

# United States Securities and Exchange Commission

WASHINGTON, D.C. 20549

## FORM 10-K

☒ Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the fiscal year ended December 31, 2020  
Commission file number 001-00035



### GENERAL ELECTRIC COMPANY

(Exact name of registrant as specified in its charter)

**New York**

(State or other jurisdiction of incorporation or organization)

**14-0689340**

(I.R.S. Employer Identification No.)

**5 Necco Street, Boston MA**

(Address of principal executive offices)

**02210**

(Zip Code)

(Registrant's telephone number, including area code) **(617) 443-3000**

#### Securities Registered Pursuant to Section 12(b) of the Act:

| Title of each class                           | Trading Symbol(s) | Name of each exchange on which registered |
|---|-------------------|---|
| Common stock, par value \$0.06 per share      | GE                | New York Stock Exchange                   |
| 0.375% Notes due 2022                         | GE 22A            | New York Stock Exchange                   |
| 1.250% Notes due 2023                         | GE 23E            | New York Stock Exchange                   |
| 0.875% Notes due 2025                         | GE 25             | New York Stock Exchange                   |
| 1.875% Notes due 2027                         | GE 27E            | New York Stock Exchange                   |
| 1.500% Notes due 2029                         | GE 29             | New York Stock Exchange                   |
| 7 1/2% Guaranteed Subordinated Notes due 2035 | GE /35            | New York Stock Exchange                   |
| 2.125% Notes due 2037                         | GE 37             | New York Stock Exchange                   |

#### Securities Registered Pursuant to Section 12(g) of the Act:

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large accelerated filer



Accelerated filer



Non-accelerated filer



Smaller reporting company



Emerging growth company



If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

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

The aggregate market value of the outstanding common equity of the registrant not held by affiliates as of the last business day of the registrant's most recently completed second fiscal quarter was at least \$58.9 billion. There were 8,767,942,000 shares of common stock with a par value of \$0.06 outstanding at January 31, 2021.

#### DOCUMENTS INCORPORATED BY REFERENCE

The definitive proxy statement relating to the registrant's Annual Meeting of Shareholders, to be held May 4, 2021, is incorporated by reference into Part III to the extent described therein.

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**FORWARD-LOOKING STATEMENTS.** Our public communications and SEC filings may contain statements related to future, not past, events. These 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," "estimate," "forecast," "target," "preliminary," or "range." Forward-looking statements by their nature address matters that are, to different degrees, uncertain, such as statements about the impacts of the COVID-19 pandemic on our business operations, financial results and financial position and on the world economy; our expected financial performance, including cash flows, revenues, organic growth, margins, earnings and earnings per share; macroeconomic and market conditions and volatility; planned and potential business or asset dispositions; our de-leveraging plans, including leverage ratios and targets, the timing and nature of actions to reduce indebtedness and our credit ratings and outlooks; GE's and GE Capital's funding and liquidity; our businesses' cost structures and plans to reduce costs; restructuring, goodwill impairment or other financial charges; or tax rates.

