GENERAL ELECTRIC CO
Form 10-Q
July 30, 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 June 30, 2015
OR

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

For the transition period from ____ to ____

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

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):
Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company
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 10,096,429,000 shares of common stock with a par value of $0.06 per share outstanding at June 30, 2015.

[PAGE INTENTIONALLY LEFT BLANK]

TABLE OF CONTENTS

FORWARD LOOKING STATEMENTS

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

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

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

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

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

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

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

HOW WE TALK ABOUT OUR RESULTS

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

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

OTHER TERMS USED BY GE

Revenues – unless otherwise indicated, we refer to captions such as "revenues and other income", simply as revenues.
Organic revenues – revenues excluding the effects of acquisitions, dispositions and foreign currency exchange.
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
GE Industrial operating + Verticals EPS
Operating and non-operating pension costs
Industrial segment organic revenue growth
Oil & Gas organic revenue and operating profit growth
Industrial cash flows from operating activities (Industrial CFOA)
Adjusted Corporate Costs (Operating)
GE Capital ending net investment (ENI), excluding liquidity
GECC Tier 1 common ratio estimate

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

OUR OPERATING SEGMENTS

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

OUR INDUSTRIAL OPERATING SEGMENTS

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

OUR FINANCIAL SERVICES OPERATING SEGMENT

GE Capital

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

THE GE CAPITAL EXIT PLAN

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

SALES AGREEMENTS

During the first half of 2015, GE signed agreements to sell approximately $68 billion of ENI, excluding liquidity (as originally reported at December 31, 2014) of which $32 billion and $23 billion related to the Real Estate and CLL businesses, respectively. Of these signed agreements, approximately $20 billion of Real Estate transactions have closed, including the majority of GECC's Real Estate debt and equity portfolio sold to funds managed by The Blackstone Group (which, in turn, sold a portion of this portfolio to Wells Fargo & Company). In connection with The Blackstone Group transactions, GECC will provide approximately $3.5 billion of seller financing to The Blackstone Group, which GECC intends to syndicate by 2016. The signed CLL transactions include approximately $11.2 billion related to its U.S. Sponsor Finance business with Canada Pension Plan Investment Board, approximately $8.8 billion related to its Global Fleet Services business with Element Financial Corporation and Arval and approximately $2.5 billion related to its European Sponsor Finance business with Sumitomo Mitsui Banking Corporation.

AFTER-TAX CHARGES RELATED TO THE GE CAPITAL EXIT PLAN

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

In the first and second quarters of 2015, GE recorded $16.1 billion and $4.6 billion, respectively, of after-tax charges related to the GE Capital Exit Plan. As a result of certain businesses meeting discontinued operations criteria, $6.7 billion of first quarter after-tax charges and $4.4 billion of second quarter after-tax charges (including $4.3 billion related to CLL) were reported in discontinued operations.

GUARANTEE

As part of the GE Capital Exit Plan, on April 10, 2015, the Company and GECC entered into an amendment to their existing financial support agreement. Under this amendment (the Amendment), the Company has provided a full and unconditional guarantee (the Guarantee) of the payment of principal and interest on all tradable senior and subordinated outstanding long-term debt securities and all commercial paper issued or guaranteed by GECC identified in the Amendment. In the aggregate, the Guarantee applied to approximately $207 billion of GECC debt as of June 30, 2015. The Guarantee replaced the requirement that the Company make certain income maintenance payments to GECC in certain circumstances. GECC's U.S. public indentures were concurrently amended to provide the full and unconditional guarantee by the Company set forth in the Guarantee.

OUR EMPLOYEES AND EMPLOYEE RELATIONS

In June 2015, we negotiated new four-year collective bargaining agreements with most of our U.S. unions. These agreements will continue to provide employees with good wages and benefits while addressing competitive realities facing the Company.

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 June 30, 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

	2Q 2015	YTD 2015
Industrial Segment	0%	0%
Industrial Segment Organic*	5%	4%
Financial Services	(1)%	(13)%

EARNINGS PER SHARE

¢ ¢ Earnings ¢ ¢ Operating Earnings*

INDUSTRIAL ORDERS

Equipment

Services

INDUSTRIAL BACKLOG

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

Equipment

Services

IND'L OPERATING + VERTICALS EPS*

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

GE CFOA

GECC Dividend

Industrial CFOA*

SIGNIFICANT DEVELOPMENTS IN 2015

We announced the GE Capital Exit Plan in April 2015 and as of June 30, 2015 GECC's Real Estate business and most of the CLL business have been classified as discontinued operations.

During the first quarter of 2015, 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, respectively.

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

The effects of the stronger U.S. dollar in the six months ended June 30, 2015, primarily related to the euro, decreased consolidated revenues by $2.5 billion.

GE returned $4.8 billion to shareowners in the six months ended June 30, 2015 through dividends and stock buybacks.

*Non-GAAP Financial Measure

CONSOLIDATED RESULTS

THREE AND SIX MONTHS ENDED JUNE 30
(Dollars in billions)

REVENUES

INDUSTRIAL SEGMENT EQUIPMENT & SERVICES REVENUES

Equipment

Services

COMMENTARY: 2015 - 2014

THREE MONTHS ENDED

Consolidated revenues increased $0.5 billion, or 2%.

Industrial segment revenues were flat, reflecting the unfavorable impact of foreign exchange of $1.3 billion, partially offset by organic growth* of 5%.

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

The effects of acquisitions increased consolidated revenues $0.2 billion and $0.7 billion in 2015 and 2014, respectively. The effects of dispositions on revenues were an insignificant amount and a decrease $0.5 billion in 2015 and 2014, respectively.

SIX MONTHS ENDED

Consolidated revenues decreased $1.4 billion, or 2%, primarily due to the impact of foreign exchange of $2.5 billion.

Industrial segment revenues were flat, reflecting the unfavorable impact of foreign exchange of $2.3 billion, partially offset by organic growth* of 4%.

Financial Services revenues decreased

13%, primarily due to the effects of the GE Capital Exit Plan.

The effects of acquisitions increased consolidated revenues $0.4 billion and $1.3 billion in 2015 and 2014, respectively. Dispositions affected our ongoing results through lower revenues of $0.3 billion and $2.5 billion in 2015 and 2014, respectively.

*Non-GAAP Financial Measure

THREE AND SIX MONTHS ENDED JUNE 30
(Dollars in billions)

EARNINGS (LOSS)

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

Earnings Operating Earnings*

COMMENTARY: 2015 - 2014

THREE MONTHS ENDED
Consolidated earnings decreased $0.5 billion, or 17% primarily due to lower financial services income.

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

Industrial segment margin increased 70 basis points (bps) driven by higher productivity, volume and pricing, partially offset by negative business mix and the impact of the stronger U.S. dollar.

Financial Services earnings decreased 78% primarily due to core decreases, including charges associated with the GE Capital Exit Plan, partially offset by higher gains and the effects of dispositions.

The effects of acquisitions on our consolidated net earnings were an insignificant amount and an increase of $0.1 billion in 2015 and 2014, respectively. The effects of dispositions on net earnings and settlements were an increase of $0.3 billion in 2015 and a decrease of $0.2 billion in 2014.

Industrial SG&A as a percentage of total sales decreased to 14.0% primarily as a result of favorable impacts of global cost reduction initiatives, lower acquisitions costs and non-operating pension costs, partially offset by restructuring costs.

SIX MONTHS ENDED
Consolidated earnings decreased $10.1 billion primarily due to lower financial services income resulting from charges associated with the GE Capital Exit Plan of $9.4 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 6% with five of seven segments growing earnings.

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

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

The effects of acquisitions on our consolidated net earnings were increases of $0.1 billion in 2015 and $0.2 billion in 2014. The effects of dispositions and settlements on net earnings were an increase of $0.3 billion in 2015 and a decrease of $1.4 billion in 2014.

Industrial SG&A as a percentage of total sales decreased to 15.0% primarily as a result of favorable impacts of global cost reduction initiatives, partially offset by higher non-operating pension costs, restructuring and acquisition-related costs.

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

*Non-GAAP Financial Measure

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, 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.

In the second quarter of 2015, the European Commission indicated that it had competition concerns with the proposed transaction. In response, and while GE continues to believe that the transaction is pro-competitive, GE has proposed remedies to address the Commission's concerns while preserving the strategic and economic rationale of the proposed transaction. In addition, Alstom has agreed to contribute financially to the remedies being offered by GE through a €300 million reduction in the purchase price of the transaction. The transaction continues to remain subject to regulatory approvals and is still targeted to close in 2015.

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

PLANNED SALE OF APPLIANCES

In the third quarter of 2014, we signed an agreement to sell our Appliances business to Electrolux for approximately $3.3 billion. On July 1, 2015, we were notified that the Department of Justice had initiated court proceedings seeking to enjoin the sale of Appliances to Electrolux. Electrolux and GE intend to defend the proposed transaction and GE is targeting to close the deal in 2015.

SEGMENT RESULTS

SUMMARY OF OPERATING SEGMENTS

	Three months ended June 30			Six months ended June 30		
(In millions)	2015	2014	V%	2015	2014	V%
Revenues						
Power & Water	$6,801	$6,292	8 %	$12,517	$11,801	6 %
Oil & Gas	4,062	4,761	(15)%	8,023	9,069	(12)%
Energy Management	1,768	1,856	(5)%	3,453	3,528	(2)%
Aviation	6,252	6,090	3 %	11,926	11,868	- %
Healthcare	4,337	4,483	(3)%	8,412	8,681	(3)%
Transportation	1,420	1,306	9 %	2,728	2,533	8 %
Appliances & Lighting	2,235	2,120	5 %	4,176	3,977	5 %
Total industrial segment revenues	26,875	26,908	- %	51,235	51,457	- %
GE Capital	6,218	6,275	(1)%	11,141	12,839	(13)%
Total segment revenues	33,093	33,183	- %	62,376	64,296	(3)%
Corporate items and eliminations	(339)	(923)	(63)%	(1,325)	(1,808)	(27)%
Consolidated revenues	$32,754	$32,260	2 %	$61,051	$62,488	(2)%
Segment profit (loss)						
Power & Water	$1,221	$1,133	8 %	$2,092	$2,021	4 %
Oil & Gas	583	665	(12)%	1,015	1,111	(9)%
Energy Management	82	69	19 %	110	74	49 %
Aviation	1,269	1,197	6 %	2,583	2,312	12 %
Healthcare	705	730	(3)%	1,292	1,300	(1)%
Transportation	331	270	23 %	556	472	18 %
Appliances & Lighting	165	102	62 %	268	155	73 %
Total industrial segment profit	4,356	4,166	5 %	7,916	7,445	6 %
GE Capital	218	1,002	(78)%	(8,289)	2,248	U
Total segment profit (loss)	4,574	5,168	(11)%	(373)	9,693	U
Corporate items and eliminations	(1,186)	(1,474)	(20)%	(2,878)	(3,016)	(5)%
GE interest and other financial charges	(414)	(401)	3 %	(803)	(765)	5 %
GE provision for income taxes	(584)	(409)	43 %	(890)	(727)	22 %
Earnings (loss) from continuing operations attributable to the Company	2,390	2,884	(17)%	(4,944)	5,185	U
Earnings (loss) from discontinued operations, net of taxes	(3,750)	661	U	(9,989)	1,359	U
Consolidated net earnings (loss) attributable to the Company	$(1,360) \	$3,545	U	$(14,933) \	$6,544	U

POWER & WATER

OPERATIONAL OVERVIEW - THREE AND SIX MONTHS ENDED JUNE 30
(Dollars in billions)

2015 YTD SUB-SEGMENT REVENUES

EQUIPMENT/SERVICES REVENUES

[a] Includes Water Process Technologies and Nuclear

Equipment

Services

ORDERS

BACKLOG

Equipment

Services

Equipment

Services

UNIT SALES

FINANCIAL OVERVIEW - THREE AND SIX MONTHS ENDED JUNE 30
(Dollars in billions)

SEGMENT REVENUES & PROFIT SEGMENT PROFIT MARGIN

Revenue Profit

SEGMENT REVENUES & PROFIT WALK: COMMENTARY: 2015 - 2014

THREE MONTHS ENDED

	Revenues	Profit
June 30, 2014	$ 6.3	$ 1.1
Volume	0.8	0.1
Price	0.1	0.1
Foreign Exchange	(0.4)	-
(Inflation)/Deflation	N/A	-
Mix	N/A	(0.2)
Productivity	N/A	0.1
Other	-	-
June 30, 2015	$ 6.8	$ 1.2

Segment revenues up $0.5 billion or 8%;
Segment profit up $0.1 billion or 8% as a result of:

The increase in revenues was primarily due to higher volume, mainly driven by higher equipment sales at Renewable Energy and higher prices, partially offset by lower equipment sales at Distributed Power and the effects of the stronger U.S. dollar.

The increase in profit was mainly due to higher volume, higher price and higher base cost productivity more than offsetting H turbine build costs. These increases were partially offset by negative business mix.

SIX MONTHS ENDED

	Revenues	Profit
June 30, 2014	$ 11.8	$ 2.0
Volume	1.2	0.2
Price	0.1	0.1
Foreign Exchange	(0.7)	(0.1)
(Inflation)/Deflation	N/A	-
Mix	N/A	(0.1)
Productivity	N/A	(0.1)
Other	0.1	0.1
June 30, 2015	$ 12.5	$2.1

Segment revenues up $0.7 billion or 6%;
Segment profit up $0.1 billion or 4% as a result of:

The increase in revenues was primarily due to higher volume, mainly driven by higher equipment sales at PGP and higher service sales at PGS, higher price and higher other income, partially offset by lower volume of equipment sales at Distributed Power, as well as the impact of the stronger U.S. dollar.

The increase in profit was mainly due to higher volume and higher price, partially offset by unfavorable business mix, lower productivity and the impact of the stronger U.S. dollar.

OIL & GAS

OPERATIONAL OVERVIEW - THREE AND SIX MONTHS ENDED JUNE 30
(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 effective January 1, 2015. Accordingly, D&S is now Surface and Subsea Systems is now Subsea Systems & Drilling.

Services

Equipment

ORDERS

BACKLOG

Equipment

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

Equipment

Services

Services

FINANCIAL OVERVIEW - THREE AND SIX MONTHS ENDED JUNE 30
(Dollars in billions)

SEGMENT REVENUES & PROFIT SEGMENT PROFIT MARGIN

Revenues Profit

SEGMENT REVENUES & PROFIT WALK:

COMMENTARY: 2015 - 2014

THREE MONTHS ENDED

	Revenues	Profit
June 30, 2014	$ 4.8	$ 0.7
Volume	(0.3)	-
Price	-	-
Foreign Exchange	(0.5)	(0.1)
(Inflation)/Deflation	N/A	-
Mix	N/A	-
Productivity	N/A	-
Other	0.1	0.1
June 30, 2015	$ 4.1	$ 0.6

Segment revenues down $0.7 billion or 15%;
Segment profit down $0.1 billion or 12% as a result of:

The decrease in revenues was primarily due to the effects of the stronger U.S. dollar and lower volume, mainly driven by lower equipment sales at Turbomachinery and M&C and lower service sales at Surface. Organic revenues* for the second quarter of 2015 were down 4% compared with the second quarter of 2014.

The decrease in profit reflects the effects of the stronger U.S. dollar ($0.1 billion). Organic operating profit* grew 5% in the second quarter of 2015.

SIX MONTHS ENDED

	Revenues	Profit
June 30, 2014	$ 9.1	$ 1.1
Volume	(0.2)	-
Price	-	-
Foreign Exchange	(0.8)	(0.2)
(Inflation)/Deflation	N/A	-
Mix	N/A	-
Productivity	N/A	0.2
Other	(0.1)	(0.1)
June 30, 2015	$ 8.0	$1.0

Segment revenues down $1.1 billion or 12%;
Segment profit down $0.1 billion or 9% as a result of:

The decrease in revenues was primarily due to the effects of the stronger U.S. dollar and lower volume. Organic revenues* for the six months ended June 30, 2015 were down 2% compared with the same period of 2014.

