ended March 31		
(In millions)	2015	2014	V%
Revenues			
Power & Water	$5,716	$5,509	4 %
Oil & Gas	3,961	4,308	(8)%
Energy Management	1,685	1,672	1 %
Aviation	5,674	5,778	(2)%
Healthcare	4,075	4,198	(3)%
Transportation	1,308	1,227	7 %
Appliances & Lighting	1,941	1,857	5 %
Total industrial segment revenues	24,360	24,549	(1)%
GE Capital	5,982	9,885	(39)%
Total segment revenues	30,342	34,434	(12)%
Corporate items and eliminations	(986)	(886)	(11)%
Consolidated revenues	$29,356	$33,548	(12)%
Segment profit (loss)			
Power & Water	$871	$888	(2)%
Oil & Gas	432	446	(3)%
Energy Management	28	5	F
Aviation	1,314	1,115	18 %
Healthcare	587	570	3 %
Transportation	225	202	11 %
Appliances & Lighting	103	53	94 %
Total industrial segment profit	3,560	3,279	9 %
GE Capital	(12,544)	1,693	U
Total segment profit (loss)	(8,984)	4,972	U
Corporate items and eliminations	(1,692)	(1,542)	(10)%
GE interest and other financial charges	(389)	(365)	(7)%
GE provision for income taxes	(306)	(318)	4 %
Earnings (loss) from continuing operations attributable to the Company	(11,371)	2,747	U
Earnings (loss) from discontinued operations, net of taxes	(2,202)	252	U
Consolidated net earnings (loss) attributable to the Company	$(13,573)	$2,999	U

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POWER & WATER

OPERATIONAL OVERVIEW
(Dollars in billions)

2015 YTD SUB-SEGMENT REVENUES

EQUIPMENT/SERVICES REVENUES

(a) Includes Water Process Technologies and Nuclear

Services

Equipment

ORDERS

BACKLOG

Equipment

Equipment

Services

Services

UNIT SALES

FINANCIAL OVERVIEW
(Dollars in billions)

SEGMENT REVENUES & PROFIT SEGMENT PROFIT MARGIN

¢ ¢ Revenues ¢ ¢ Profit

SEGMENT REVENUES & PROFIT WALK: COMMENTARY: 2015 - 2014

	Revenues	Profit	
	Revenues	Profit	Segment revenues up $0.2 billion or 4%;
March 31, 2014	$ 5.5	$ 0.9	Segment profit down 2% as a result of:
Volume	0.4	0.1	
Price	-	-	·The increase in revenues was driven by higher volume, primarily higher
Foreign Exchange	(0.3)	-	equipment sales at PGP and service sales at PGS partially offset by lower
(Inflation)/Deflation	N/A	-	volume at Renewable Energy and Distributed Power, as well as the impact of a
Mix	N/A	0.1	stronger U.S. dollar.
Productivity	N/A	(0.2)	·The decrease in profit was mainly due to lower cost productivity driven by HA
Other	0.1	-	gas turbine build costs, partially offset by higher volume on gas turbines and
March 31, 2015	$ 5.7	$ 0.9	favorable business mix.

OIL & GAS

OPERATIONAL OVERVIEW
(Dollars in billions)

2015 YTD SUB-SEGMENT REVENUES
).

EQUIPMENT/SERVICES REVENUES

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

Services Equipment

ORDERS

BACKLOG

Equipment

Equipment

Services

Services

FINANCIAL OVERVIEW
(Dollars in billions)

SEGMENT REVENUES & PROFIT SEGMENT PROFIT MARGIN
¢ ¢ Revenues ¢ ¢ Profit

SEGMENT REVENUES & PROFIT WALK:

	Revenues	Profit
March 31, 2014	$ 4.3	$ 0.4
Volume	0.1	-
Price	-	-
Foreign Exchange	(0.3)	(0.1)
(Inflation)/Deflation	N/A	-
Mix	N/A	-
Productivity	N/A	0.2
Other	(0.2)	(0.2)
March 31, 2015	$ 4.0	$ 0.4

COMMENTARY: 2015 - 2014

Segment revenues down $0.3 billion or 8%;
Segment profit down 3% as a result of:

- The decrease in revenues was primarily due to the effects of a stronger U.S. dollar and lower other income. These decreases were partially offset by higher volume. Organic revenues* for the first quarter of 2015 were flat compared with the first quarter of 2014.
- The decrease in operating profit reflects the effects of a stronger U.S. dollar ($0.1 billion). Organic operating profit* grew 11% in the first quarter of 2015.