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

- the continuing severity, magnitude and duration of the COVID-19 pandemic, including impacts of the pandemic, of businesses' and governments' responses to the pandemic and of individual factors such as aviation passenger confidence on our operations and personnel, and on commercial activity and demand across our and our customers' businesses, and on global supply chains;
- the extent to which the COVID-19 pandemic and related impacts will continue to adversely impact our business operations, financial performance, results of operations, financial position, the prices of our securities and the achievement of our strategic objectives;
- changes in macroeconomic and market conditions and market volatility (including developments and volatility arising from the COVID-19 pandemic), including interest rates, the value of securities and other financial assets (including our equity ownership position in Baker Hughes), oil, natural gas and other commodity prices and exchange rates, and the impact of such changes and volatility on our financial position and businesses;
- our de-leveraging and capital allocation plans, including with respect to actions to reduce our indebtedness, the timing and amount of GE dividends, organic investments, and other priorities;
- further downgrades of our current short- and long-term credit ratings or ratings outlooks, or changes in rating application or methodology, and the related impact on our liquidity, funding profile, costs and competitive position;
- GE's liquidity and the amount and timing of our GE Industrial cash flows and earnings, which may be impacted by customer, supplier, competitive, contractual and other dynamics and conditions;
- GE Capital's capital and liquidity needs, including in connection with GE Capital's run-off insurance operations and discontinued operations, the amount and timing of required capital contributions to the insurance operations and any strategic actions that we may pursue; the impact of conditions in the financial and credit markets on GE Capital's ability to sell financial assets; the availability and cost of funding; and GE Capital's exposure to particular counterparties and markets, including through GECAS to the aviation sector and adverse impacts related to COVID-19;
- our success in executing and completing asset dispositions or other transactions, including our plan to exit our equity ownership position in Baker Hughes, the timing of closing for such transactions and the expected proceeds and benefits to GE;
- global economic trends, competition and geopolitical risks, including changes in the rates of investment or economic growth in key markets we serve, or an escalation of sanctions, tariffs or other trade tensions between the U.S. and China or other countries, and related impacts on our businesses' global supply chains and strategies;
- market developments or customer actions that may affect levels of demand and the financial performance of the major industries and customers we serve, such as secular, cyclical and competitive pressures in our Power business, pricing and other pressures in the renewable energy market, levels of demand for air travel and other dynamics related to the COVID-19 pandemic, conditions in key geographic markets and other shifts in the competitive landscape for our products and services;
- operational execution by our businesses, including the operations and execution of our Power and Renewable Energy businesses, and the performance of our Aviation business;
- changes in law, regulation or policy that may affect our businesses, such as trade policy and tariffs, regulation related to climate change, and the effects of tax law changes;
- our decisions about investments in new products, services and platforms, and our ability to launch new products in a cost-effective manner;
- our ability to increase margins through implementation of operational changes, restructuring and other cost reduction measures;
- the impact of regulation and regulatory, investigative and legal proceedings and legal compliance risks, including the impact of Alstom and other investigative and legal proceedings;
- the impact of actual or potential failures of our products or third-party products with which our products are integrated, and related reputational effects;
- the impact of potential information technology, cybersecurity or data security breaches at GE or third parties; and
- the other factors that are described in "Risk Factors" in this form 10-K report.

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.

**ABOUT GENERAL ELECTRIC.** General Electric Company (General Electric, GE or the Company) is a high-tech industrial company that operates worldwide through its four industrial segments, Power, Renewable Energy, Aviation and Healthcare, and its financial services segment, Capital. See the Segment Operations section within Management's Discussion and Analysis of Financial Condition (MD&A) for segment business descriptions and product and service offerings. See the Consolidated Results section within MD&A and Results of Operations and Note 2 to the consolidated financial statements for information regarding our recent business portfolio actions. Results of segments reclassified to discontinued operations have been recast for all periods presented.

We serve customers in over 170 countries. Manufacturing and service operations are carried out at 82 manufacturing plants located in 28 states in the United States and Puerto Rico and at 149 manufacturing plants located in 34 other countries.

In all of our global business activities, we encounter aggressive and able competition. In many instances, the competitive climate is characterized by changing technology that requires continuing research and development. With respect to manufacturing operations, we believe that, in general, we are one of the leading firms in most of the major industries in which we participate. The businesses in which GE Capital engages are subject to competition from various types of financial institutions.

As a diverse global company, we are affected by world economies, instability in certain regions, commodity prices, foreign currency volatility and policies regarding trade and imports. See the Segment Operations section within MD&A for further information. Other factors impacting our business include:

- product development cycles for many of our products are long and product quality and efficiency are critical to success,
- research and development expenditures are important to our business,
- many of our products are subject to a number of regulatory standards and
- changing end markets, including shifts in energy sources and demand and the impact of technology changes.

We own, or hold licenses to use, numerous patents. New patents are continuously being obtained through our research and development activities as existing patents expire. Patented inventions are used both within the Company and are licensed to others. GE is a trademark and service mark of General Electric Company.

Because of the diversity of our products and services, as well as the wide geographic dispersion of our production facilities, we use numerous sources for the wide variety of raw materials needed for our operations. We have not been adversely affected by our inability to obtain raw materials.