The decrease in profit reflects the effects of the stronger U.S. dollar ($0.2 billion). Organic operating profit* grew 8% in the six months ended June 30, 2015.

*Non-GAAP Financial Measure

ENERGY MANAGEMENT

OPERATIONAL OVERVIEW - THREE AND SIX MONTHS ENDED JUNE 30
(Dollars in billions)

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

FINANCIAL OVERVIEW - THREE AND SIX MONTHS ENDED JUNE 30
(Dollars in billions)

SEGMENT REVENUES & PROFIT

SEGMENT PROFIT MARGIN

Revenue
Profit

COMMENTARY: 2015 - 2014

THREE MONTHS ENDED

Segment revenues down $0.1 billion or 5% as a result of:

- The impact of the stronger U.S. dollar ($0.2 billion), partially offset by higher sales volume ($0.1 billion).

Segment profit up

SIX MONTHS ENDED

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

- The impact of the stronger U.S. dollar ($0.3 billion), partially offset by higher volume ($0.2 billion).

Segment profit up 49% as a result of:

19% as a result of:

- Continued cost reductions.
- Improved productivity ($0.1 billion).

AVIATION

OPERATIONAL OVERVIEW - THREE AND SIX MONTHS ENDED JUNE 30
(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 - THREE AND SIX MONTHS ENDED JUNE 30
(Dollars in billions)

SEGMENT REVENUES & PROFIT SEGMENT PROFIT MARGIN

Revenues Profit

SEGMENT REVENUES & PROFIT WALK:

COMMENTARY: 2015 - 2014

THREE MONTHS ENDED

	Revenues	Profit
June 30, 2014	$ 6.1	$ 1.2
Volume	-	-
Price	0.2	0.2
Foreign Exchange	-	-
(Inflation)/Deflation	N/A	(0.1)
Mix	N/A	-
Productivity	N/A	-
Other	-	(0.1)
June 30, 2015	$ 6.3	$ 1.3

Segment revenues up $0.2 billion or 3%;
Segment profit up $0.1 billion or 6% as a result of:

The increase in revenues was primarily due to higher prices in our Commercial Engines business and spare parts.

The increase in profit was mainly due to higher prices in our Commercial Engines business and spare parts, partially offset by higher inflation.

SIX MONTHS ENDED

	Revenues	Profit
June 30, 2014	$ 11.9	$ 2.3
Volume	(0.3)	(0.1)
Price	0.4	0.4
Foreign Exchange	-	-
(Inflation)/Deflation	N/A	(0.2)
Mix	N/A	0.1
Productivity	N/A	0.1
Other	-	-
June 30, 2015	$ 11.9	$ 2.6

Segment revenues up $0.1 billion;
Segment profit up $0.3 billion or 12% as a result of:

The increase in revenues was primarily due to higher prices, partially offset by lower volume driven by Military.

The increase in profit was mainly due to higher prices in our Commercial Engines and Commercial Services businesses as well as improved productivity. These increases were partially offset by the effects of inflation and lower volume.

HEALTHCARE

OPERATIONAL OVERVIEW - THREE AND SIX MONTHS ENDED JUNE 30
(Dollars in billions)

2015 YTD SUB-SEGMENT REVENUES

EQUIPMENT/SERVICES REVENUES

Services
Equipment

ORDERS

BACKLOG

Equipment

Equipment

Services

Services

FINANCIAL OVERVIEW - THREE AND SIX MONTHS ENDED JUNE 30
(Dollars in billions)

SEGMENT REVENUES & PROFIT SEGMENT PROFIT MARGIN

Revenue Profit

SEGMENT REVENUES & PROFIT WALK: COMMENTARY: 2015 - 2014

THREE MONTHS ENDED

	Revenues	Profit
June 30, 2014	$ 4.5	$ 0.7
Volume	0.2	-
Price	(0.1)	(0.1)
Foreign Exchange	(0.3)	-
(Inflation)/Deflation	NA	-
Mix	N/A	-
Productivity	N/A	0.1
Other	-	-
June 30, 2015	$ 4.3	$ 0.7

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

The decrease in revenues was due to the impact of the 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 decrease in profit was due to lower prices, mainly in Healthcare Systems, partially offset by higher productivity, including SG&A cost reductions.

SIX MONTHS ENDED

	Revenues	Profit
June 30, 2014	$ 8.7	$ 1.3
Volume	0.4	0.1
Price	(0.1)	(0.1)
Foreign Exchange	(0.5)	-
(Inflation)/Deflation	N/A	(0.1)
Mix	N/A	-
Productivity	N/A	0.2
Other	-	-
June 30, 2015	$ 8.4	$ 1.3

Segment revenues down $0.3 billion or 3%;
Segment profit down 1% as a result of:

The decrease in revenues was due to the impact of the 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 decrease in profit was due to the effects of inflation and lower prices, mainly in Healthcare Systems, partially offset by higher productivity, including SG&A cost reductions, and increased volume.

TRANSPORTATION

OPERATIONAL OVERVIEW - THREE AND SIX MONTHS ENDED JUNE 30
(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 - THREE AND SIX MONTHS ENDED JUNE 30
(Dollars in billions)

SEGMENT REVENUES & PROFIT

Revenue Profit

SEGMENT PROFIT MARGIN

COMMENTARY: 2015 - 2014

THREE MONTHS ENDED
Segment revenues up $0.1 billion or 9% as a result of:
Higher volume ($0.1 billion), primarily due to higher locomotive and services sales.

Segment profit up $0.1 billion or 23% as a result of:
Improved productivity ($0.1 billion).

SIX MONTHS ENDED
Segment revenues up $0.2 billion or 8% as a result of:
Higher volume ($0.2 billion), due to higher locomotive equipment sales.

Segment profit up $0.1 billion or 18% as a result of:
Higher productivity driven by locomotive sales ($0.1 billion), partially offset by an unfavorable business mix ($0.1 billion).

APPLIANCES & LIGHTING

OPERATIONAL OVERVIEW - THREE AND SIX MONTHS ENDED JUNE 30
(Dollar in billions)

2015 YTD SUB-SEGMENT REVENUES

FINANCIAL OVERVIEW - THREE AND SIX MONTHS ENDED JUNE 30
(Dollar in billions)

SEGMENT REVENUES & PROFIT

Revenue Profit

SEGMENT PROFIT MARGIN

COMMENTARY: 2015 - 2014

THREE MONTHS ENDED

Segment revenues up $0.1 billion or 5% as a result of:
Higher volume ($0.1 billion) driven by higher sales at Appliances.

Segment profit up $0.1 billion or 62% as a result of:
Improved productivity ($0.1 billion), including the effects of classifying Appliances as a business held for sale in the third quarter of 2014.

SIX MONTHS ENDED

Segment revenues up $0.2 billion or 5% as a result of:
Higher volume ($0.2 billion) driven by higher sales at Appliances.

Segment profit up $0.1 billion or 73% as a result of:
Improved productivity ($0.1 billion), including the effects of classifying Appliances as a business held for sale, partially offset by lower prices.

GE CAPITAL

OPERATIONAL OVERVIEW - THREE AND SIX MONTHS ENDED JUNE 30
(Dollars in billions)

2015 YTD SUB-SEGMENT REVENUES

ENDING NET INVESTMENT, EXCLUDING LIQUIDITY*

TIER 1 COMMON RATIO ESTIMATE*

SIGNIFICANT TRENDS & DEVELOPMENTS

The GE Capital Exit Plan - As previously discussed, on April 10, 2015, the Company announced its plan to reduce the size of the financial services businesses through the sale of most of the assets of GECC over the following 24 months. It is expected that as a result of the GE Capital Exit Plan, the GE Capital businesses that will remain with GE will account for about $90 billion in ending net investment (ENI), excluding liquidity, including about $40 billion in the U.S. ENI is a metric used to measure the total capital invested in the financial services businesses. GE Capital's ENI, excluding liquidity* was $179 billion at June 30, 2015.

During the first half of 2015, GE signed agreements to sell approximately $68 billion of ENI, excluding liquidity (as originally reported at December 31, 2014) of which $32 billion and $23 billion related to the Real Estate and CLL businesses, respectively. Of these signed agreements, approximately $20 billion of Real Estate transactions have closed, including the majority of GECC's Real Estate debt and equity portfolio sold to funds managed by The Blackstone Group (which, in turn, sold a portion of this portfolio to Wells Fargo & Company). In connection with The Blackstone Group transactions, GECC will provide approximately $3.5 billion of seller financing to The Blackstone Group, which GECC intends to syndicate by 2016. The signed CLL transactions include approximately $11.2 billion related to its U.S. Sponsor Finance business with Canada Pension Plan Investment Board, approximately $8.8 billion related to its Global Fleet Services business with Element Financial Corporation and Arval and approximately $2.5 billion related to its European Sponsor Finance business with Sumitomo Mitsui Banking Corporation

In the first and second quarters of 2015, GE recorded $16.1 billion and $4.6 billion, respectively, of after-tax charges related to the GE Capital Exit Plan. As a result of certain businesses meeting discontinued operations criteria, $6.7 billion of first quarter after-tax charges and $4.4 billion of second quarter after-tax charges (including $4.3 billion related to CLL) were reported in discontinued operations.

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

* Non-GAAP Financial Measure

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 6.0 billion Australian dollars and 1.4 billion New Zealand dollars, respectively.

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

Synchrony Financial – 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 2015 quarterly reports on Forms 10-Q.

Dividends - GECC paid no quarterly dividends and $0.5 billion of quarterly dividends to GE in the three and six months ended June 30, 2015, respectively.

FINANCIAL OVERVIEW - THREE AND SIX MONTHS ENDED JUNE 30
(Dollars in billions)

SEGMENT REVENUES &
PROFIT (LOSS)[a]

(

Revenue Profit (Loss)

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

COMMENTARY: 2015 - 2014

Segment revenues decreased 1% in the three months ended June 30, 2015 as a result of the effects of dispositions, the effects of currency exchange and organic revenue declines, partially offset by higher gains and the effects of acquisitions. Net earnings decreased 78% primarily due to core decreases, including charges associated with the GE Capital Exit Plan, partially offset by higher gains and the effects of dispositions.

Segment revenues decreased 13% and net earnings decreased significantly in the six months ended June 30, 2015, primarily due to the effects of the GE Capital Exit Plan.

COMMERCIAL LENDING AND LEASING

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

CLL 2015 revenues increased 4% and net earnings increased 12% in the three months ended June 30, 2015. Revenues increased primarily as a result of organic revenue growth. Net earnings increased reflecting core increases.

CLL 2015 revenues increased 3% and net earnings increased 8% in the six months ended June 30, 2015. Revenues increased primarily as a result of organic revenue growth. Net earnings increased reflecting core increases.

CONSUMER

Consumer 2015 revenues decreased 2% and net earnings decreased 3% in the three months ended June 30, 2015. Revenues decreased as a result of the effects of dispositions ($0.2 billion) and the effects of currency exchange ($0.1 billion), partially offset by organic revenue growth ($0.2 billion) and higher gains ($0.1 billion). Net earnings decreased as a result of core decreases ($0.1 billion), partially offset by the effects of dispositions ($0.1 billion).

Consumer 2015 revenues decreased 22% and net earnings decreased unfavorably in the six months ended June 30, 2015. Revenues decreased as a result of higher impairments ($1.4 billion), the effects of dispositions ($0.3 billion) and the effects of currency exchange ($0.2 billion), partially offset by organic revenue growth ($0.2 billion) and higher gains ($0.1 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 ($0.4 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 increased 29% and net earnings increased 43% in the three months ended June 30, 2015. Revenues increased as a result of higher gains ($0.2 billion), partially offset by organic revenue declines ($0.1 billion). Net earnings increased as a result of higher gains ($0.1 billion), partially offset by core decreases ($0.1 billion).

Energy Financial Services 2015 revenues decreased 12% and net earnings decreased 37% in the six months ended June 30, 2015. Revenues decreased as a result of organic revenue declines ($0.2 billion), partially offset by lower impairments ($0.1 billion). Net earnings decreased as a result of core decreases ($0.2 billion), partially offset by lower impairments ($0.1 billion).

GECAS

GECAS 2015 revenues were flat and net earnings increased 5% in the three months ended June 30, 2015. Revenues reflected organic revenue declines ($0.1 billion), offset by the effects of acquisitions ($0.1 billion) and higher gains. Net earnings increased as a result of lower impairments, the effects of acquisitions and higher gains, partially offset by core decreases ($0.1 billion).

GECAS 2015 revenues decreased 2% and net earnings decreased 4% in the six months ended June 30, 2015. Revenues decreased as a result of organic revenue declines ($0.2 billion), partially offset by the effects of acquisitions ($0.1 billion) and higher gains. Net earnings decreased as a result of core decreases ($0.2 billion), partially offset by lower impairments ($0.1 billion) and the effects of acquisitions.

CORPORATE ITEMS AND ELIMINATIONS

REVENUES AND OPERATING PROFIT (COST)

(In millions)	Three months ended June 30 2015	2014	Six months ended June 30 2015	2014
Revenues				
Gains on disposed or held for sale businesses	$49	$91	$49	$91
NBCU settlement	450	-	450	-
Eliminations and other	(838)	(1,014)	(1,824)	(1,899)
Total Corporate Items and Eliminations	$(339)	$(923)	$(1,325)	$(1,808)
Operating profit (cost)				
Gains on disposed or held for sale businesses	$49	$91	$49	$91
NBCU settlement	450	-	450	-
Principal retirement plans(a)	(673)	(582)	(1,461)	$(1,163)
Restructuring and other charges	(399)	(407)	(821)	(783)
Eliminations and other	(613)	(576)	(1,095)	(1,161)
Total Corporate Items and Eliminations	$(1,186)	$(1,474)	$(2,878)	$(3,016)

CORPORATE COSTS

(In millions)	Three months ended June 30 2015	2014	Six months ended June 30 2015	2014
Total Corporate Items and Eliminations	$(1,186)	$(1,474)	$(2,878)	$(3,016)
Less non-operating pension cost	(689)	(529)	(1,384)	(1,055)
Total Corporate costs (operating)*	$(497)	$(945)	$(1,494)	$(1,961)
Less restructuring and other charges, gains and settlement	100	(316)	(322)	(692)
Adjusted total corporate costs (operating)*	$(597)	$(629)	$(1,172)	$(1,269)

(a) Included non-operating pension cost* of $0.7 billion and $0.5 billion in the three months ended June 30, 2015 and 2014, respectively, and $1.4 billion and $1.1 billion in the six months ended June 30, 2015 and 2014, respectively, which includes expected return on plan assets, interest costs and non-cash amortization of actuarial gains and losses.

2015 – 2014 COMMENTARY: THREE MONTHS ENDED JUNE 30

Revenues and other income increased $0.6 billion, primarily a result of:
$0.5 billion higher other income from a settlement related to the NBCU transaction, and
$0.1 billion of lower inter-segment eliminations.

Operating costs decreased $0.3 billion, primarily as a result of:
$0.5 billion higher income from a settlement related to the NBCU transaction, partially offset by $0.1 billion higher costs associated with our principal retirement plans including the effects of lower discount rates and updated mortality

assumptions.

2015 – 2014 COMMENTARY: SIX MONTHS ENDED JUNE 30

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

Operating costs decreased $0.1 billion, primarily as a result of:
$0.5 billion higher income from the NBCU transaction, partially offset by $0.3 billion higher costs associated with our principal retirement plans including the effects of lower discount rates and updated mortality assumptions.