*Non-GAAP Financial Measure

ENERGY MANAGEMENT

OPERATIONAL OVERVIEW
(Dollars in billions)

2015 YTD SUB-SEGMENT REVENUES

EQUIPMENT/SERVICES REVENUES

Services
Equipment

ORDERS

BACKLOG

Equipment Equipment

Services Services

FINANCIAL OVERVIEW
(Dollars in billions)

SEGMENT REVENUES & PROFIT

SEGMENT PROFIT MARGIN

¢ ¢ Revenues
¢ ¢ Profit
¢ ¢ Revenues
¢ ¢ Profit

COMMENTARY:
2015
-
2014

Segment revenues up 1% as a result of:
·Higher volume ($0.1 billion), partially offset by the effects of a stronger U.S. dollar.

Segment profit margin up as a result of:
·Continued SG&A cost reductions.

AVIATION

OPERATIONAL OVERVIEW
(Dollars in billions)

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

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

FINANCIAL OVERVIEW
(Dollars in billions)

SEGMENT REVENUES & PROFIT SEGMENT PROFIT MARGIN

¢ ¢ Revenue ¢ ¢ Profit

SEGMENT REVENUES & PROFIT WALK:

COMMENTARY: 2015 - 2014

	Revenues	Profit
March 31, 2014	$ 5.8	$ 1.1
Volume	(0.3)	(0.1)
Price	0.2	0.2
Foreign Exchange	-	-
(Inflation)/Deflation	N/A	(0.1)
Mix	N/A	0.1
Productivity	N/A	0.1
Other	-	-
March 31, 2015	$ 5.7	$ 1.3

Segment revenues down $0.1billion or 2%;
Segment profit up $0.2 billion or 18% as a result of:

- The decrease in revenues was due to lower volume driven by Military and GEnx engines, partially offset by the effects of higher prices in Commercial Engines and Commercial Services businesses.
- The increase in profit was mainly due to higher prices in our Commercial Engines and Commercial Services businesses as well as favorable business mix. These increases were partially offset by effects of inflation and lower volume as discussed above.

HEALTHCARE

OPERATIONAL OVERVIEW
(Dollars in billions)

2015 YTD SUB-SEGMENT REVENUES

EQUIPMENT/SERVICES REVENUES

Services
Equipment

ORDERS

BACKLOG

Equipment

Equipment

Services

Services

FINANCIAL OVERVIEW
(Dollars in billions)

SEGMENT REVENUES & PROFIT SEGMENT PROFIT MARGIN

¢ ¢ Revenues ¢ ¢ Profit

SEGMENT REVENUES & PROFIT WALK:

	Revenues	Profit
March 31, 2014	$ 4.2	$ 0.6
Volume	0.2	-
Price	(0.1)	(0.1)
Foreign Exchange	(0.2)	-
(Inflation)/Deflation	N/A	(0.1)
Mix	N/A	-
Productivity	N/A	0.1
Other	-	-
March 31, 2015	$ 4.1	$ 0.6

COMMENTARY: 2015 - 2014

Segment revenues down $0.1 billion or 3%;
Segment profit up 3% as a result of:

·The decrease in revenues was due to the impact of a stronger U.S. dollar and lower prices mainly in Healthcare Systems. These decreases were partially offset by higher volume, mainly driven by Life Sciences.
·The increase in profit was mainly due to higher cost productivity including SG&A cost reductions, partially offset by lower prices and the effects of inflation.