The strength and talent of our workforce are critical to the success of our businesses, and we continually strive to attract, develop and retain personnel commensurate with the needs of our businesses in their operating environments. The Company's human capital management priorities are designed to support the execution of our business strategy and improve organizational effectiveness. We monitor various factors across our priorities, including as a part of our business operating reviews during the year. The priorities focus on:

- Protecting the health and safety of our workforce: GE is committed to establishing and maintaining effective health and safety standards and protocols across our businesses, ensuring continuous process improvement and providing ongoing education.
- Sustaining a Company culture based in leadership behaviors of humility, transparency and focus with a commitment to unyielding integrity: GE's organizational culture supports talent attraction, engagement and retention and ensures our ways of working are strongly connected to our goals.
- Developing and managing our talent to best support our organizational goals: GE's approach to talent management aims to ensure strong individual and company performance; our development offerings are designed to support these goals.
- Promoting inclusion and diversity across the enterprise: GE is committed to fostering an inclusive culture, where everyone feels empowered to do their best work.

At year-end 2020, General Electric Company and consolidated affiliates employed approximately 174,000 people, of whom approximately 56,000 were employed in the United States. Our Power, Renewable Energy, Aviation, Healthcare, and Capital segments employed approximately 34,000, 40,000, 40,000, 47,000 and 2,000 people, respectively. In addition, Corporate employed approximately 10,000 employees. Compared to the year-end 2019 figure of 205,000, the number of those employed at year-end 2020 decreased primarily as a result of restructuring, including actions at GE businesses to manage risk and proactively mitigate the financial impact from COVID-19 and efforts to reduce Corporate costs, and business exits.

In the United States, GE has approximately 5,990 union-represented manufacturing and service employees, the majority of whom are covered by four-year collective bargaining agreements ratified in August 2019. GE's relationship with employee-representative organizations outside the U.S. takes many forms, including in Europe where GE engages employees' representatives' bodies such as works councils and trade unions in accordance with local law.

General Electric's address is 1 River Road, Schenectady, NY 12345-6999; we also maintain executive offices at 5 Necco Street, Boston, MA 02210. GE's Internet address at [www.ge.com](http://www.ge.com), Investor Relations website at [www.ge.com/investor-relations](http://www.ge.com/investor-relations) and our corporate blog at [www.gereports.com](http://www.gereports.com), as well as GE's Facebook page, Twitter accounts and other social media, 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. Additional information on non-financial matters, including environmental and social matters, our integrity policies and our Diversity Annual Report, is available at [www.ge.com/sustainability](http://www.ge.com/sustainability) and [www.ge.com/about-us/diversity](http://www.ge.com/about-us/diversity). Website references in this report are provided as a convenience and do not constitute, and should not be viewed as, incorporation by reference of the information contained on, or available through, the websites. Therefore, such information should not be considered part of this report.

Our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports are available, without charge, on our website, [www.ge.com/investor-relations/events-reports](http://www.ge.com/investor-relations/events-reports), as soon as reasonably practicable after they are filed electronically with the U.S. Securities and Exchange Commission (SEC). Copies are also available, without charge, from GE Corporate Investor Communications. Reports filed with the SEC may be viewed at [www.sec.gov](http://www.sec.gov).

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

**(MD&A).** The consolidated financial statements of General Electric Company combine the industrial manufacturing and services businesses of GE Industrial with the financial services businesses of GE Capital and are prepared in conformity with U.S. generally accepted accounting principles (GAAP). Unless otherwise noted, tables are presented in U.S. dollars in millions. Certain columns and rows within tables may not add due to the use of rounded numbers. Percentages presented in this report are calculated from the underlying numbers in millions.

Discussions throughout this MD&A are based on continuing operations unless otherwise noted. Results for the years ended December 31, 2020 versus 2019 are discussed within this report. Refer to our Annual Report on Form 10-K for the year ended December 31, 2019 for discussions of results for the years ended December 31, 2019 versus 2018. The MD&A should be read in conjunction with the Financial Statements and Notes to the consolidated financial statements. For purposes of the financial statement display of sales and costs of sales in our consolidated Statement of Earnings (Loss), "goods" is required by SEC regulations to include all sales of tangible products, and "services" must include all other sales, including other services activities. In our MD&A section of this report, we refer to sales under product services agreements and sales of both goods (such as spare parts and equipment upgrades) and related services (such as monitoring, maintenance and repairs) as sales of "services," which is an important part of our operations.