*Non-GAAP Financial Measure

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 June 30		Six months ended June 30	
(In billions)	2015	2014	2015	2014
Power & Water	$0.1	$0.2	$0.2	$0.3
Oil & Gas	0.2	0.1	0.3	0.1
Energy Management	-	0.1	0.1	0.1
Aviation	-	0.1	-	0.1
Healthcare	0.1	0.1	0.1	0.2
Transportation	-	-	-	-
Appliances & Lighting	-	-	-	-
Total	$0.4	$0.5	$0.7	$0.9

GAINS

	Three months ended June 30		Six months ended June 30	
(In billions)	2015	2014	2015	2014
Power & Water	$-	$-	$-	$-
Oil & Gas(a)	-	0.1	-	0.1
Energy Management	-	-	-	-
Aviation	-	-	-	-
Healthcare	-	-	-	-
Transportation	-	-	-	-
Appliances & Lighting	-	-	-	-
Total	$-	$0.1	$-	$0.1

(a) Related to a fuel dispenser business disposition in 2014.

DISCONTINUED OPERATIONS

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

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

FINANCIAL INFORMATION FOR DISCONTINUED OPERATIONS

	Three months ended June 30		Six months ended June 30	
(In millions)	2015	2014	2015	2014
Earnings (loss) from discontinued operations, net of taxes	$(3,750)	$661	$(9,989)	$1,359

2015 – 2014 COMMENTARY: THREE MONTHS ENDED JUNE 30

The second quarter 2015 loss from discontinued operations, net of taxes, primarily reflected the following:
$3.7 billion after-tax loss at our CLL business (including a $4.3 billion loss on the planned disposal).

The second quarter 2014 earnings from discontinued operations, net of taxes, primarily reflected the following:
$0.4 billion of earnings from operations at our CLL business and
$0.3 billion of earnings from operations at our Real Estate business.

2015 – 2014 COMMENTARY: SIX MONTHS ENDED JUNE 30

The 2015 loss from discontinued operations, net of taxes, primarily reflected the following:
$7.7 billion after-tax loss at our CLL business (including a $7.2 billion loss on the planned disposal) and
$2.3 billion after-tax loss at our Real Estate business (including a $2.4 billion loss on the planned disposal).

The 2014 earnings from discontinued operations, net of taxes, primarily reflected the following:
$0.9 billion of earnings from operations at our CLL business and
$0.5 billion of earnings from operations 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 AND SIX MONTHS ENDED JUNE 30
(Dollars in billions)

PROVISION FOR INCOME TAXES

2015 – 2014 COMMENTARY: THREE MONTHS ENDED JUNE 30

The consolidated income tax provision increased due to additional tax expense associated with the GE Capital Exit Plan, a smaller benefit from the adjustment to the projected full-year effective tax rate and an increase in pre-tax income taxed at above the average tax rate.
The consolidated tax provision includes $0.4 billion and $0.6 billion for GE (excluding GECC) for the second quarters of 2014 and 2015, respectively. The increase related primarily to higher pre-tax income taxed at above the average tax rate.

2015 – 2014 COMMENTARY: SIX MONTHS ENDED JUNE 30

The consolidated income tax rate for the six months ended June 30, 2015 was greater than 100% as the positive tax expense of $7.1 billion exceeded pre-tax income of $2.3 billion due to charges associated with GE Capital Exit Plan. As discussed in Note 10 to the consolidated financial statements, during the first six months ended June 30, 2015 in conjunction with the GE Capital Exit Plan, we incurred tax expense of $6.3 billion related to expected repatriation of foreign earnings and write-off of deferred tax assets.
The increase in the income tax expense is primarily due to the tax expense incurred as part of the GE Capital Exit Plan.
The consolidated tax provision includes $0.7 billion and $0.9 billion for GE (excluding GECC) for the first six months of 2014 and 2015, respectively. The increase is related primarily to higher pre-tax income taxed at above the average tax rate.

BENEFITS FROM GLOBAL OPERATIONS

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

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

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

STATEMENT OF FINANCIAL POSITION

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

MAJOR CHANGES IN OUR FINANCIAL POSITION FOR THE SIX MONTHS ENDED JUNE 30, 2015

GECC Financing receivables-net decreased $41.4 billion. See the following GECC Financing Receivables section for additional information.
GECC Financing receivables held for sale increased $27.2 billion. See the following GECC Financing Receivables Held for Sale section for additional information.
Assets of discontinued operations decreased $32.1 billion, primarily due to Real Estate of $19.3 billion and the CLL businesses of $12.6 billion. See Note 2 for additional information.
Borrowings decreased $19.1 billion, primarily due to net repayments on GECC borrowings of $16.0 billion, along with a $6.2 billion reduction in the balances driven by the strengthening of the U.S. dollar against all major currencies, partially offset by new debt issuances by GE of $3.5 billion.
Deferred income taxes increased $5.4 billion primarily due to deferred tax asset write-offs resulting from the GE Capital Exit Plan, along with the remeasurement of postretirement benefit plans.

GECC FINANCING RECEIVABLES

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

At June 30, 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, which 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 and are reported in the Consumer segment.

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.

GECC FINANCING RECEIVABLES AND ALLOWANCE FOR LOSSES(a)

(Dollars in millions)	June 30, 2015		December 31, 2014	
Financing receivables	$84,476		$126,561	
Nonaccrual receivables	368	(b)	1,996	
Allowance for losses	3,393		4,104	
Nonaccrual financing receivables as a percent of financing receivables	0.4	%	1.6	%
Allowance for losses as a percent of nonaccrual financing receivables	(c)		205.6	
Allowance for losses as a percent of total financing receivables	4.0		3.2	

(a) For additional information related to the portfolio of financing receivables, refer to the GECC quarterly report on Form 10-Q for the period ended June 30, 2015.

(b) Substantially all of our $0.4 billion of nonaccrual loans at June 30, 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 $42.1 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 Consumer) ($33.7 billion), write-offs ($4.8 billion) and the stronger U.S. dollar ($4.0 billion), partially offset by originations exceeding collections (which includes sales) ($0.9 billion).

Nonaccrual receivables decreased $1.6 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 Consumer).

Allowance for losses decreased $0.7 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 (primarily Consumer). The allowance for losses as a percent of total financing receivables increased from 3.2% at December 31, 2014 to 4.0% at June 30, 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.

GECC 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 first quarter of 2015, we transferred all of our 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 Australia and New Zealand.

The transfer of financing receivables to financing receivables held for sale and assets of businesses held for sale in the six months ended June 30, 2015, totaled $28.2 billion and $5.5 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 $2.4 billion ($2.2 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 $2.9 billion to establish a new cost basis of the financing receivables held for sale at June 30, 2015.

For businesses held for sale, financing receivable balances of $5.5 billion and the related allowance for loan losses of $0.2 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 June 30, 2015.

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 six months ended June 30, 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 $1.2 billion and $1.0 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 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 as well as dispositions to fund our operating and interest expense costs. 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.

Our 2015 GECC funding plan anticipates repayment of principal on outstanding short-term borrowings, including the current portion of long-term debt ($37.0 billion at December 31, 2014), principally through dispositions, asset sales and cash on hand. Long-term maturities and early redemptions were $8.1 billion in the second quarter of 2015.

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 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.

On May 28, 2015, GE issued €3,150 million senior unsecured debt, composed of €650 million of Floating Rate Notes due 2020, €1,250 million of 1.250% Notes due 2023 and €1,250 million of 1.875% Notes due 2027.

LIQUIDITY SOURCES

In addition to GE cash of $17.0 billion at June 30, 2015, GECC maintained liquidity sources of $84.6 billion that consisted of cash and equivalents of $74.6 billion, high-quality, liquid investments of $3.3 billion and cash and equivalents of $6.7 billion classified as discontinued operations and businesses held for sale. Additionally, we have $45.9 billion of committed unused credit lines.

CASH AND EQUIVALENTS

(In billions)	June 30, 2015		June 30, 2015
GE(a)	$17.0	U.S.	$28.2
GECC(b)	74.6	Non-U.S.(c)	63.4

(a) At June 30, 2015, $2.7 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 June 30, 2015, GECC cash and equivalents of about $19.8 billion were in regulated banks and insurance entities and were subject to regulatory restrictions.

(c) Of this amount at June 30, 2015, $10.4 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)	June 30, 2015
Revolving credit agreements (exceeding one year)	$24.5
Revolving credit agreements (364-day line)(a)	21.4
Total(b)	$45.9

(a) Included $20.6 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 48 financial institutions. GECC can borrow up to $45.1 billion under these credit lines. GE can borrow up to $15.5 billion under certain of these credit lines.

FUNDING PLAN

We reduced our GE Capital ENI, excluding liquidity*, to $179 billion at June 30, 2015.

During the first six 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 PAPER

(In billions)	GE	GECC
Average commercial paper borrowings during the second quarter of 2015	$ 8.6	$ 25.1
Maximum commercial paper borrowings outstanding during the second quarter of 2015	11.0	25.8

GECC commercial paper maturities have historically been funded principally through new commercial paper issuances and at GE are substantially repaid before quarter-end using indefinitely reinvested overseas cash, which as discussed above, is available for use in the U.S. on a short-term basis without being subject to U.S. tax. As announced on April 10, 2015, GECC is targeting to reduce the outstanding commercial paper to approximately $5 billion by the end of 2015.

*Non-GAAP Financial Measure

We securitize financial assets as an alternative source of funding. During the first six months of 2015, we completed $0.5 billion of non-recourse issuances and $2.9 billion of non-recourse borrowings matured. At June 30, 2015, consolidated non-recourse securitization borrowings were $17.0 billion.

We have nine deposit-taking banks outside of the U.S. and two deposit-taking banks in the U.S. – Synchrony Bank (formerly GE Capital Retail Bank), a Federal Savings Bank (FSB), and GE Capital Bank, an industrial bank (IB). The FSB and IB currently issue certificates of deposit (CDs) in maturity terms up to 10 years. GE Capital Bank is classified as discontinued operations.

ALTERNATIVE FUNDING

(In billions)

Total alternative funding at December 31, 2014	$86.4
Total alternative funding at June 30, 2015	78.4
Bank deposits	45.8
Non-recourse securitization borrowings	17.0
Funding secured by real estate, aircraft and other collateral	5.2
GE Interest Plus notes	2.5
Bank unsecured	7.9

As a matter of general practice, we routinely evaluate the economic impact of calling debt instruments where GECC has the right to exercise a call. In determining whether to call debt, we consider the economic benefit to GECC of calling debt, the effect of calling debt on GECC's liquidity profile and other factors. During the first six months of 2015, we did not call any long-term debt.

INCOME MAINTENANCE AGREEMENT AND GE GUARANTEE OF CERTAIN GECC DEBT

GE provides implicit and explicit support to GECC through commitments, capital contributions and operating support. As part of the GE Capital Exit Plan, on April 10, 2015, GE 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 $207 billion of GECC debt as of June 30, 2015. The Guarantee replaced the requirement that the Company make certain income maintenance payments to GECC in certain circumstances. GECC's U.S. public indentures were concurrently amended to provide the full and unconditional guarantee by the Company set forth in the Guarantee.

STATEMENT OF CASH FLOWS - SIX MONTHS ENDED JUNE 30, 2015

CONSOLIDATED CASH FLOWS

We evaluate our cash flow performance by reviewing our industrial (non-financial services) businesses and financial services businesses separately. Cash from operating activities (CFOA) is the principal source of cash generation for our industrial businesses. The industrial businesses also have liquidity available via the public capital markets. Our financial services businesses use a variety of financial resources to meet our capital needs. Cash for financial services businesses is primarily provided from the issuance of term debt and commercial paper in the public and private markets and deposits, as well as financing receivables collections, sales and securitizations.

GE CASH FLOWS – SIX MONTHS ENDED JUNE 30

OPERATING CASH FLOWS		INVESTING CASH FLOWS		FINANCING CASH FLOWS	
2014	2015	2014	2015	2014	2015

With respect to GE CFOA, we believe that it is useful to supplement our GE Statement of Cash Flows and to examine in a broader context the business activities that provide and require cash.

The most significant source of cash in GE CFOA is customer-related activities, the largest of which is collecting cash resulting from product or services sales. See the Intercompany Transactions and Eliminations section for information related to transactions between GE and GECC. The most significant operating use of cash is to pay our suppliers, employees, tax authorities and others for a wide range of material and services. Dividends from GECC, including special dividends, represent the distribution of a portion of GECC retained earnings, and are distinct from cash from continuing operations within the financial services businesses. The amounts included in GE CFOA are the total dividends, including special dividends from excess capital.

2015 – 2014 COMMENTARY

GE cash from operating activities increased $0.5 billion primarily due to the following:

An increase of operating cash collections of $0.5 billion to $51.0 billion in 2015. This increase is primarily driven by a $0.5 billion payment from a settlement related to the NBCU transaction, prepayments on service contracts of $0.2 billion and higher collections of current receivables of $0.3 billion. These increases were partially offset by lower progress collections of $0.6 billion.

A decrease of operating cash payments of $0.9 billion to $47.6 billion in 2015. This decrease is primarily driven by decreased spend on inventory in the six months ended June 30, 2015 compared with that of 2014.

Further, GECC paid quarterly dividends of $0.5 billion and no special dividends to GE in the six months ended June 30, 2015. GECC paid quarterly dividends of $1.1 billion and special dividends of $0.3 billion to GE in the six months ended June 30, 2014.

GE cash used for investing activities decreased $1.5 billion primarily due to the following:

Lower business acquisition activity of $2.0 billion primarily driven by the 2014 acquisitions of certain Thermo Fisher Scientific Inc. life-science businesses for $1.1 billion, Cameron's Reciprocating Compression Division for $0.6 billion and API Healthcare (API) for $0.3 billion.

This is partially offset by $0.3 billion lower proceeds from principal business dispositions.

GE cash used for financing activities decreased $3.1 billion primarily due to the following:

A decrease in net repurchases of GE shares for treasury in accordance with our share repurchase program of $1.9 billion.

A decrease in net change in borrowings (maturities of 90 days or less) of $0.7 billion.

Further, GE issued $3.4 billion and $3.0 billion of unsecured notes in the six months ended June 30, 2015 and 2014.

GECC CASH FLOWS – SIX MONTHS ENDED JUNE 30

OPERATING CASH FLOWS		INVESTING CASH FLOWS		FINANCING CASH FLOWS	
2014	2015	2014	2015	2014	2015

2015 – 2014 COMMENTARY:

GECC cash from operating activities decreased $3.0 billion primarily due to the following:
A decrease in net cash collateral activity with counterparties on derivative contracts of $2.5 billion.

GECC cash from investing activities increased $17.6 billion primarily due to the following:
In 2015, we closed the sale of certain of our Real Estate businesses for proceeds of $15.6 billion.
A net increase in financing receivables activity of $2.4 billion driven by higher net collections (which includes sales) of financing receivables.
The 2014 payment of our obligation to the buyer of GE Money Japan for $1.7 billion.
These increases were partially offset by the 2015 acquisition of Milestone Aviation Group, resulting in net cash paid of $1.7 billion.

GECC cash used for financing activities increased $5.4 billion primarily due to the following:
Higher net repayments of borrowings of $4.2 billion driven primarily by an increase in long-term debt maturities and a decrease in issuances of senior unsecured notes.
A decrease in deposits at our banks of $2.0 billion.
These increases were partially offset by GECC paying quarterly dividends of $0.5 billion and no special dividends to GE in the six months ended June 30, 2015. GECC paid quarterly dividends of $1.1 billion and special dividends of $0.3 billion to GE in the six months ended June 30, 2014.

INTERCOMPANY TRANSACTIONS AND ELIMINATIONS

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

GE sells customer receivables to GECC in part to fund the growth of our industrial businesses. These transactions can result in cash generation or cash use. During any given period, GE receives cash from the sale of receivables to GECC. It also foregoes collection of cash on receivables sold. The incremental amount of cash received from sales of receivables in excess of the cash GE would have otherwise collected had those receivables not been sold, represents the cash generated or used in the period relating to this activity. The incremental cash generated in GE CFOA from selling these receivables to GECC decreased GE's CFOA by $1.8 billion and $0.3 billion for the six months ended June 30, 2015 and 2014, respectively.