TRANSPORTATION

OPERATIONAL OVERVIEW
(Dollars in billions)

2015 YTD SUB-SEGMENT REVENUES

EQUIPMENT/SERVICES REVENUES

(a) Includes Marine, Stationary & Drilling

Services
Equipment

ORDERS

BACKLOG

Equipment

Equipment

Services

Services

UNIT SALES

FINANCIAL OVERVIEW
(Dollars in billions)

SEGMENT REVENUES & PROFIT	SEGMENT PROFIT MARGIN

¢ ¢ Revenues ¢ ¢ Profit

COMMENTARY: 2015 - 2014
Segment revenues up $0.1 billion or 7% as a result of:
·Higher volume ($0.1 billion), primarily due to higher locomotive equipment sales, partially offset by lower volume of services sales.

Segment profit up 11% as a result of:
·Higher other income and higher cost productivity.

APPLIANCES & LIGHTING

OPERATIONAL OVERVIEW
(Dollar in billions)

2015 YTD SUB-SEGMENT
REVENUES

FINANCIAL OVERVIEW
(Dollar in billions)

SEGMENT REVENUES & PROFIT

SEGMENT
PROFIT
MARGIN

¢ ¢ Revenues ¢ ¢ Profit

COMMENTARY: 2015 - 2014

Segment revenues up 5% as a result of:

- Higher volume ($0.1 billion), driven by higher sales at Appliances, were partially offset by lower prices and the effects of a stronger U.S. dollar.

Segment profit up 94% as a result of:

- Improved cost productivity ($0.1 billion) including the effects of classifying Appliances as a business held for sale in the third quarter of 2014, was partially offset by lower prices.

GE CAPITAL

OPERATIONAL OVERVIEW
(Dollars in billions)

2015 YTD SUB-SEGMENT REVENUES

NET INTEREST MARGIN

ENDING NET INVESTMENT, EXCLUDING LIQUIDITY*

TIER 1 COMMON RATIO ESTIMATE*

SIGNIFICANT TRENDS & DEVELOPMENTS

- The GE Capital Exit Plan - As previously discussed, the Company announced a plan to reduce the size of the financial services businesses through the sale of most of the assets of GECC over the next 24 months. It is expected that as a result of the GE Capital Exit Plan, the GE Capital businesses that will remain with GE will account for about $90 billion in ending net investment (ENI), excluding liquidity, including about $40 billion in the U.S. ENI is a metric used to measure the total capital invested in the financial services businesses. GE Capital's ENI, excluding liquidity, at March 31, 2015 was $303 billion.
- Australia and New Zealand (ANZ) Consumer Lending - During the first quarter of 2015, we signed an agreement to sell our consumer finance business in Australia and New Zealand to a consortium including KKR, Varde Partners and Deutsche Bank for approximately 6.8 billion Australian dollars and 1.4 billion New Zealand dollars.
- Milestone Aviation Group – On January 30, 2015, GECAS acquired Milestone Aviation Group, a helicopter leasing business, for approximately $1.8 billion.
- Synchrony Financial – In connection with Synchrony Financial's planned separation from GE, Synchrony Financial filed the related application to the Federal Reserve Board on April 30, 2015. For a further discussion of the Synchrony Financial transaction, see the Synchrony Financial annual report on Form 10-K for the year ended December 31, 2014 and the quarterly report on Form 10-Q for the three months ended March 31, 2015.
- Dividends - GECC paid quarterly dividends of $0.5 billion to GE in the three months ended March 31, 2015.

* Non-GAAP Financial Measure

FINANCIAL OVERVIEW
(Dollars in billions)

SEGMENT REVENUES &
PROFIT (LOSS)[a]

Q1 2014 Q1
2015[b]

¢ ¢ Revenue ¢ ¢ Profit (Loss)

[a] Interest and other financial charges and income taxes are included in determining segment profit (loss) for the GE Capital segment.
[b] 1Q 2015 revenues included $3.2 billion and operating profit included $13.8 billion (after-tax) of charges related to the GE Capital Exit Plan.

COMMENTARY: 2015 - 2014

Segment revenues and profit decreased primarily due to the effects of the GE Capital Exit Plan.

COMMERCIAL LENDING AND LEASING

CLL 2015 revenues decreased 57% and net earnings decreased in the three months ended March 31, 2015. Revenues decreased primarily as a result of estimated losses on businesses classified as assets of businesses held for sale ($1.8 billion) and organic revenue declines ($0.1 billion). Net earnings decreased reflecting higher impairments ($3.2 billion) and higher provisions for losses on financing receivables ($1.2 billion). These decreases are primarily related to the reclassification of assets within CLL to assets of businesses held for sale, including goodwill allocation, and financing receivables held for sale recorded at the lower of cost or fair value, less cost to sell, and asset impairments due to shortened hold periods in connection with the GE Capital Exit Plan.