Effective December 31, 2020, in order to enhance our financial statement presentation, we voluntarily made the following reporting changes for all periods presented:

- changed our presentation of GE Industrial restructuring program costs. Previously these costs were recorded within Corporate Items and Eliminations. Now these costs are recorded within segment profit, except for significant, higher-cost programs that continue to be recorded within Corporate Items and Eliminations. This change better aligns restructuring expense with cash spend at the segments, driving accountability in both managing costs and benefits;
- changed the presentation of our Statement of Financial Position to reflect the classification of assets and liabilities into current and non-current and revised the definition of operating working capital in our Statement of Cash Flows, to drive increased transparency to operational drivers for near- and long-term cash needs and enhanced linkage to free cash flows metrics;
- began presenting research and development (R&D) expenses separately as part of costs and expenses in our consolidated Statement of Earnings (Loss) to provide increased transparency to R&D spend and trends as part of GE's total investment in innovation. These costs were previously reported in costs of goods and services sold; and
- ceased reporting GE Capital as an equity method investment within the GE Industrial column. This change simplified reporting for GE Industrial and has no impact on the GE Capital or Consolidated columns. Consistent with our historical practice, all commercial transactions between GE Industrial and GE Capital continue to be reported on arms-length terms and are eliminated upon consolidation.

We believe 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 these terms to mean the following:

- Consolidated** - the adding together of GE Industrial and GE Capital, giving effect to the elimination of transactions between the two. We present consolidated results in the left-side column of our consolidated Statements of Earnings (Loss), Financial Position and Cash Flows.
- GE Industrial** - the adding together of all industrial affiliates, giving effect to the elimination of transactions among such affiliates. Any intercompany profits resulting from transactions between GE Industrial and GE Capital are eliminated at the GE Industrial level. We present the results of GE Industrial in the center column of our consolidated Statements of Earnings (Loss), Financial Position and Cash Flows.
- GE Capital** - the adding together of all affiliates of GE Capital giving effect to the elimination of transactions among such affiliates. We present the results of GE Capital in the right-side column of our consolidated Statements of Earnings (Loss), Financial Position and Cash Flows.

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 GAAP. Certain of these data are considered "non-GAAP financial measures" under SEC rules. See the Non-GAAP Financial Measures section for the reasons we use these non-GAAP financial measures and the reconciliations to their most directly comparable GAAP financial measures.

## CONSOLIDATED RESULTS

**2020 SIGNIFICANT DEVELOPMENTS. Coronavirus Disease 2019 (COVID-19) Pandemic.** The COVID-19 pandemic has impacted global economies, resulting in workforce and travel restrictions, supply chain and production disruptions and reduced demand and spending across many sectors. Since the latter part of the first quarter of 2020, these factors have had a material adverse impact on our operations and financial performance, as well as on the operations and financial performance of many of the customers and suppliers in industries that we serve. This section provides a brief overview of how we have been responding to current and potential impacts related to COVID-19 on GE's operations and financial condition and results, with additional details provided throughout the MD&A and other relevant sections of this report.

During 2020, we adopted operational and governance rhythms across the Company, and with our Board of Directors, to coordinate and oversee actions related to the COVID-19 pandemic, including an internal task force to protect the health and safety of our employees globally and maintain business continuity; the assessment of financial and operating impacts, financial planning and mitigating cost, cash, and other actions in response; funding and liquidity management and related treasury actions; enterprise risk management and other functional activities across our global commercial, supply chain, human resources, controllership, government affairs, and other organizations. In particular, we took a series of actions to enhance and extend our liquidity at both GE and GE Capital (as described under "Liability Management and Deleveraging Actions" below), and we continue to evaluate market conditions as they evolve and take precautionary measures to strengthen our financial position. We ended the year with \$36.6 billion of consolidated cash, cash equivalents and restricted cash, in addition to our available credit lines of \$20.2 billion. See the Capital Resources and Liquidity section for further information.