See Note 17 to the consolidated financial statements in this Form 10-Q Report for additional information about the eliminations of intercompany transactions between GE and GECC.

EXPOSURES

GECC SELECTED EUROPEAN EXPOSURES

At June 30, 2015, we had $32.5 billion in financing receivables to consumer and commercial customers in Europe, including $26.6 billion classified as financing receivables held for sale, and $5.9 billion classified as assets held for investment. The GECC financing receivables portfolio in Europe is well diversified across European geographies and customers. Approximately 89% of the portfolio is secured by collateral. Several European countries, including Spain, Portugal, Ireland, Italy, Greece and Hungary (focus countries), have been subject to credit deterioration due to weaknesses in their economic and fiscal situations. The carrying value of GECC funded exposures in these focus countries and in the rest of Europe comprised the following at June 30, 2015.

(In millions)	Spain	Portugal	Ireland	Italy	Greece	Hungary	Rest of Europe	Total Europe
Financing receivables - net (a)(d)	$356	$ 77	$252	$1,411	$ -	$ 364	$3,451	$5,911
Financing receivables held for sale	344	62	14	-	-	-	26,173	26,593
Investments(b)(c)	3	-	-	-	-	-	1,810	1,813
Cost and equity method investments(d)	-	-	430	-	-	-	292	722
Derivatives, net of collateral(b)(e)	2	-	-	3	-	-	276	281
Equipment leased to others (ELTO)(f)	346	168	507	460	271	226	7,068	9,046
Total funded exposures(g)(h)	$1,051	$ 307	$1,203	$1,874	$ 271	$ 590	$39,070	$44,366
Unfunded commitments(i)	$-	$ -	$43	$-	$ -	$ -	$2,375	$2,418

(a) Financing receivable amounts are classified based on the location or nature of the related obligor.
(b) Investments and derivatives are classified based on the location of the parent of the obligor or issuer.
(c) Included $0.4 billion related to financial institutions, $47.4 million related to non-financial institutions and $1.4 billion related to sovereign issuers. We held no investments issued by sovereign entities in the countries of focus.
(d) Substantially all is non-sovereign.
(e) Net of cash collateral; entire amount is non-sovereign.
(f) These assets are held under long-term investment and operating strategies, and our ELTO strategies contemplate an ability to redeploy assets under lease should default by the lessee occur. The values of these assets could be subject to decline or impairment in the current environment.
(g) Excluded $32.8 billion of cash and equivalents, which is composed of $22.3 billion of cash on short-term placement with highly rated global financial institutions based in Europe, sovereign central banks and agencies or supranational entities, of which $0.2 billion is in focus countries, and $10.6 billion of cash and equivalents placed with highly rated European financial institutions on a short-term basis, secured by U.S. Treasury securities ($5.9 billion) and sovereign bonds of non-focus countries ($4.7 billion), where the value of our collateral exceeds the amount of our cash exposure.
(h) Rest of Europe included $1.6 billion and $0.1 billion of exposure for Russia and Ukraine, respectively, substantially all ELTO and financing receivables related to commercial aircraft in our GECAS portfolio.
(i) Includes ordinary course of business lending commitments, commercial and consumer unused revolving credit lines, inventory financing arrangements and investment commitments.

We manage counterparty exposure, including credit risk, on an individual counterparty basis. We place defined risk limits around each obligor and review our risk exposure on the basis of both the primary and parent obligor, as well as the issuer of securities held as collateral. These limits are adjusted on an ongoing basis based on our continuing assessment of the credit risk of the obligor or issuer. In setting our counterparty risk limits, we focus on high-quality credits and diversification through spread of risk in an effort to actively manage our overall exposure. We actively monitor each exposure against these limits and take appropriate action when we believe that risk limits have been exceeded or there are excess risk concentrations. Our collateral position and ability to work out problem accounts have historically mitigated our actual loss experience. Delinquency experience has been relatively stable in our European commercial and consumer platforms in the aggregate, and we actively monitor and take action to reduce exposures where appropriate. Uncertainties surrounding European markets could have an impact on the judgments and estimates used in determining the carrying value of these assets.

VENEZUELA

The results of our Venezuelan businesses have been reported under highly inflationary accounting since the beginning of 2010, at which time the functional currency of our Venezuelan entities was changed from the bolivar to the U.S. dollar.

Our activities related to Venezuela generated revenues of less than one percent of consolidated revenues, consisting of both exports to and operations within the country. The majority of these revenues are denominated in U.S. dollars and euro but we also transact in bolivars for certain businesses.

For our operations in Venezuela, determining the appropriate exchange rate for remeasurement of bolivar-denominated net monetary assets into U.S. dollars continues to be subject to uncertainty. Through February 2015, the Venezuelan government operated three different exchange mechanisms: CENCOEX (the official exchange mechanism), SICAD1 and SICAD 2, subsequently it merged the SICAD mechanisms and introduced a new mechanism, the Marginal Currency System (SIMADI). This mechanism is intended to operate with fewer restrictions and its exchange rate on June 30, 2015 was approximately 199 bolivars per U.S. dollar compared to SICAD at 12.7 bolivars per U.S. dollar.

At the end of each period, we remeasure the net monetary assets of our Venezuela entities using the rate at which we expect them to be settled, including through the payment of dividends. During the period ended June 30, 2015, we did not access the SIMADI market and have continued to use the SICAD exchange rate to measure our net monetary assets.

Significant uncertainty persists regarding the exchange mechanisms in Venezuela, including the nature of transactions that are eligible to transact in the three recognized mechanisms that are currently available as well as the impact on non-bolivar credit exposures and recoverable amounts of bolivar denominated non-monetary assets. We continue to monitor developments closely and may determine in the future that rates other than the SICAD rate are appropriate for remeasurement of the net monetary assets of our Venezuelan entities.

Net monetary assets subject to remeasurement were approximately $88 million at June 30, 2015, including approximately $21 million in bolivar-denominated cash and cash equivalents and approximately $44 million related to a non-consolidated investment in our Appliances business, which is held for sale. In addition to our bolivar-denominated net monetary assets, we also have non-bolivar credit exposures of approximately $244 million at June 30, 2015 and recoverable amounts of non-monetary assets in Venezuela of approximately $97 million at June 30, 2015, which consists principally of inventory and property, plant and equipment.

OIL & GAS INDUSTRY

The sharp decline previously experienced in oil prices and the prospect of a continuation of prevailing oil prices could have mixed implications for the industries and countries in which we compete. In general, lower oil prices are expected to stimulate growth in oil importing countries while causing negative economic effects in many energy-exporting countries. Certain parts of our Oil & Gas business will experience declines in orders, project commencement delays and pricing pressures, while we expect that other parts will be less affected. In response to this uncertain industry outlook, we continue to execute cost actions with an increased focus on execution and productivity. We expect that relatively low oil prices will benefit our other businesses through lower direct material and other variable costs as well as through the expected stimulus-effect on growth in the U.S. and in other economies that rely on energy imports, including Europe, Japan and India.

CRITICAL ACCOUNTING ESTIMATES

We utilized significant estimates in the preparation of the second quarter financial statements.

In addition to the discussion below on estimates used to determine the fair value of businesses and assets held for sale, please refer to the Critical Accounting Estimates section within MD&A and Note 1, Basis of Presentation and Summary of Significant Accounting Policies, to the consolidated financial statements of our Form 8-K Report filed on May 8, 2015 for a discussion of our accounting policies and the critical accounting estimates we use to: assess the recoverability of assets such as financing receivables and goodwill; determine the fair value of financial assets; and determine our provision for income taxes and recoverability of deferred tax assets.

BUSINESSES AND ASSETS HELD FOR SALE

Businesses held for sale represent components that meet the accounting requirements to be classified as held for sale and are presented as single asset and liability amounts in our financial statements with a valuation allowance, if necessary, to recognize the net carrying amount at the lower of cost or fair value less cost to sell. Financing receivables that no longer qualify to be presented as held for investment must be classified as held for sale and recognized in our financial statements at the lower of cost or fair value, less cost to sell, with that amount representing a new cost basis at the date of transfer.

As previously discussed, as a result of the GE Capital Exit Plan, management has committed to reduce the size of its financial services businesses through the sale of most of the assets of GECC over the following 24 months. As a result, certain GECC businesses met the criteria to be classified as businesses held for sale and certain financing receivables were required to be recognized as held for sale at June 30, 2015.

The determination of fair value for businesses and portfolios of financing receivables involves significant judgments and assumptions. Development of estimates of fair values in this circumstance is complex and is dependent upon, among other factors, the nature of the potential sales transaction (for example, asset sale versus sale of legal entity), composition of assets and/or businesses in the disposal group, the comparability of the disposal group to market transactions, negotiations with third party purchasers etc. Such factors bear directly on the range of potential fair values and the selection of the best estimates. Key assumptions were developed based on market observable data and, in the absence of such data, internal information that is consistent with what market participants would use in a hypothetical transaction as of June 30, 2015.

We review all businesses and assets held for sale each reporting period to determine whether the existing carrying amounts are fully recoverable in comparison to estimated fair values.

Further information is provided in Notes 2 and 14 to the consolidated financial statements of this Form 10-Q Report.

OTHER ITEMS

NEW ACCOUNTING STANDARDS

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in GAAP when it becomes effective. In July 2015, the FASB approved a one-year deferral of this standard, with a revised effective date for fiscal years beginning after December 15, 2017. Early application is not permitted. The standard permits the use of either the retrospective or modified retrospective (cumulative effect) transition method. We are evaluating the effect that ASU 2014-09 will have on our consolidated financial statements and related disclosures. We have not yet selected a transition method nor have we determined the effect of the standard on our ongoing financial reporting.

In February 2015, the FASB issued ASU 2015-02, Amendments to the Consolidation Analysis. The ASU amends the consolidation guidance for VIEs and general partners' investments in limited partnerships and modifies the evaluation of whether limited partnerships and similar legal entities are VIEs or voting interest entities. The ASU is effective for interim and annual reporting periods beginning after December 15, 2015, with early adoption permitted. We are currently evaluating the effect of the ASU on our consolidated financial statements and related disclosures. While we anticipate additional disclosures, we do not expect the ASU to have a significant impact on our consolidated financial statements.

CONTROLS AND PROCEDURES

Under the direction of our Chief Executive Officer and Chief Financial Officer, we evaluated our disclosure controls and procedures and internal control over financial reporting and concluded that our disclosure controls and procedures were effective as of June 30, 2015.

On April 10, 2015 we announced that, as part of the GE Capital Exit Plan, we plan to dispose of a substantial portion of GE Capital's operations over the 2015-2017 timeframe. This plan will affect the operation of GE Capital's framework of internal controls over financial reporting as dispositions and other restructuring activities are executed. During the transition period, we have put in place enhanced procedures and controls to monitor and maintain our system of internal controls over financial reporting. We will continue to assess the effect of the plan on GE Capital's control environment and will make adjustments as appropriate.

OTHER FINANCIAL DATA

PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Period	Total number of shares purchased(a)	Average price paid per share	Total number of shares purchased as part of our share repurchase program(b)	Approximate dollar value of shares that may yet be purchased under our share repurchase program(b)
(Shares in thousands)				
2015				
April	1,732	$ 26.96	1,611	
May	2,888	$ 27.36	2,807	
June	763	$ 27.27	677	
Total	5,383	$ 27.22	5,095	$49.9 billion

(a) This category included 288 thousand shares repurchased from our various benefit plans.

(b) Shares were repurchased through the 2015 GE Share Repurchase Program (the Program). As of June 30, 2015, we were authorized to repurchase up to $50 billion of our common stock through 2018 and we had repurchased a total of approximately $0.1 billion under the Program. The Program is flexible and shares will be acquired with a combination of borrowings and free cash flow from the public markets and other sources, including GE Stock Direct, a stock purchase plan that is available to the public.

REGULATIONS AND SUPERVISION

GECC is a regulated savings and loan holding company and in 2011 became subject to Federal Reserve Board (FRB) supervision under the Dodd-Frank Wall Street Reform and Consumer Protection Act (DFA). In 2013, the U.S. Financial Stability Oversight Council (FSOC) designated GECC as a nonbank systemically important financial institution (nonbank SIFI) under the DFA. As a result of this change in supervision and designation, stricter prudential regulatory standards and supervision apply to GECC. On July 20, 2015 the Federal Reserve published a final order applying enhanced prudential standards to GECC as a nonbank SIFI.

The final order staggers the application of the enhanced prudential standards with the first set of standards becoming applicable on January 1, 2016 and the second set becoming applicable on January 1, 2018. Beginning on January 1, 2016 GECC will be subject to the standardized approach for calculating capital adequacy. GECC will also be subject to a Liquidity Coverage Ratio (LCR) of 90% until December 31, 2016 at which time GECC will be subject to a 100% LCR coverage.

If GECC is still a nonbank SIFI on January 1, 2018 the second set of enhanced prudential standards will apply. These standards include the application of the Federal Reserve's capital plan rule, stress testing rules, enhanced leverage ratio requirements, enhanced governance requirements, daily liquidity calculations, additional reporting requirements and a market terms requirement for transactions between GE and GECC.

While the enhanced prudential standards do not subject GECC to the Federal Reserve's capital plan rule applicable to large bank holding companies until the capital planning cycle beginning January 1, 2018, GECC does undertake an annual review of their capital adequacy prior to establishing a plan for dividends to us, the parent. This review is based on a forward-looking assessment of their material enterprise risks and involves the consideration of a number of factors. This analysis also includes an assessment of their capital and liquidity levels, as well as incorporating risk management and governance considerations. The most recent capital adequacy review was approved by the GECC board of directors and the GE Board of Directors Risk Committee in 2014. While a savings and loan holding company and nonbank SIFI like GECC is currently not required to obtain FRB approval to pay a dividend, it may not, under FRB regulations, conduct its operations in an unsafe or unsound manner. The FRB has articulated factors that it expects boards of directors of bank holding companies and savings and loan holding companies to consider in determining whether to pay a dividend.

As a nonbank SIFI, GECC is also required to submit an annual resolution plan to the FRB and Federal Deposit Insurance Corporation (FDIC). GECC submitted its first resolution plan to the FRB and FDIC on June 30, 2014 and feedback was provided on July 28, 2015. GECC's second Resolution Plan is due December 31, 2015, and we will work to address the July 28, 2015 feedback. GECC's resolution plan describes how GECC could be resolved under existing insolvency regimes in a manner that mitigates potential disruption to the U.S. financial system and the global financial markets without the use of government support or taxpayer funds. If the FRB and FDIC determine that their resolution plan is deficient, the DFA authorizes the FRB and FDIC to impose more stringent capital, leverage or liquidity requirements on GECC or restrict their growth or activities until they submit a plan remedying the deficiencies. If the FRB and FDIC ultimately determine that GECC has not adequately addressed the deficiencies, they could order GECC to divest assets or operations in order to facilitate their orderly resolution in the event of their failure.

GECC is also subject to the Volcker Rule, which U.S. regulators finalized on December 10, 2013. The rule prohibits companies that are affiliated with U.S. insured depository institutions from engaging in "proprietary trading" or acquiring or retaining ownership interest in, or sponsoring or engaging in certain transactions with, a "hedge fund" or a "private equity fund." Proprietary trading and fund investing, as prohibited by the rule, are not core activities for GECC.

As discussed in Management's Discussion and Analysis, on April 10, 2015, the company announced the GE Capital Exit Plan to reduce the size of its financial services businesses. GE has discussed the GE Capital Exit Plan, aspects of which are subject to regulatory review and approval, with its regulators and staff of the 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 SIFI.

LEGAL PROCEEDINGS

The following information supplements and amends our discussion set forth under "Legal Proceedings" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2015.