CONSUMER

Consumer 2015 revenues decreased by 43% and net earnings decreased in the three months ended March 31, 2015. Revenues decreased as a result of higher impairments ($1.4 billion). Net earnings decreased as a result of higher provisions for losses on financing receivables ($2.1 billion), higher impairments ($1.2 billion) and core decreases ($0.2 billion). These decreases are primarily related to the reclassification of assets within Consumer to financing receivables held-for-sale recorded at the lower of cost or fair value, less cost to sell, and asset impairments related to equity method investments in connection with the GE Capital Exit Plan.

ENERGY FINANCIAL SERVICES

Energy Financial Services 2015 revenues decreased 39% and net earnings decreased 77% in the three months ended March 31, 2015. Revenues decreased as a result of lower gains ($0.2 billion) and organic revenue declines ($0.1 billion), partially offset by lower impairments ($0.1 billion). Net earnings decreased as a result of lower gains ($0.1 billion) and core decreases ($0.1 billion), partially offset by lower impairments ($0.1 billion).

GECAS

GECAS 2015 revenues decreased 5% and net earnings decreased 13% in the three months ended March 31, 2015. Revenues decreased as a result of organic revenue declines ($0.1 billion), partially offset by the effects of acquisitions ($0.1 billion) and lower impairments. Net earnings decreased as a result of core decreases ($0.1 billion), partially offset by lower impairments and the effects of acquisitions.

CORPORATE ITEMS AND ELIMINATIONS

REVENUES AND
OPERATING PROFIT (COST)

(In millions)	Three months ended March 31 2015	2014
Revenues		
Total Corporate Items and Eliminations	$(986)	$(886)
Operating profit (cost)		
Principal retirement plans(a)	$(789)	$(581)
Restructuring and other charges	(422)	(376)
Eliminations and other	(481)	(585)
Total Corporate Items and Eliminations	$(1,692)	$(1,542)

CORPORATE COSTS

(In millions)	Three months ended March 31 2015	2014
Total Corporate Items and Eliminations	$(1,692)	$(1,542)
Less non-operating pension cost	(695)	(526)
Total Corporate costs (operating)*	$(997)	$(1,016)
Less restructuring and other charges	(422)	(376)
Adjusted total corporate costs (operating)*	$(575)	$(640)

(a) Included non-operating pension cost* of $0.7 billion and $0.5 billion in the three months ended March 31, 2015 and 2014, respectively, which includes expected return on plan assets, interest costs and non-cash amortization of actuarial gains and losses.

2015 – 2014 COMMENTARY

Revenues and other income decreased $0.1 billion, primarily a result of:
· A fair value adjustment on a senior unsecured note receivable from a customer.

Operating costs increased $0.2 billion, primarily as a result of:
· Higher costs associated with our principal retirement plans including the effects of updated mortality assumptions.

COSTS NOT INCLUDED IN SEGMENT RESULTS

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

COSTS

	Three months ended March 31	
(In billions)	2015	2014
Power & Water	$0.1	$0.1
Oil & Gas	0.1	0.1
Energy Management	0.1	0.1
Aviation	-	0.1
Healthcare	-	0.1
Transportation	-	-
Appliances & Lighting	-	-
Total	$0.4	$0.4

*Non-GAAP Financial Measure

DISCONTINUED OPERATIONS

Discontinued operations primarily comprises our Real Estate business and our U.S. mortgage business (WMC). Results of operations, financial position and cash flows for these businesses are separately reported as discontinued operations for all periods presented. All of these operations were previously reported in the GE Capital segment.

FINANCIAL INFORMATION FOR DISCONTINUED OPERATIONS

	Three months ended March 31	
(In millions)	2015	2014
Earnings (loss) from discontinued operations, net of taxes	$(2,202)	$252

The first quarter 2015 loss from discontinued operations, net of taxes, primarily reflected the following:
- $2.3 billion after-tax loss at our Real Estate business (including a $2.4 billion loss on the planned disposal).