There are 15 lawsuits relating to pending mortgage loan repurchase claims in which WMC, our U.S. mortgage business that we sold in 2007, is a party. The adverse parties in these cases are securitization trustees or parties claiming to act on their behalf. While the alleged claims for relief vary from case to case, the complaints and counterclaims in these actions generally assert claims for breach of contract, indemnification, and/or declaratory judgment, and seek specific performance (repurchase) and/or monetary damages. Beginning in the fourth quarter 2013, WMC entered into settlements that reduced its exposure on claims asserted in certain securitizations, and the claim amounts reported herein reflect the effect of these settlements.

Five WMC cases are pending in the United States District Court for the District of Connecticut. Four of these cases were initiated in 2012, and one was initiated in the third quarter 2013. Deutsche Bank National Trust Company (Deutsche Bank) is the adverse party in four cases, and Law Debenture Trust Company of New York (Law Debenture) is the adverse party in one case. The Deutsche Bank complaints assert claims on approximately $4,300 million of mortgage loans and seek to recover damages in excess of approximately $1,800 million. The Law Debenture complaint asserts claims on approximately $800 million of mortgage loans, and alleges losses on these loans in excess of approximately $425 million. On March 31, 2014, the District Court denied WMC's motions to dismiss these cases.

Four WMC cases are pending in the United States District Court for the District of Minnesota against US Bank National Association (US Bank), one of which was initiated by WMC seeking declaratory judgment. Three of these cases were filed in 2012, and one was filed in 2011. The Minnesota cases involve claims on approximately $800 million of mortgage loans and do not specify the amount of damages sought. In September 2013, the District Court granted in part and denied in part WMC's motions to dismiss or for summary judgment in these cases. On September 8, 2014, US Bank filed a petition for instructions in the administration of trusts in Minnesota state court seeking authorization and instruction for US Bank to implement the terms of a settlement agreement reached with WMC to compromise, settle, and release all claims arising out of the securitizations at issue in these four lawsuits. In February 2015, two bondholders filed objections to the proposed settlement, and in response the court has scheduled an evidentiary hearing for October 2015. In light of the state court action seeking approval of the proposed settlement, the District Court entered orders in April 2015 staying further proceedings in the four cases until August 2015.

Four cases are pending against WMC in New York State Supreme Court, all of which were initiated by securitization trustees or securities administrators. These cases involve, in the aggregate, claims involving approximately $4,559 million of mortgage loans. One of these lawsuits was initiated by Deutsche Bank in the second quarter 2013 and names as defendants WMC and Barclays Bank PLC. It involves claims against WMC on approximately $1,000 million of mortgage loans and does not specify the amount of damages sought. The second case, in which the plaintiff is The Bank of New York Mellon (BNY), was initiated in the fourth quarter 2012 and names as defendants WMC, J.P. Morgan Mortgage Acquisition Corporation and JPMorgan Chase Bank, N.A. BNY asserts claims on approximately $1,300 million of mortgage loans, and seeks to recover damages in excess of $650 million. The third case was initiated by BNY in November 2013 and names as defendants WMC, J.P. Morgan Mortgage Acquisition Corporation and JPMorgan Chase Bank, N.A. In this case, BNY asserts claims on approximately $1,300 million of mortgage loans, and seeks to recover damages in excess of $600 million. The fourth case was filed in October 2014 and names as defendants WMC, J.P. Morgan Mortgage Acquisition Corporation and JPMorgan Chase Bank, N.A. The plaintiff, BNY, asserts claims on approximately $959 million of mortgage loans and seeks to recover damages in excess of $475 million.

Two cases are pending against WMC in the United States District Court for the Southern District of New York. One case, in which the plaintiff is BNY, was filed in the third quarter 2012. In the second quarter 2013, BNY filed an amended complaint in which it asserts claims on approximately $900 million of mortgage loans, and seeks to recover damages in excess of $378 million. In September 2013, the District Court denied WMC's motion to dismiss. On September 18, 2014, the District Court issued an order directing the parties to participate in settlement discussions before a private mediator or the assigned magistrate judge. Following this mediation, the parties reached a settlement in principle on the claims arising from a portion of the loans held in the trust (the "Group1" loans), and, as a result, on February 9, 2015 the District Court stayed the case as to these claims. The District Court has scheduled a trial on the remaining claims in the case to begin on September 21, 2015. The second case was initiated by the Federal Housing Finance Agency (FHFA), which filed a summons with notice in the fourth quarter 2012. In the second quarter 2013, Deutsche Bank, in its role as securitization trustee of the trust at issue in the case, intervened as a plaintiff and filed a complaint relating to approximately $1,300 million of loans and alleging losses in excess of approximately $100 million. In December 2013, the District Court issued an order denying WMC's motion to dismiss. In February 2015, the District Court on its own motion requested that the parties re-brief several issues raised by WMC's motion to dismiss. On July 10, 2015, the District Court entered an order dismissing the lawsuit as time-barred under the applicable statute of limitations.

The amounts of the claims at issue in these cases (discussed above) reflect the purchase price or unpaid principal balances of the mortgage loans at issue at the time of purchase and do not give effect to pay downs, accrued interest or fees, or potential recoveries based upon the underlying collateral. All of the mortgage loans involved in these lawsuits are included in WMC's reported claims at June 30, 2015. See Note 2 to the consolidated financial statements for additional information.

[PAGE INTENTIONALLY LEFT BLANK]

FINANCIAL STATEMENTS AND NOTES

FINANCIAL STATEMENTS

STATEMENT OF EARNINGS (LOSS)
(UNAUDITED)

	Three months ended June 30 General Electric Company and consolidated affiliates	
(In millions; per-share amounts in dollars)	2015	2014
Revenues and other income		
Sales of goods	$18,545	$18,229
Sales of services	7,512	7,869
Other income	780	338
GECC earnings from continuing operations	-	-
GECC revenues from services (Note 12)	5,917	5,824
Total revenues and other income	32,754	32,260
Costs and expenses		
Cost of goods sold	14,302	14,655
Cost of services sold	5,721	5,351
Interest and other financial charges	1,286	1,299
Investment contracts, insurance losses and insurance annuity benefits	660	658
Provision for losses on financing receivables (Note 5)	783	948
Other costs and expenses	6,419	6,273
Total costs and expenses	29,171	29,184
Earnings (loss) from continuing operations before income taxes	3,583	3,076
Benefit (provision) for income taxes	(968)	(192)
Earnings (loss) from continuing operations	2,615	2,884
Earnings (loss) from discontinued operations, net of taxes (Note 2)	(3,750)	661
Net earnings (loss)	(1,135)	3,545
Less net earnings (loss) attributable to noncontrolling interests	225	-
Net earnings (loss) attributable to the Company	(1,360)	3,545
Preferred stock dividends declared	-	-
Net earnings (loss) attributable to GE common shareowners	$(1,360)	$3,545
Amounts attributable to GE common shareowners		
Earnings (loss) from continuing operations	$2,615	$2,884
Less net earnings (loss) attributable to noncontrolling interests	225	-
Earnings (loss) from continuing operations attributable to the Company	2,390	2,884
GECC preferred stock dividends declared	-	-
Earnings (loss) from continuing operations attributable to GE common shareowners	2,390	2,884
Earnings (loss) from discontinued operations, net of taxes	(3,750)	661
Net earnings (loss) attributable to GE common shareowners	$(1,360)	$3,545

Per-share amounts		
Earnings (loss) from continuing operations		
Diluted earnings (loss) per share	$0.24	$0.28
Basic earnings (loss) per share	$0.24	$0.29
Net earnings (loss)		
Diluted earnings (loss) per share	$(0.13)	$0.35
Basic earnings (loss) per share	$(0.13)	$0.35
Dividends declared per common share	$0.23	$0.22

See Note 3 for other-than-temporary impairment amounts.

See accompanying notes.

STATEMENT OF EARNINGS (LOSS) (CONTINUED)
(UNAUDITED)

	Three months ended June 30			
	GE(a)		Financial Services (GECC)	
(In millions; per-share amounts in dollars)	2015	2014	2015	2014
Revenues and other income				
Sales of goods	$18,548	$18,265	$22	$34
Sales of services	7,592	7,961	-	-
Other income	770	292	-	-
GECC earnings (loss) from continuing operations	379	1,163	-	-
GECC revenues from services (Note 12)	-	-	6,196	6,241
Total revenues and other income	27,289	27,681	6,218	6,275
Costs and expenses				
Cost of goods sold	14,307	14,693	22	31
Cost of services sold	5,801	5,443	-	-
Interest and other financial charges	414	401	996	1,024
Investment contracts, insurance losses and insurance annuity benefits	-	-	710	698
Provision for losses on financing receivables (Note 5)	-	-	783	948
Other costs and expenses	3,661	3,861	2,851	2,618
Total costs and expenses	24,183	24,398	5,362	5,319
Earnings (loss) from continuing operations before income taxes	3,106	3,283	856	956
Benefit (provision) for income taxes	(584)	(409)	(384)	217
Earnings (loss) from continuing operations	2,522	2,874	472	1,173
Earnings (loss) from discontinued operations, net of taxes (Note 2)	(3,750)	661	(3,747)	665
Net earnings (loss)	(1,228)	3,535	(3,275)	1,838
Less net earnings (loss) attributable to noncontrolling interests	132	(10)	93	10
Net earnings (loss) attributable to the Company	(1,360)	3,545	(3,368)	1,828
Preferred stock dividends declared	-	-	(161)	(161)
Net earnings (loss) attributable to GE common shareowners	$(1,360)	$3,545	$(3,529)	$1,667
Amounts attributable to GE common shareowners:				
Earnings (loss) from continuing operations	$2,522	$2,874	$472	$1,173
Less net earnings (loss) attributable to noncontrolling interests	132	(10)	93	10
Earnings (loss) from continuing operations attributable to the Company	2,390	2,884	379	1,163
GECC preferred stock dividends declared	-	-	(161)	(161)
Earnings (loss) from continuing operations attributable to GE common shareowners	2,390	2,884	218	1,002
Earnings (loss) from discontinued operations, net of taxes	(3,750)	661	(3,747)	665
Net earnings (loss) attributable to GE common shareowners	$(1,360)	$3,545	$(3,529)	$1,667

(a)

Represents the adding together of all affiliated companies except General Electric Capital Corporation (GECC or Financial Services), which is presented on a one-line basis. See Note 1.

In the consolidating data on this page, "GE" means the basis of consolidation as described in Note 1 to the consolidated financial statements; "GECC" means General Electric Capital Corporation and all of its affiliates and associated companies. Separate information is shown for "GE" and "GECC." Transactions between GE and GECC have been eliminated from the "General Electric Company and consolidated affiliates" columns on the prior page.

STATEMENT OF EARNINGS (LOSS)
(UNAUDITED)

	Six months ended June 30 General Electric Company and consolidated affiliates	
(In millions; per-share amounts in dollars)	2015	2014
Revenues and other income		
Sales of goods	$35,144	$35,171
Sales of services	14,596	14,778
Other income	922	534
GECC earnings from continuing operations	-	-
GECC revenues from services (Note 12)	10,389	12,005
Total revenues and other income	61,051	62,488
Costs and expenses		
Cost of goods sold	27,421	28,368
Cost of services sold	10,768	10,160
Interest and other financial charges	2,514	2,650
Investment contracts, insurance losses and insurance annuity benefits	1,276	1,278
Provision for losses on financing receivables (Note 5)	3,898	1,835
Other costs and expenses	12,827	12,426
Total costs and expenses	58,704	56,717
Earnings (loss) from continuing operations before income taxes	2,347	5,771
Benefit (provision) for income taxes	(7,101)	(633)
Earnings (loss) from continuing operations	(4,754)	5,138
Earnings (loss) from discontinued operations, net of taxes (Note 2)	(9,989)	1,359
Net earnings (loss)	(14,743)	6,497
Less net earnings (loss) attributable to noncontrolling interests	190	(47)
Net earnings (loss) attributable to the Company	(14,933)	6,544
Preferred stock dividends declared	-	-
Net earnings (loss) attributable to GE common shareowners	$(14,933)	$6,544
Amounts attributable to GE common shareowners		
Earnings (loss) from continuing operations	$(4,754)	$5,138
Less net earnings (loss) attributable to noncontrolling interests	190	(47)
Earnings (loss) from continuing operations attributable to the Company	(4,944)	5,185
GECC preferred stock dividends declared	-	-
Earnings (loss) from continuing operations attributable to GE common shareowners	(4,944)	5,185
Earnings (loss) from discontinued operations, net of taxes	(9,989)	1,359
Net earnings (loss) attributable to GE common shareowners	$(14,933)	$6,544
Per-share amounts		
Earnings (loss) from continuing operations		
Diluted earnings (loss) per share	$(0.49)	$0.51

Basic earnings (loss) per share	$(0.49)	$0.52
Net earnings (loss)		
Diluted earnings (loss) per share	$(1.48)	$0.65
Basic earnings (loss) per share	$(1.48)	$0.65
Dividends declared per common share	$0.46	$0.44

See Note 3 for other-than-temporary impairment amounts.

See accompanying notes.

STATEMENT OF EARNINGS (LOSS) (CONTINUED)
(UNAUDITED)

	Six months ended June 30			
	GE(a)		Financial Services (GECC)	
(In millions; per-share amounts in dollars)	2015	2014	2015	2014
Revenues and other income				
Sales of goods	$35,196	$35,253	$43	$61
Sales of services	14,784	14,984	-	-
Other income	822	453	-	-
GECC earnings (loss) from continuing operations	(8,128)	2,409	-	-
GECC revenues from services (Note 12)	-	-	11,098	12,778
Total revenues and other income	42,674	53,099	11,141	12,839
Costs and expenses				
Cost of goods sold	27,477	28,455	40	56
Cost of services sold	10,956	10,366	-	-
Interest and other financial charges	803	765	1,945	2,123
Investment contracts, insurance losses and insurance annuity benefits	-	-	1,354	1,341
Provision for losses on financing receivables (Note 5)	-	-	3,898	1,835
Other costs and expenses	7,486	7,669	5,637	5,148
Total costs and expenses	46,722	47,255	12,874	10,503
Earnings (loss) from continuing operations before income taxes	(4,048)	5,844	(1,733)	2,336
Benefit (provision) for income taxes	(890)	(727)	(6,211)	94
Earnings (loss) from continuing operations	(4,938)	5,117	(7,944)	2,430
Earnings (loss) from discontinued operations, net of taxes (Note 2)	(9,989)	1,359	(9,985)	1,364
Net earnings (loss)	(14,927)	6,476	(17,929)	3,794
Less net earnings (loss) attributable to noncontrolling interests	6	(68)	184	21
Net earnings (loss) attributable to the Company	(14,933)	6,544	(18,113)	3,773
Preferred stock dividends declared	-	-	(161)	(161)
Net earnings (loss) attributable to GE common shareowners	$(14,933)	$6,544	$(18,274)	$3,612
Amounts attributable to GE common shareowners:				
Earnings (loss) from continuing operations	$(4,938)	$5,117	$(7,944)	$2,430
Less net earnings (loss) attributable to noncontrolling interests	6	(68)	184	21
Earnings (loss) from continuing operations attributable to the Company	(4,944)	5,185	(8,128)	2,409
GECC preferred stock dividends declared	-	-	(161)	(161)
Earnings (loss) from continuing operations attributable to GE common shareowners	(4,944)	5,185	(8,289)	2,248
Earnings (loss) from discontinued operations, net of taxes	(9,989)	1,359	(9,985)	1,364
Net earnings (loss) attributable to GE common shareowners	$(14,933)	$6,544	$(18,274)	$3,612

(a) Represents the adding together of all affiliated companies except General Electric Capital Corporation (GECC or Financial Services), which is presented on a one-line basis. See Note 1.

In the consolidating data on this page, "GE" means the basis of consolidation as described in Note 1 to the consolidated financial statements; "GECC" means General Electric Capital Corporation and all of its affiliates and associated companies. Separate information is shown for "GE" and "GECC." Transactions between GE and GECC have been eliminated from the "General Electric Company and consolidated affiliates" columns on the prior page.

GENERAL ELECTRIC COMPANY AND CONSOLIDATED AFFILIATES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)
(UNAUDITED)

	Three months ended June 30		Six months ended June 30	
(In millions)	2015	2014	2015	2014
Net earnings (loss)	$(1,135)	$3,545	$(14,743)	$6,497
Less net earnings (loss) attributable to noncontrolling interests	225	-	190	(47)
Net earnings (loss) attributable to the Company	$(1,360)	$3,545	$(14,933)	$6,544
Other comprehensive income (loss)				
Investment securities	$(682)	$277	$(449)	$734
Currency translation adjustments	1,815	(108)	(3,521)	(59)
Cash flow hedges	86	13	40	81
Benefit plans	2,951	518	3,860	1,213
Other comprehensive income (loss)	4,170	700	(70)	1,969
Less other comprehensive income (loss) attributable to noncontrolling interests	12	9	(36)	7
Other comprehensive income (loss) attributable to the Company	$4,158	$691	$(34)	$1,962
Comprehensive income (loss)	$3,035	$4,245	$(14,813)	$8,466
Less comprehensive income (loss) attributable to noncontrolling interests	237	9	154	(40)
Comprehensive income (loss) attributable to the Company	$2,798	$4,236	$(14,967)	$8,506

Amounts presented net of taxes. See Note 11 for further information about other comprehensive income (loss) and noncontrolling interests.

See accompanying notes.

GENERAL ELECTRIC COMPANY AND CONSOLIDATED AFFILIATES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREOWNERS' EQUITY
(UNAUDITED)

	Six months ended June 30	
(In millions)	2015	2014
Shareowners' equity balance at January 1	$128,159	$130,566
Increases (decreases) from net earnings (loss) attributable to the Company	(14,933)	6,544
Dividends and other transactions with shareowners	(4,645)	(4,421)
Other comprehensive income (loss) attributable to the Company	(34)	1,962
Net sales (purchases) of shares for treasury	1,042	(673)
Changes in other capital	(86)	35
Ending balance at June 30	109,503	134,013
Noncontrolling interests	8,776	6,054
Total equity balance at June 30	$118,279	$140,067

See Note 11 for further information about changes in shareowners' equity.

See accompanying notes.

STATEMENT OF FINANCIAL POSITION

(In millions, except share amounts)	General Electric Company and consolidated affiliates June 30, 2015 (Unaudited)	December 31, 2014
Assets		
Cash and equivalents	$91,666	$84,927
Investment securities (Note 3)	39,438	38,400
Current receivables	21,760	23,237
Inventories (Note 4)	18,704	17,689
Financing receivables – net (Note 5 and 18)	70,827	110,255
Other GECC receivables	6,316	6,920
Property, plant and equipment – net (Note 6)	51,039	48,336
Investment in GECC	-	-
Goodwill (Note 7)	62,184	62,983
Other intangible assets – net (Note 7)	13,668	13,855
All other assets	45,511	47,905
Financing receivables held for sale (Note 2)	26,574	421
Assets of businesses held for sale (Note 2)	8,363	6,300
Assets of discontinued operations (Note 2)	154,876	186,934
Total assets(a)	$610,926	$648,162
Liabilities and equity		
Short-term borrowings (Note 8)	$67,822	$70,714
Accounts payable, principally trade accounts	12,017	12,572
Progress collections and price adjustments accrued	11,442	12,537
Dividends payable	2,322	2,317
Other GE current liabilities	12,502	12,682
Non-recourse borrowings of consolidated securitization entities (Note 8)	16,991	19,369
Bank deposits (Note 8)	45,799	43,841
Long-term borrowings (Note 8)	185,351	199,182
Investment contracts, insurance liabilities and insurance annuity benefits	26,835	27,578
All other liabilities	61,027	63,720
Deferred income taxes	67	(5,352)
Liabilities of businesses held for sale (Note 2)	1,491	3,375
Liabilities of discontinued operations (Note 2)	48,981	48,794
Total liabilities(a)	492,647	511,329
GECC preferred stock (50,000 shares outstanding at both June 30, 2015 and December 31, 2014)	-	-
Common stock (10,096,429,000 and 10,057,380,000 shares outstanding at both June 30, 2015 and December 31, 2014, respectively)	702	702
Accumulated other comprehensive income (loss) – net attributable to GE(b)		
Investment securities	564	1,013
Currency translation adjustments	(5,914)	(2,427)
Cash flow hedges	(140)	(180)
Benefit plans	(12,716)	(16,578)
Other capital	32,803	32,889

Retained earnings	135,755	155,333
Less common stock held in treasury	(41,551)	(42,593)
Total GE shareowners' equity	109,503	128,159
Noncontrolling interests(c) (Note 11)	8,776	8,674
Total equity	118,279	136,833
Total liabilities and equity	$610,926	$648,162

(a) Our consolidated assets at June 30, 2015 included total assets of $46,748 million of certain variable interest entities (VIEs) that can only be used to settle the liabilities of those VIEs. These assets included current receivables and net financing receivables of $28,245 million and investment securities of $3,186 million within continuing operations and assets of discontinued operations of $14,078 million. Our consolidated liabilities at June 30, 2015 included liabilities of certain VIEs for which the VIE creditors do not have recourse to GE. These liabilities included non-recourse borrowings of consolidated securitization entities (CSEs) of $16,991 million within continuing operations and non-recourse borrowings of CSEs within discontinued operations of $9,168 million. See Note 16.

(b) The sum of accumulated other comprehensive income (loss) (AOCI) attributable to the Company was $(18,206) million and $(18,172) million at June 30, 2015 and December 31, 2014, respectively.

(c) Included AOCI attributable to noncontrolling interests of $(230) million and $(194) million at June 30, 2015 and December 31, 2014, respectively.

See accompanying notes.

STATEMENT OF FINANCIAL POSITION (CONTINUED)

	GE(a)		Financial Services (GECC)	
(In millions, except share amounts)	June 30, 2015 (Unaudited)	December 31, 2014	June 30, 2015 (Unaudited)	December 31, 2014
Assets				
Cash and equivalents	$17,022	$15,916	$74,644	$69,011
Investment securities (Note 3)	86	84	39,355	38,320
Current receivables	11,387	11,513	-	-
Inventories (Note 4)	18,657	17,639	47	50
Financing receivables – net (Note 5 and 18)	-	-	81,083	122,457
Other GECC receivables	-	-	13,481	14,508
Property, plant and equipment – net (Note 6)	16,648	17,207	34,830	31,519
Investment in GECC	62,100	82,549	-	-
Goodwill (Note 7)	50,490	51,527	11,694	11,456
Other intangible assets – net (Note 7)	12,544	12,984	1,128	875
All other assets	26,164	24,680	18,863	23,198
Financing receivables held for sale (Note 2)	-	-	27,982	778
Assets of businesses held for sale (Note 2)	3,010	2,805	5,346	3,474
Assets of discontinued operations (Note 2)	9	10	154,867	186,924
Total assets	$218,117	$236,914	$463,320	$502,570
Liabilities and equity				
Short-term borrowings (Note 8)	$4,687	$3,872	$64,138	$67,705
Accounts payable, principally trade accounts	15,414	16,511	2,301	2,411
Progress collections and price adjustments accrued	11,442	12,550	-	-
Dividends payable	2,322	2,317	-	-
Other GE current liabilities	12,500	12,681	-	-
Non-recourse borrowings of consolidated securitization entities (Note 8)	-	-	16,991	19,369
Bank deposits (Note 8)	-	-	45,799	43,841
Long-term borrowings (Note 8)	15,930	12,468	169,461	186,759
Investment contracts, insurance liabilities and insurance annuity benefits	-	-	27,389	28,027
All other liabilities	50,263	54,662	11,309	9,549
Deferred income taxes	(6,519)	(8,772)	6,586	3,420
Liabilities of businesses held for sale (Note 2)	1,706	1,504	358	2,434
Liabilities of discontinued operations (Note 2)	125	137	48,856	48,657
Total liabilities	107,870	107,930	393,188	412,172
GECC preferred stock (50,000 shares outstanding at both June 30, 2015 and December 31, 2014)	-	-	-	-
Common stock (10,096,429,000 and 10,057,380,000 shares outstanding at both June 30, 2015 and December 31, 2014, respectively)	702	702	-	-
Accumulated other comprehensive income (loss) - net attributable to GE				
Investment securities	564	1,013	558	1,010
Currency translation adjustments	(5,914)	(2,427)	(2,146)	(838)
Cash flow hedges	(140)	(180)	(156)	(172)
Benefit plans	(12,716)	(16,578)	(574)	(577)
Other capital	32,803	32,889	33,014	32,999

Retained earnings	135,755	155,333	36,353	55,077
Less common stock held in treasury	(41,551)	(42,593)	-	-
Total GE shareowners' equity	109,503	128,159	67,049	87,499
Noncontrolling interests (Note 11)	744	825	3,083	2,899
Total equity	110,247	128,984	70,132	90,398
Total liabilities and equity	$218,117	$236,914	$463,320	$502,570

(a) Represents the adding together of all affiliated companies except General Electric Capital Corporation (GECC or Financial Services), which is presented on a one-line basis. See Note 1.

In the consolidating data on this page, "GE" means the basis of consolidation as described in Note 1 to the consolidated financial statements; "GECC" means General Electric Capital Corporation and all of its affiliates and associated companies. Separate information is shown for "GE" and "GECC." Transactions between GE and GECC have been eliminated from the "General Electric Company and consolidated affiliates" columns on the prior page.

STATEMENT OF CASH FLOWS
(UNAUDITED)

	Six months ended June 30 General Electric Company and consolidated affiliates	
(In millions)	2015	2014
Cash flows – operating activities		
Net earnings (loss)	$(14,743)	$6,497
Less net earnings (loss) attributable to noncontrolling interests	190	(47)
Net earnings (loss) attributable to the Company	(14,933)	6,544
(Earnings) loss from discontinued operations	9,989	(1,359)
Adjustments to reconcile net earnings (loss) attributable to the Company to cash provided from operating activities		
Depreciation and amortization of property, plant and equipment	2,325	2,395
(Earnings) loss from continuing operations retained by GECC	-	-
Deferred income taxes	2,073	(2,201)
Decrease (increase) in GE current receivables	1,603	24
Decrease (increase) in inventories	(1,149)	(2,328)
Increase (decrease) in accounts payable	830	1,467
Increase (decrease) in GE progress collections	(1,076)	(520)
Provision for losses on GECC financing receivables	3,898	1,835
All other operating activities	2,870	445
Cash from (used for) operating activities – continuing operations	6,430	6,302
Cash from (used for) operating activities – discontinued operations	5,959	3,908
Cash from (used for) operating activities	12,389	10,210
Cash flows – investing activities		
Additions to property, plant and equipment	(3,289)	(3,693)
Dispositions of property, plant and equipment	1,252	1,486
Net decrease (increase) in GECC financing receivables	1,775	261
Proceeds from sale of discontinued operations	15,580	232
Proceeds from principal business dispositions	964	549
Net cash from (payments for) principal businesses purchased	(1,723)	(2,066)
All other investing activities	5,225	4,748
Cash from (used for) investing activities – continuing operations	19,784	1,517
Cash from (used for) investing activities – discontinued operations	(3,238)	(1,635)
Cash from (used for) investing activities	16,546	(118)
Cash flows – financing activities		
Net increase (decrease) in borrowings (maturities of 90 days or less)	(1,995)	(3,921)
Net increase (decrease) in bank deposits	2,506	4,513
Newly issued debt (maturities longer than 90 days)	16,294	16,925
Repayments and other debt reductions (maturities longer than 90 days)	(29,540)	(24,540)

Net dispositions (purchases) of GE shares for treasury	499	(1,381)
Dividends paid to shareowners	(4,634)	(4,432)
All other financing activities	(155)	(78)
Cash from (used for) financing activities – continuing operations	(17,025)	(12,914)
Cash from (used for) financing activities – discontinued operations	(1,687)	548
Cash from (used for) financing activities	(18,712)	(12,366)
Effect of currency exchange rate changes on cash and equivalents	(2,887)	196
Increase (decrease) in cash and equivalents	7,336	(2,078)
Cash and equivalents at beginning of year	91,017	88,787
Cash and equivalents at June 30	98,353	86,709
Less cash and equivalents of discontinued operations at June 30	6,448	4,861
Cash and equivalents of continuing operations at June 30	$91,905	$81,848

See accompanying notes.

STATEMENT OF CASH FLOWS (CONTINUED)
(UNAUDITED)

	Six months ended June 30			
	GE(a)		Financial Services (GECC)	
(In millions)	2015	2014	2015	2014
Cash flows – operating activities				
Net earnings (loss)	$(14,927)	$6,476	$(17,929)	$3,794
Less net earnings (loss) attributable to noncontrolling interests	6	(68)	184	21
Net earnings (loss) attributable to the Company	(14,933)	6,544	(18,113)	3,773
(Earnings) loss from discontinued operations	9,989	(1,359)	9,985	(1,364)
Adjustments to reconcile net earnings (loss) attributable to the Company to cash provided from operating activities				
Depreciation and amortization of property, plant and equipment	1,157	1,291	1,178	1,104
(Earnings) loss from continuing operations retained by GECC(b)	8,578	(993)	-	-
Deferred income taxes	(102)	(547)	2,175	(1,654)
Decrease (increase) in GE current receivables	(44)	(310)	-	-
Decrease (increase) in inventories	(1,135)	(2,327)	3	14
Increase (decrease) in accounts payable	219	977	401	917
Increase (decrease) in GE progress collections	(1,089)	(533)	-	-
Provision for losses on GECC financing receivables	-	-	3,898	1,835
All other operating activities	1,310	628	1,848	(281)
Cash from (used for) operating activities – continuing operations	3,950	3,371	1,375	4,344
Cash from (used for) operating activities – discontinued operations	(10)	(1)	5,969	3,909
Cash from (used for) operating activities	3,940	3,370	7,344	8,253
Cash flows – investing activities				
Additions to property, plant and equipment	(1,889)	(2,022)	(1,746)	(1,837)
Dispositions of property, plant and equipment	376	234	1,060	1,274
Net decrease (increase) in GECC financing receivables	-	-	3,165	757
Proceeds from sale of discontinued operations	-	-	15,580	232
Proceeds from principal business dispositions	222	521	742	-
Net cash from (payments for) principal businesses purchased	(46)	(2,066)	(1,677)	-
All other investing activities	(783)	(239)	6,628	5,749
Cash from (used for) investing activities – continuing operations	(2,120)	(3,572)	23,752	6,175
Cash from (used for) investing activities – discontinued operations	10	1	(3,248)	(1,636)
Cash from (used for) investing activities	(2,110)	(3,571)	20,504	4,539
Cash flows – financing activities				
Net increase (decrease) in borrowings (maturities of 90 days or less)	248	(432)	(2,536)	(4,572)
Net increase (decrease) in bank deposits	-	-	2,506	4,513
Newly issued debt (maturities longer than 90 days)	3,654	3,043	12,640	13,882
Repayments and other debt reductions (maturities longer than 90 days)	(128)	(135)	(29,412)	(24,405)
Net dispositions (purchases) of GE shares for treasury	499	(1,381)	-	-
Dividends paid to shareowners	(4,634)	(4,432)	(611)	(1,577)
All other financing activities	190	93	(184)	(10)

Cash from (used for) financing activities – continuing operations	(171)	(3,244)	(17,597)	(12,169)
Cash from (used for) financing activities – discontinued operations	-	-	(1,687)	548
Cash from (used for) financing activities	(171)	(3,244)	(19,284)	(11,621)
Effect of currency exchange rate changes on cash and equivalents	(553)	(2)	(2,334)	198
Increase (decrease) in cash and equivalents	1,106	(3,447)	6,230	1,369
Cash and equivalents at beginning of year	15,916	13,682	75,101	75,105
Cash and equivalents at June 30	17,022	10,235	81,331	76,474
Less cash and equivalents of discontinued operations at June 30	-	-	6,448	4,861
Cash and equivalents of continuing operations at June 30	$17,022	$10,235	$74,883	$71,613

(a) Represents the adding together of all affiliated companies except General Electric Capital Corporation (GECC or Financial Services), which is presented on a one-line basis.