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

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

OTHER CONSOLIDATED INFORMATION

INCOME TAXES

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

GE and GECC file a consolidated U.S. federal income tax return. This enables GE to use GECC tax deductions and credits to reduce the tax that otherwise would have been payable by GE. The GECC effective tax rate 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.

CONSOLIDATED – THREE MONTHS ENDED MARCH 31
(Dollars in billions)

PROVISION FOR INCOME TAXES

2015 – 2014 COMMENTARY

- The consolidated income tax rate (negative 130.5%) for the first quarter 2015 is not meaningful. The negative consolidated tax rate is caused by comparing the positive tax expense of $6.5 billion with the pre-tax loss of $4.9 billion resulting in a negative tax rate.
- As discussed in Note 10, during the first quarter of 2015 in conjunction with the GE Capital Exit Plan, we incurred tax expense of $6.0 billion related to expected repatriation of foreign earnings and write-off of deferred tax assets.
- The increase in the income tax expense from $0.6 billion for the first quarter of 2014 to $6.5 billion for the first quarter of 2015 is due to the tax expense incurred as part of the GE Capital Exit Plan.
- The consolidated tax provision includes $0.3 billion for GE (excluding GECC) for both the first quarters of 2014 and 2015.

The effective tax rate in future periods is expected to increase as a result of changes in our income profile due to lower GE Capital earnings as we execute on the GE Capital Exit Plan.

BENEFITS FROM GLOBAL OPERATIONS

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

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

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

STATEMENT OF FINANCIAL POSITION

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

MAJOR CHANGES IN OUR FINANCIAL POSITION FOR THE THREE MONTHS ENDED MARCH 31, 2015

- GECC Financing receivables-net decreased $139.3 billion. See the following Financing Receivables section for additional information.
- GECC Financing receivables held for sale increased $91.1 billion. See the following Financing Receivables Held for Sale section for additional information.
- Assets of businesses held for sale increased $50.2 billion, primarily as a result of the GE Capital Exit Plan, decreasing balances of our major asset categories, including: Investment securities; Financing receivables; Property, plant and equipment and Goodwill.
- Borrowings decreased $13.0 billion. GECC had net repayments on borrowings of $3.9 billion, along with a $10.1 billion reduction in the balances driven by the strengthening of the U.S. dollar against all major currencies.
- Accumulated other comprehensive income (loss) – currency translation adjustments decreased $5.3 billion driven by the strengthening U.S. dollar against all major currencies at March 31, 2015 compared with December 31, 2014. This decrease coincides with general decreases in balances of our major asset and liability categories, including: Financing receivables; Property, plant and equipment; Goodwill; Short-term borrowings and Long-term borrowings.

FINANCING RECEIVABLES

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

At March 31, 2015, our financing receivables portfolio primarily relates to GECAS, Energy Financial Services, Healthcare Equipment Finance (that directly relate to GE's core industrial businesses), Working Capital Solutions, a business that purchases GE customer receivables, and Synchrony Financial, our U.S. consumer business. The portfolios in our GECAS and Energy Financial Services businesses are collateralized by commercial aircraft and operating assets in the global energy and water industries, respectively. Our Healthcare Equipment Finance portfolio is collateralized by equipment used in the healthcare industry and the Working Capital Solutions portfolio is substantially recourse to GE or insured. Both the Healthcare Equipment Finance and Working Capital Solutions portfolios are reported in the CLL segment. Substantially all of the Synchrony Financial portfolio consists of U.S.

consumer credit card and sales finance receivables.

For purposes of the discussion that follows, "delinquent" receivables are those that are 30 days or more past due based on their contractual terms. Loans purchased at a discount are initially recorded at fair value and accrete interest income over their estimated lives based on reasonably estimable cash flows even if the underlying loans are contractually delinquent at acquisition. "Nonaccrual" financing receivables 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, for which we continue to accrue interest until the accounts are written off in the period that the account becomes 180 days past due. 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.

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 Notes 5 and 18 to the consolidated financial statements.