(b) Represents GECC earnings/loss from continuing operations attributable to the Company, net of GECC dividends paid to GE.

See accompanying notes. Separate information is shown for "GE" and "Financial Services (GECC)." Transactions between GE and GECC have been eliminated from the "Consolidated" columns and are discussed in Note 17.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying consolidated financial statements represent the consolidation of General Electric Company (the Company) and all companies that we directly or indirectly control, either through majority ownership or otherwise. See Note 1 to the consolidated financial statements of our Form 8-K filed on May 8, 2015, which discusses our consolidation and financial statement presentation. As used in this report on Form 10-Q (Report), "GE" represents the adding together of all affiliated companies except General Electric Capital Corporation (GECC or Financial Services), whose continuing operations are presented on a one-line basis; GECC consists of General Electric Capital Corporation and all of its affiliates; and "Consolidated" represents the adding together of GE and GECC with the effects of transactions between the two eliminated. Unless otherwise indicated, we refer to the caption revenues and other income simply as "revenues" throughout this Form 10-Q.

We have reclassified certain prior-period amounts to conform to the current-period presentation. Unless otherwise indicated, information in these notes to the consolidated financial statements relates to continuing operations.

THE GE CAPITAL EXIT PLAN

On April 10, 2015, the Company announced its plan (the GE Capital Exit Plan) to reduce the size of its financial services businesses through the sale of most of the assets of GECC over the following 24 months, and to focus on continued investment and growth in the Company's industrial businesses. Under the GE Capital Exit Plan, which was approved on April 2, 2015 and aspects of which were approved on March 31, 2015, the Company will retain certain GECC businesses, principally its vertical financing businesses—GE Capital Aviation Services (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 (together referred to as GE Capital Verticals or Verticals). The assets planned for disposition include Real Estate, most of Commercial Lending and Leasing (CLL) and all Consumer platforms (including all U.S. banking assets).

In the first and second quarters of 2015, GE recorded $16,118 million and $4,581 million, respectively, of after-tax charges related to the GE Capital Exit Plan. As a result of certain businesses meeting discontinued operations criteria, $6,691 million of first quarter after-tax charges and $4,405 million of second quarter after-tax charges (including $4,329 million related to CLL) were reported in discontinued operations.

As part of the GE Capital Exit Plan, 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 $207,118 million of GECC debt as of June 30, 2015. See Note 8. 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.

See Notes 2 and 7 to the consolidated financial statements for additional information.

INTERIM PERIOD PRESENTATION

The consolidated financial statements and notes thereto are unaudited. These statements include all adjustments (consisting of normal recurring accruals) that we considered necessary to present a fair statement of our results of operations, financial position and cash flows. The results reported in these consolidated financial statements should not be regarded as necessarily indicative of results that may be expected for the entire year. It is suggested that these consolidated financial statements be read in conjunction with the financial statements and notes thereto included in our 2014 consolidated financial statements. Effective for the first quarter of 2015, the Company is following a calendar quarter. Previously, we established interim quarterly closing dates using a fiscal calendar, which required our businesses to close their books on either a Saturday or Sunday, depending on the business.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In addition to the policies referenced in our 2014 Form 10-K Report and Form 8-K filed on May 8, 2015, we have supplemented the discussion of our significant accounting policies and critical accounting estimates to describe the estimates used to determine the fair value of businesses and assets held for sale as follows.

BUSINESSES AND ASSETS HELD FOR SALE

Businesses held for sale represent components that meet accounting requirements to be classified as held for sale and are presented as single asset and liability amounts in our financial statements with a valuation allowance, if necessary, to recognize the net carrying amount at the lower of cost or fair value, less cost to sell. Financing receivables that no longer qualify to be presented as held for investment must be classified as held for sale and recognized in our financial statements at the lower of cost or fair value, less cost to sell, with that amount representing a new cost basis at the date of transfer.

As previously discussed, as a result of the GE Capital Exit Plan, management has committed to reduce the size of its financial services businesses through the sale of most of the assets of GECC over the following 24 months. As a result, certain GECC businesses met the criteria to be classified as businesses held for sale and certain financing receivables were required to be recognized as held for sale at June 30, 2015.

The determination of fair value for businesses and portfolios of financing receivables involves significant judgments and assumptions. Development of estimates of fair values in this circumstance is complex and is dependent upon, among other factors, the nature of the potential sales transaction (for example, asset sale versus sale of legal entity), composition of assets and/or businesses in the disposal group, the comparability of the disposal group to market transactions, negotiations with third party purchasers etc. Such factors bear directly on the range of potential fair values and the selection of the best estimates. Key assumptions were developed based on market observable data and, in the absence of such data, internal information that is consistent with what market participants would use in a hypothetical transaction as of June 30, 2015.

We review all businesses and assets held for sale each reporting period to determine whether the existing carrying amounts are fully recoverable in comparison to estimated fair values.

NOTE 2. BUSINESSES HELD FOR SALE, FINANCING RECEIVABLES HELD FOR SALE AND DISCONTINUED OPERATIONS

NBCU

As previously disclosed, Comcast Corporation was obligated to share with us potential tax savings associated with its purchase of our interest in NBCU LLC. During the second quarter of 2015, we recognized $450 million of pre-tax income related to the settlement of this obligation.

ASSETS AND LIABILITIES OF BUSINESSES HELD FOR SALE

In the first quarter of 2015, we signed an agreement to sell our consumer finance business in Australia and New Zealand (ANZ Consumer Lending) for approximately 6,800 million Australian dollars and 1,400 million New Zealand dollars, respectively. On May 29, 2015, we sold a portion of the Australian business for gross proceeds of $671 million. As of June 30, 2015, ANZ Consumer Lending had assets and liabilities of $5,346 million and $358 million, respectively. The sale is targeted to close in 2015 with expected proceeds of approximately 6,000 million Australian dollars and 1,400 million New Zealand dollars. The transactions remain subject to customary closing conditions and regulatory approvals.

In the fourth quarter of 2014, we signed an agreement to sell our Signaling business at Transportation, with assets of $271 million and liabilities of $129 million to Alstom for approximately $800 million, and our consumer finance business Budapest Bank to Hungary's government. On June 29, 2015 we completed the sale of Budapest Bank for proceeds of $700 million.

In the third quarter of 2014, we signed an agreement to sell our Appliances business with assets of $2,739 million and liabilities of $1,577 million to Electrolux for approximately $3,300 million. On July 1, 2015, we were notified that the Department of Justice had initiated court proceedings seeking to enjoin the sale of Appliances to Electrolux. Electrolux and GE intend to defend the proposed transaction and GE's goal is to close the deal in 2015.

FINANCIAL INFORMATION FOR ASSETS AND LIABILITIES OF BUSINESSES HELD FOR SALE

(In millions)	June 30, 2015	December 31, 2014
Assets		
Cash and equivalents	$239	$ 676
Investment securities	-	448
Current receivables(a)	133	180
Inventories	720	588
Financing receivables – net	4,635	2,144
Property, plant, and equipment – net	1,100	1,015
Goodwill	799	539
Other intangible assets – net	251	170
Other	486	540
Assets of businesses held for sale	$8,363	$ 6,300
Liabilities		
Short-term borrowings	$30	441

Accounts payable(a)	703	510
Other current liabilities	349	348
Bank deposits	-	1,931
Deferred income taxes	(136)	(33)
Other	545	178
Liabilities of businesses held for sale	$1,491	$ 3,375

(a) Certain transactions at our Appliances and Signaling businesses are made on an arms-length basis with GECC, consisting primarily of GE customer receivables sold to GECC and GECC services for material procurement. These intercompany balances included within our held for sale businesses are reported in the GE and GECC columns of our financial statements, but are eliminated in deriving our consolidated financial statements.

GECC FINANCING RECEIVABLES HELD FOR SALE

In the first quarter of 2015, in connection with the GE Capital Exit Plan, we committed to sell all of our non-U.S. Consumer financing receivables. As a result, we transferred these financing receivables to held for sale and recognized a pre-tax provision for losses on financing receivables of $2,405 million ($2,197 million after tax) and wrote-off the associated balance of the allowance for loan losses of $2,859 million to reduce the carrying value of the financing receivables to the lower of cost or fair value, less cost to sell.

FINANCING RECEIVABLES HELD FOR SALE

(in millions)	June 30, 2015	December 31, 2014
Commercial		
CLL	$920	$ 357
Energy Financial Services	6	35
GE Capital Aviation Services (GECAS)	36	27
Other	110	-
Total Commercial	1,072	419
Consumer	26,910(a)	359
Total financing receivables held for sale	$27,982	$ 778

(a) Over 30 days past due and nonaccrual financing receivables related to consumer financing receivables held for sale were $1,124 million and $656 million, respectively.

DISCONTINUED OPERATIONS

Discontinued operations primarily comprised most of our CLL business, 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.

FINANCIAL INFORMATION FOR DISCONTINUED OPERATIONS

	Three months ended June 30		Six months ended June 30	
(In millions)	2015	2014	2015	2014
Operations				
Total revenues and other income (loss)	$3,378	$3,933	$6,780	$7,913
Earnings (loss) from discontinued operations before income taxes	$980	$647	$(857)	$1,395
Benefit (provision) for income taxes	(325)	18	450	(51)
Earnings (loss) from discontinued operations, net of taxes	$655	$665	$(407)	$1,344
Disposal				
Gain (loss) on disposal before income taxes	$(3,384)	$(4)	$(7,036)	$14
Benefit (provision) for income taxes	(1,021)	-	(2,546)	1
Gain (loss) on disposal, net of taxes	$(4,405)	$(4)	$(9,582)	$15
Earnings (loss) from discontinued operations, net of taxes(a)	$(3,750)	$661	$(9,989)	$1,359

(a) The sum of GE industrial earnings (loss) from discontinued operations, net of taxes, and GECC earnings (loss) from discontinued operations, net of taxes, is reported as GE industrial earnings (loss) from discontinued operations, net of taxes, on the Consolidated Statement of Earnings (Loss).

(In millions)	June 30, 2015	December 31, 2014
Assets		
Cash and equivalents	$6,448	$5,414
Investment securities	9,960	10,006
Financing receivables – net	28,570	114,561
Other receivables	1,718	2,192
Property, plant and equipment – net	17,902	18,051
Goodwill	12,982	13,569
Other Intangible assets - net	165	301
Deferred income taxes	2,148	2,920
Financing receivables held for sale	68,828	3,116
Valuation allowance on disposal group classified as discontinued operations	(7,259)	-
Other	13,414	16,804
Assets of discontinued operations	$154,876	$186,934
Liabilities		
Short-term borrowings	$994	$1,125
Accounts payable	3,969	3,770
Other GE current liabilities	27	28
Non-recourse borrowings	9,168	10,569
Bank deposits	19,572	18,998
Long-term borrowings	612	1,182
All other liabilities	10,290	7,720
Deferred income taxes	4,349	5,402
Liabilities of discontinued operations	$48,981	$48,794

COMMERCIAL LENDING AND LEASING

In connection with the GE Capital Exit Plan, we announced the planned disposition of most of our CLL business and classified this portion of the business as discontinued operations and recorded an estimated loss on disposal of $3,380 million ($4,329 million after tax) and $5,225 million ($7,152 million after tax) for the three and six months ended June 30, 2015, respectively. During the first half of 2015, we signed transactions to sell our U.S. Sponsor Finance business to Canada Pension Plan Investment Board, our Global Fleet Services business to Element Financial Corporation and Arval, and our European Sponsor Finance business to Sumitomo Mitsui Banking Corporation. We expect to complete the transactions in 2015 and 2016.

FINANCIAL INFORMATION FOR COMMERCIAL LENDING AND LEASING

	Three months ended June 30		Six months ended June 30	
(In millions)	2015	2014	2015	2014
Operations				
Total revenues and other income (loss)	$3,070	$3,308	$5,973	$6,628
Interest	$(641)	$(774)	$(1,343)	$(1,562)

Operating and administrative	(1,028)	(955)	(2,005)	(1,791)
Depreciation and amortization	(421)	(960)	(1,768)	(1,935)
Provision for losses on financing receivables	(13)	(110)	(1,757)	(207)
Earnings (loss) from discontinued operations, before income taxes	967	509	(900)	1,133
Benefit (provision) for income taxes	(309)	(73)	315	(218)
Earnings (loss) from discontinued operations, net of taxes	$658	$436	$(585)	$915
Disposal				
Gain (loss) on disposal before income taxes	$(3,380)	$-	$(5,225)	$-
Benefit (provision) for income taxes	(949)	-	(1,927)	-
Gain (loss) on disposal, net of taxes	$(4,329)	$-	$(7,152)	$-
Earnings (loss) from discontinued operations, net of taxes(a)	$(3,671)	$436	$(7,737)	$915

(a) Earnings (loss) from discontinued operations attributable to the Company, before income taxes, was $(2,415) million and $499 million for the three months ended June 30, 2015 and 2014, respectively, and $(6,128) million and $1,120 million for the six months ended June 30, 2015 and 2014, respectively.

REAL ESTATE

In connection with the GE Capital Exit Plan, we announced the planned disposition of our Real Estate business and classified the business as discontinued operations and recorded an estimated loss on disposal of $3 million ($75 million after tax) and $1,811 million ($2,430 million after tax) for the three and six months ended June 30, 2015, respectively. During the first half of 2015, we closed certain of our Real Estate business dispositions for proceeds of $17,517 million. We expect to dispose of substantially all of the remaining Real Estate business by the end of 2015.

FINANCIAL INFORMATION FOR REAL ESTATE

	Three months ended June 30		Six months ended June 30	
(In millions)	2015	2014	2015	2014
Operations				
Total revenues and other income (loss)	$313	$664	$812	$1,295
Interest	$(137)	$(274)	$(373)	$(547)
Operating and administrative	(142)	(201)	(307)	(351)
Depreciation and amortization	(2)	(85)	(62)	(170)
Provision for losses on financing receivables	-	90	4	104
Earnings (loss) from discontinued operations, before income taxes	32	194	74	331
Benefit (provision) for income taxes	13	93	43	196
Earnings (loss) from discontinued operations, net of taxes	$45	$287	$117	$527
Disposal				
Gain (loss) on disposal before income taxes	$(3)	$-	$(1,811)	$-
Benefit (provision) for income taxes	(72)	-	(619)	-
Gain (loss) on disposal, net of taxes	$(75)	$-	$(2,430)	$-
Earnings (loss) from discontinued operations, net of taxes(a)	$(30)	$287	$(2,313)	$527

(a) Earnings (loss) from discontinued operations attributable to the Company, before income taxes, was $29 million and $196 million for the three months ended June 30, 2015 and 2014, respectively, and $(1,738) million and $332 million for the six months ended June 30, 2015 and 2014, respectively.

WMC

During the fourth quarter of 2007, we completed the sale of WMC, our U.S. mortgage business. WMC substantially discontinued all new loan originations by the second quarter of 2007, and is not a loan servicer. In connection with the sale, WMC retained certain representation and warranty obligations related to loans sold to third parties prior to the disposal of the business and contractual obligations to repurchase previously sold loans that had an early payment default. All claims received by WMC for early payment default have either been resolved or are no longer being pursued.

The remaining active claims have been brought by securitization trustees or administrators seeking recovery from WMC for alleged breaches of representations and warranties on mortgage loans that serve as collateral for residential mortgage-backed securities (RMBS). At June 30, 2015, such claims consisted of $3,688 million of individual claims generally submitted before the filing of a lawsuit (compared to $3,694 million at December 31, 2014) and $8,639 million of additional claims asserted against WMC in litigation without making a prior claim (Litigation Claims) (compared to $9,225 million at December 31, 2014). The total amount of these claims, $12,327 million, reflects the purchase price or unpaid principal balances of the loans at the time of purchase and does not give effect to pay downs or potential recoveries based upon the underlying collateral, which in many cases are substantial, nor to accrued interest or fees. As of June 30, 2015, these amounts do not include approximately $428 million of repurchase claims relating to alleged breaches of representations that are not in litigation and that are beyond the applicable statute of limitations. WMC believes that repurchase claims brought based upon representations and warranties made more than six years before WMC was notified of the claim would be disallowed in legal proceedings under applicable law and the June 11, 2015 decision of the New York Court of Appeals in ACE Securities Corp. v. DB Structured Products, Inc., on the statute of limitations period governing such claims.

Reserves related to repurchase claims made against WMC were $825 million at June 30, 2015, reflecting a net increase to reserves in the three months ended June 30, 2015 of $11 million due to incremental provisions. The reserve estimate takes into account recent settlement activity and is based upon WMC's evaluation of the remaining exposures as a percentage of estimated lifetime mortgage loan losses within the pool of loans supporting each securitization for which timely claims have been asserted in litigation against WMC. Settlements in prior periods reduced WMC's exposure on claims asserted in certain securitizations and the claim amounts reported above give effect to these settlements.

ROLLFORWARD OF THE RESERVE

(In millions)	Three months ended June 30 2015	2014	Six months ended June 30 2015	2014
Balance, beginning of period	$814	$550	$809	$800
Provision	11	102	18	102
Claim resolutions / rescissions	-	(103)	(2)	(353)
Balance, end of period	$825	$549	$825	$549

Given the significant litigation activity and WMC's continuing efforts to resolve the lawsuits involving claims made against WMC, it is difficult to assess whether future losses will be consistent with WMC's past experience. Adverse changes to WMC's assumptions supporting the reserve may result in an increase to these reserves. WMC estimates a range of reasonably possible loss from $0 to approximately $500 million over its recorded reserve at June 30, 2015. This estimate involves significant judgment and may not reflect the range of uncertainties and unpredictable outcomes inherent in litigation, including WMC litigation discussed in Legal Proceedings and potential changes in WMC's legal strategy. This estimate excludes any possible loss associated with an adverse court decision on the applicable statute of limitations, as WMC is unable at this time to develop such a meaningful estimate.

At June 30, 2015, there were 15 lawsuits involving claims made against WMC arising from alleged breaches of representations and warranties on mortgage loans included in 14 securitizations. The adverse parties in these cases are securitization trustees or parties claiming to act on their behalf. Although the alleged claims for relief vary from case to case, the complaints and counterclaims in these actions generally assert claims for breach of contract, indemnification, and/or declaratory judgment, and seek specific performance (repurchase of defective mortgage loan) and/or money damages. Adverse court decisions, including in cases not involving WMC, could result in new claims and lawsuits on additional loans. However, WMC continues to believe that it has defenses to the claims asserted in litigation, including, for example, based on causation and materiality requirements and applicable statutes of limitations. It is not possible to predict the outcome or impact of these defenses and other factors, any of which could materially affect the amount of any loss ultimately incurred by WMC on these claims.

WMC has also received indemnification demands, nearly all of which are unspecified, from depositors/underwriters/sponsors of RMBS in connection with lawsuits brought by RMBS investors concerning alleged misrepresentations in the securitization offering documents to which WMC is not a party or, in two cases, involving mortgage loan repurchase claims made against RMBS sponsors. WMC believes that it has defenses to these demands.

To the extent WMC is required to repurchase loans, WMC's loss also would be affected by several factors, including pay downs, accrued interest and fees, and the value of the underlying collateral. The reserve and estimate of possible loss reflect judgment, based on currently available information, and a number of assumptions, including economic conditions, claim and settlement activity, pending and threatened litigation, court decisions regarding WMC's legal defenses, indemnification demands, government activity, and other variables in the mortgage industry. Actual losses arising from claims against WMC could exceed these amounts and additional claims and lawsuits could result if actual claim rates, governmental actions, litigation and indemnification activity, adverse court decisions, actual settlement rates or losses WMC incurs on repurchased loans differ from its assumptions.

FINANCIAL INFORMATION FOR WMC

	Three months	Six months ended June

(In millions)	ended June 30 2015	2014	30 2015	2014
Total revenues and other income (loss)	$(5)	$(39)	$(5)	$(35)
Earnings (loss) from discontinued operations, net of taxes	$(10)	$(30)	$(16)	$(32)

NOTE 3. INVESTMENT SECURITIES

Substantially all of our investment securities are classified as available-for-sale. These comprise mainly investment-grade debt securities supporting obligations to annuitants and policyholders in our run-off insurance operations and supporting obligations to holders of guaranteed investment contracts (GICs) in Trinity. We do not have any securities classified as held-to-maturity.

	June 30, 2015				December 31, 2014			
(In millions)	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
GE								
Debt								
U.S. corporate	$ 5	$ -	$ -	$ 5	$ 12	$ -	$ -	$ 12
Corporate – non-U.S.	1	-	-	1	1	-	-	1
Equity								
Available-for-sale	75	28	(23)	80	69	4	(2)	71
Trading	-	-	-	-	-	-	-	-
	81	28	(23)	86	82	4	(2)	84
GECC								
Debt								
U.S. corporate	19,970	3,013	(147)	22,836	19,810	3,962	(69)	23,703
State and municipal	4,015	398	(90)	4,323	4,173	555	(53)	4,675
Residential mortgage-backed(a)	1,077	88	(7)	1,158	1,544	153	(5)	1,692
Commercial mortgage-backed	2,344	133	(16)	2,461	2,903	170	(10)	3,063
Asset-backed	112	1	(15)	98	304	8	(17)	295
Corporate – non-U.S.	812	101	-	913	908	109	(1)	1,016
Government – non-U.S.	1,688	154	(4)	1,838	1,560	152	(2)	1,710
U.S. government and federal agency	5,504	80	-	5,584	1,957	56	-	2,013
Equity								
Available-for-sale	105	21	(1)	125	109	24	(1)	132
Trading	19	-	-	19	21	-	-	21
	35,646	3,989	(280)	39,355	33,289	5,189	(158)	38,320
Eliminations	(3)	-	-	(3)	(4)	-	-	(4)
Total	$ 35,724	$ 4,017	$ (303)	$ 39,438	$ 33,367	$ 5,193	$ (160)	$ 38,400

(a) Substantially collateralized by U.S. mortgages. At June 30, 2015, $1,132 million related to securities issued by government-sponsored entities and $26 million related to securities of private-label issuers. Securities issued by private-label issuers are collateralized primarily by pools of individual direct mortgage loans of financial institutions.

The fair value of investment securities increased to $39,438 million at June 30, 2015, from $38,400 million at December 31, 2014, primarily due to net purchases of U.S. government and federal agency securities primarily at

Synchrony Financial and Trinity, partially offset by a decline in unrealized gains resulting from higher interest rates.

ESTIMATED FAIR VALUE AND GROSS UNREALIZED LOSSES OF AVAILABLE-FOR-SALE INVESTMENT SECURITIES

	In loss position for Less than 12 months		12 months or more		
(In millions)	Estimated fair value(a)	Gross unrealized losses(a)(b)	Estimated fair value	Gross unrealized losses(b)	
June 30, 2015					
Debt					
U.S. corporate	$2,267	$ (113)	$246	$ (34)	
State and municipal	735	(32)	162	(58)	
Residential mortgage-backed	197	(3)	79	(4)	
Commercial mortgage-backed	434	(11)	26	(5)	
Asset-backed	9	-	43	(15)	
Corporate – non-U.S.	36	-	3	-	
Government – non-U.S.	932	(4)	-	-	
U.S. government and federal agency	278	-	1	-	
Equity	41	(24)	-	-	
Total	$4,929	$ (187)	$560	$ (116)	(c)
December 31, 2014					
Debt					
U.S. corporate	$554	$ (16)	$836	$ (53)	
State and municipal	67	(1)	308	(52)	
Residential mortgage-backed	30	-	146	(5)	
Commercial mortgage-backed	165	(1)	204	(9)	
Asset-backed	9	-	42	(17)	
Corporate – non-U.S.	42	(1)	3	-	
Government – non-U.S.	677	(2)	14	-	
U.S. government and federal agency	705	-	1	-	
Equity	10	(3)	-	-	
Total	$2,259	$ (24)	$1,554	$ (136)	

(a) Includes the estimated fair value of and gross unrealized losses on equity securities held by GE. At June 30, 2015, the estimated fair value of and gross unrealized losses on equity securities were $29 million and $(23) million, respectively. At December 31, 2014, the estimated fair value of and gross unrealized losses on equity securities were $4 million and $(2) million, respectively.

(b) Included gross unrealized losses related to securities that had other-than-temporary impairments previously recognized of $19 million at June 30, 2015.

(c) Includes debt securities held to support obligations to holders of GICs substantially all of which are considered to be investment-grade by the major rating agencies at June 30, 2015.

We regularly review investment securities for other-than-temporary impairment (OTTI) using both qualitative and quantitative criteria. For debt securities, our qualitative review considers our ability and intent to hold the security and the financial condition of and near-term prospects for the issuer, including whether the issuer is in compliance with the terms and covenants of the security. Our quantitative review considers whether there has been an adverse change in expected future cash flows. Unrealized losses are not indicative of the amount of credit loss that would be recognized and at June 30, 2015 are primarily due to increases in market yields subsequent to our purchase of the securities. We presently do not intend to sell the vast majority of our debt securities that are in an unrealized loss position and believe that it is not more likely than not that we will be required to sell the vast majority of these securities before anticipated recovery of our amortized cost. The methodologies and significant inputs used to measure the amount of credit loss for our investment securities during 2015 have not changed. For equity securities, we consider the duration and the severity of the unrealized loss. We believe that the unrealized loss associated with our equity securities will be recovered within the foreseeable future.

Our corporate debt portfolio comprises securities issued by public and private corporations in various industries, primarily in the U.S. Substantially all of our corporate debt securities are rated investment grade by the major rating agencies.

Our RMBS portfolio is collateralized primarily by pools of individual, direct mortgage loans, of which substantially all are in a senior position in the capital structure of the deals, not other structured products such as collateralized debt obligations. Of the total RMBS held at June 30, 2015, $1,132 million and $26 million related to agency and non-agency securities, respectively. Additionally, $63 million was related to residential subprime credit securities, primarily supporting obligations to annuitants and policyholders in our run-off insurance operations. Substantially all of the subprime exposure is related to securities backed by mortgage loans originated in 2005 and prior and are investment grade.

Our commercial mortgage-backed securities (CMBS) portfolio is collateralized by both diversified pools of mortgages that were originated for securitization (conduit CMBS) and pools of large loans backed by high-quality properties (large loan CMBS), about half of which were originated in 2008 and prior. The vast majority of the securities in our CMBS portfolio have investment-grade credit ratings.

PRE-TAX, OTHER-THAN-TEMPORARY IMPAIRMENTS
ON INVESTMENT SECURITIES

(In millions)	Three months ended June 30 2015	2014	Six months ended June 30 2015	2014
Total pre-tax, OTTI recognized	$ 29	$ 7	$ 32	$ 16
Pre-tax, OTTI recognized in AOCI	-	-	-	(4)
Pre-tax, OTTI recognized in earnings(a)	$ 29	$ 7	$ 32	$ 12

(a) Included pre-tax, other-than-temporary impairments recorded in earnings related to equity securities of an insignificant amount and $2 million in the three months ended June 30, 2015 and 2014, respectively and an insignificant amount and $2 million in the six months ended June 30, 2015 and 2014, respectively.

CHANGES IN CUMULATIVE CREDIT LOSS IMPAIRMENTS RECOGNIZED ON DEBT SECURITIES STILL HELD

(In millions)	Three months ended June 30 2015	2014	Six months ended June 30 2015	2014
Cumulative credit loss impairments recognized, beginning of period	$ 174	$ 423	$ 176	$ 474
Credit loss impairments recognized on securities not previously impaired	14	-	14	-
Incremental credit loss impairments recognized on securities previously impaired	-	1	-	2
Less credit loss impairments previously recognized on securities sold during the period or that we intend to sell	-	1	2	53
Cumulative credit loss impairments recognized, end of period	$ 188	$ 423	$ 188	$ 423

CONTRACTUAL MATURITIES OF INVESTMENT IN AVAILABLE-FOR-SALE DEBT SECURITIES (EXCLUDING MORTGAGE-BACKED AND ASSET-BACKED SECURITIES)

(In millions)	Amortized cost	Estimated fair value
Due		
Within one year	$ 4,912	$ 5,577
After one year through five years	4,134	4,355
After five years through ten years	4,726	5,069
After ten years	18,221	20,499

We expect actual maturities to differ from contractual maturities because borrowers have the right to call or prepay certain obligations.

GROSS REALIZED GAINS AND LOSSES ON AVAILABLE-FOR-SALE INVESTMENT SECURITIES

	Three months ended June 30		Six months ended June 30	
(In millions)	2015	2014	2015	2014
GE				
Gains	$1	$2	$1	$2
Losses, including impairments	(14)	-	(14)	-
Net	(13)	2	(13)	2
GECC				
Gains	6	28	101	36
Losses, including impairments	(21)	(7)	(35)	(13)
Net	(15)	21	66	23
Total	$(28)	$23	$53	$25

Although we generally do not have the intent to sell any specific securities at the end of the period, in the ordinary course of managing our investment securities portfolio, we may sell securities prior to their maturities for a variety of reasons, including diversification, credit quality, yield and liquidity requirements and the funding of claims and obligations to policyholders. In some of our bank subsidiaries, we maintain a certain level of purchases and sales volume principally of non-U.S. government debt securities. In these situations, fair value approximates carrying value for these securities.

Proceeds from investment securities sales and early redemptions by issuers totaled $728 million and $738 million in the three months ended June 30, 2015 and 2014, respectively, principally from sales of short-term government securities in our bank subsidiaries and sales of U.S. Corporate and CMBS securities in our Insurance business.

Proceeds from investment securities sales and early redemptions by issuers totaled $3,300 million and $1,376 million in the six months ended June 30, 2015 and 2014, respectively, from sales of short-term government securities in our bank subsidiaries and sales of U.S. Corporate and CMBS securities in our Insurance business. In addition, proceeds from investment securities sales in the six months ended June 30, 2015 included $1,634 million principally from sales of CMBS, RMBS and state and municipal securities at Trinity.

We recognized pre-tax gains (losses) on trading securities of $2 million and $1 million in the three months ended June 30, 2015 and 2014, respectively and $(2) million and $(3) million in the six months ended June 30, 2015 and 2014, respectively.

NOTE 4. INVENTORIES

(in millions)	June 30, 2015	December 31, 2014
GE		
Raw materials and work in process	$10,488	$ 9,820
Finished goods	7,557	7,126
Unbilled shipments	617	755
	18,662	17,701
Less revaluation to LIFO	(5)	(62)
Total GE	18,657	17,639
GECC		
Finished goods	47	50
Total consolidated	$18,704	$ 17,689

NOTE 5. GECC FINANCING RECEIVABLES AND ALLOWANCE FOR LOSSES

The implementation of the GE Capital Exit Plan has caused significant reductions in our Consumer portfolio, as all of our non-U.S. consumer financing receivables have been reclassified to either financing receivables held for sale or assets of businesses held for sale. The transfer of financing receivables to financing receivables held for sale and assets of businesses held for sale totaled $28,170 million and $5,508 million in the six months ended June 30, 2015, respectively. In addition, our Real Estate business and most of our CLL business have been classified as discontinued operations.

FINANCING RECEIVABLES, NET

(in millions)	June 30, 2015	December 31, 2014
Loans, net of deferred income	$79,169	$120,007
Investment in financing leases, net of deferred income	5,307	6,554
	84,476	126,561
Allowance for losses	(3,393)	(4,104)
Financing receivables – net		