FINANCING RECEIVABLES AND ALLOWANCE FOR LOSSES(a)

(Dollars in millions)	March 31, 2015		December 31, 2014	
Financing receivables	$81,413		$222,296	
Nonaccrual receivables	345	(b)	3,971	
Allowance for losses	3,349		4,914	
Nonaccrual financing receivables as a percent of financing receivables	0.4	%	1.8	%
Allowance for losses as a percent of nonaccrual financing receivables	(c)		123.8	
Allowance for losses as a percent of total financing receivables	4.1		2.2	

(a) For additional information related to the portfolio of financing receivables, refer to the GECC quarterly report on Form 10-Q for the three months ended March 31, 2015.

(b) Substantially all of our $0.3 billion of nonaccrual loans at March 31, 2015, are currently paying in accordance with the contractual terms. 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.

(c) Not meaningful.

Financing receivables, before allowance for losses, decreased $140.9 billion from December 31, 2014, primarily as a result of reclassifications to financing receivables held for sale or assets of businesses held for sale (primarily CLL and Consumer) ($123.1 billion), the stronger U.S. dollar ($7.7 billion), write-offs ($6.2 billion) and collections (which includes sales) exceeding originations ($3.7 billion).

Nonaccrual receivables decreased $3.6 billion from December 31, 2014, primarily due to reclassifications to financing receivables held for sale (including write-offs) or assets of businesses held for sale (primarily CLL and Consumer).

Allowance for losses decreased $1.6 billion from December 31, 2014, primarily as a result of write-offs on financing receivables reclassified to financing receivables held for sale and the transfer of that portion of the allowance for losses related to financing receivables reclassified to assets of businesses held for sale. The allowance for losses as a percent of total financing receivables increased from 2.2% at December 31, 2014 to 4.1% at March 31, 2015 reflecting decreases in both the allowance for losses and the overall financing receivables balance related to the financing receivables reclassified to financing receivables held for sale and assets of businesses held for sale as part of the GE Capital Exit Plan.

FINANCING RECEIVABLES HELD FOR SALE

Financing receivables held for sale are recorded at the lower of cost or fair value, less cost to sell, and represent those financing receivables that management does not intend to hold for the foreseeable future. Subsequent declines in fair value are recognized in the period in which they occur. Valuations are primarily performed on a portfolio basis, except for commercial financing receivables which may be performed on an individual financing receivable basis. Interest income on financing receivables held for sale is accrued and subject to the nonaccrual policies described above. Because financing receivables held for sale are recognized at the lower of cost or fair value, less cost to sell, the allowance for losses and write-off policies do not apply to these financing receivables.

During the three months ended March 31, 2015, we transferred most of our CLL and all non-U.S. Consumer financing receivables to financing receivables held for sale or assets of businesses held for sale as a result of the GE Capital Exit Plan and the signing of an agreement to sell our consumer finance business in ANZ. Also, in connection with the GE Capital Exit Plan, we announced the planned disposition of our Real Estate business, which is classified as discontinued operations for all years presented.

The transfer of financing receivables to financing receivables held for sale and assets of businesses held for sale totaled $93.1 billion and $30.0 billion, respectively. Prior to transferring the financing receivables to financing receivables held for sale we recognized a pre-tax provision for losses on financing receivables of $4.0 billion ($3.3 billion after-tax), to reduce the carrying value of the financing receivables to the lower of cost or fair value, less cost to sell, and wrote-off the associated balance of the allowance for losses of $5.1 billion to establish a new cost basis of the financing receivables held for sale at March 31, 2015.

For businesses held for sale, financing receivable balances of $30.0 billion and the related allowance for loan losses of $0.4 billion were reclassified to assets of businesses held for sale. The businesses held for sale were recorded at the lower of cost or fair value, less cost to sell, at March 31, 2015. The charge of $1.8 billion related to measuring the businesses held for sale, including goodwill allocation, at the lower of cost or fair value, less cost to sell, is recorded in other revenues.
A majority of the provision for losses on financing receivables recognized upon the transfer of financing receivables to financing receivables held for sale during the three months ended March 31, 2015 relates to our Consumer non-U.S. residential mortgage portfolios in the U.K., France, Poland and Spain, which primarily comprise variable rate mortgages with a remaining weighted average maturity of more than ten years. We estimate that the effect on the provision for losses is largely attributable to credit loss exposures that are not incurred losses recognizable under GAAP but nevertheless affect fair value that would be determined by a market participant when pricing the portfolio. As a result of the GE Capital Exit Plan and transfer of financing receivables to financing receivables held for sale or assets of businesses held for sale, nonaccrual receivables and impaired loan balances at December 31, 2014 were reduced by $3.1 billion and $3.4 billion, respectively. Loans held for sale are not reported as impaired, as these loans are recorded at lower of cost or fair value, less cost to sell.

Further information on financing receivables held for sale is provided in Note 2 to the consolidated financial statements.

FINANCIAL RESOURCES AND LIQUIDITY

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 the quarters.

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 incorporated our strategy to reduce our ending net investment in GE Capital. In connection with the GE Capital Exit Plan, we do not intend to issue any incremental GECC unsecured term debt in the next five years. We expect to maintain an elevated liquidity position as we generate cash from asset sales, returning to more normalized levels in 2019. While we maintain elevated liquidity levels, we may engage in liability management actions, such as buying back debt, based on market and economic conditions. 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. We also rely on 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 2015 GECC funding plan anticipates repayment of principal on outstanding short-term borrowings, including the current portion of long-term debt ($37.7 billion at December 31, 2014), principally through dispositions, asset sales and cash on hand. Long-term maturities and early redemptions were $15.3 billion in the first quarter of 2015. Interest on borrowings is primarily repaid through interest earned on existing financing receivables, a trend we expect to change as GECC executes the GE Capital Exit Plan. During the first quarter of 2015, GECC earned interest income on financing receivables of $4.1 billion, which more than offset interest and other financial charges of $1.7 billion.

We maintain a detailed liquidity policy for GECC that requires GECC 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 will continue to evaluate the need to modify the existing contingency funding plan due to the GE Capital Exit Plan.

On April 10, 2015, Moody's Investors Service (Moody's) downgraded the senior unsecured debt rating for GE to A1 from Aa3 following GE's April 10^{th} announcement of the GE Capital Exit Plan. GE's P-1 short-term rating was affirmed. Moody's affirmed GECC's A1/P-1 ratings. The rating outlook for GE and GECC remains stable. On April 10, 2015, Standard & Poor's Rating Services (S&P) affirmed GE's AA+/A-1+ ratings and GECC's AA+/A-1+ ratings each with a stable outlook.

LIQUIDITY SOURCES

We maintain liquidity sources that consist of cash and equivalents of $87.1 billion, committed unused credit lines of $45.9 billion and high-quality, liquid investments of $2.7 billion.

CONSOLIDATED CASH AND EQUIVALENTS

(In billions)	March 31, 2015		March 31, 2015
GE(a)	$13.5	U.S.	$34.8
GECC(b)	73.6	Non-U.S.(c)	52.3
Total	$87.1	Total	$87.1

(a) At March 31, 2015, $2.9 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.

(b) At March 31, 2015, GECC cash and equivalents of about $18.6 billion were in regulated banks and insurance entities and were subject to regulatory restrictions.

(c) Of this amount at March 31, 2015, $6.4 billion was considered 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. 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.

COMMITTED UNUSED CREDIT LINES

(In billions)	March 31, 2015
Revolving credit agreements (exceeding one year)	$25.1
Revolving credit agreements (364-day line)(a)	20.8
Total(b)	$45.9

(a) Included $20.3 billion that contains a term-out feature that allows us to extend borrowings for two years from the date on which such borrowings would otherwise be due.

(b) Total committed unused credit lines were extended to us by 50 financial institutions. GECC can borrow up to $45.4 billion under these credit lines. GE can borrow up to $14.8 billion under certain of these credit lines.

FUNDING PLAN

We reduced our GE Capital ENI*, excluding liquidity, to $303 billion at March 31, 2015.

During the first three months of 2015, GECC completed issuances of $8.1 billion of senior unsecured debt (excluding securitizations described below) with maturities up to 10 years. In February 2015, Synchrony Financial issued an additional $1.0 billion of senior unsecured debt maturing in 2020.

COMMERCIAL
PA