While factors related directly and indirectly to the COVID-19 pandemic have been impacting operations and financial performance at varying levels across all our businesses, the most significant impact to date has been at our Aviation segment and our GE Capital Aviation Services (GECAS) aircraft leasing business within our Capital segment. The pandemic has had and continues to have a material adverse effect on the global airline industry, resulting in reduced flight schedules worldwide, an increased number of idle aircraft, lower utilization, workforce reductions and declining financial performance within the airline industry. This has decreased demand for higher margin service revenues within our Aviation segment directly impacting our profitability and cash flows during 2020. Our Healthcare segment experienced increased demand for certain types of products and services, including ventilators, monitoring solutions, x-ray, anesthesia and point-of-care ultrasound product lines, partially offset by decreased demand in other parts of the business as patients have postponed certain procedures and hospitals have deferred spending. Our other businesses were also adversely impacted by market developments, including delays or cancellations of new projects, new orders and related down payments. In addition, workplace, travel and supply chain disruptions have caused delays of deliveries and the achievement of other billing milestones directly impacting our profitability and cash flows for the year ended December 31, 2020. We anticipate many of these impacts related to demand, profitability and cash flows will continue in future periods depending on the severity and duration of the pandemic. For additional details about impacts related to Aviation and GECAS, Healthcare and our other businesses, refer to the respective segment sections within MD&A.

Each of GE's businesses and Corporate are taking cost and cash actions to manage risk and proactively mitigate the financial impact from COVID-19, as supply and demand dynamics continue to shift. In 2020, we executed more than \$2 billion in operational cost reduction and more than \$3 billion in cash preservation actions across the company, including more than \$1 billion in operational cost reduction and more than \$2 billion in cash preservation actions at Aviation, to right-size its cost structure and preserve its ability to serve customers.

The ultimate impact of the COVID-19 pandemic on our operations and financial performance, and on those of customers and suppliers in industries that we serve, depends on many factors that are not within our control, including the severity and duration of the pandemic; governmental, business and individuals' actions in response to the pandemic; and the development, availability and public acceptance of effective treatments or vaccines. See the Risk Factors section for further information about related risks and uncertainties.

**BioPharma.** On March 31, 2020, we completed the sale of our BioPharma business within our Healthcare segment to Danaher Corporation for consideration of \$21.1 billion, and recognized a pre-tax gain of \$12.4 billion. See the Segment Operations - Healthcare section and Note 2 for further information.

**Asset Impairments.** In the third quarter of 2020, we recognized non-cash pre-tax impairment charges of \$0.4 billion related to property, plant and equipment and intangible assets at our Steam business within our Power segment due to our recent announcement to exit the new build coal power market. We will continue to monitor the operating results and cash flow forecasts for the remaining business. In the second quarter of 2020, we recognized a non-cash pre-tax impairment charge of \$0.9 billion related to goodwill at our Additive reporting unit within our Aviation segment. The Steam and Additive charges were recorded within earnings from continuing operations at Corporate. In the second quarter of 2020, we recognized a non-cash pre-tax impairment charge of \$0.8 billion related to goodwill in our GECAS reporting unit within our Capital segment. In the year ended December 31, 2020, we recognized non-cash pre-tax impairments of \$0.5 billion on our GECAS leasing portfolio. See Segment Operations - Capital and Notes 7 and 8 for further information.

**Liability Management and Deleveraging Actions.** We reduced our consolidated borrowings by \$15.8 billion in 2020, driven primarily by debt tenders at GE Industrial and GE Capital of \$4.2 billion and \$11.9 billion, respectively, GE Capital maturities of \$10.5 billion, and repayment of GE Industrial commercial paper of \$3.0 billion, partially offset by new debt issuances at GE Industrial and GE Capital of \$7.5 billion and \$6.0 billion, respectively. GE Industrial net debt\* ended at \$32.3 billion at December 31, 2020, down \$15.5 billion from December 31, 2019, primarily driven by lower debt, a higher cash balance, and pension pre-funding of \$2.5 billion in the fourth quarter of 2020. See the Borrowings section of Capital Resources and Liquidity and Note 11 for further information.

\*Non-GAAP Financial Measure



**SEC Settlement.** As previously reported on December 9, 2020, GE reached a settlement with the SEC that concluded and resolved the SEC's investigation of GE in its entirety. Under the settlement, among other terms, GE paid a civil penalty of \$0.2 billion in December 2020, of which \$0.1 billion was recorded at Corporate and \$0.1 billion was recorded at GE Capital. See Note 23 for further information.

**SUMMARY OF 2020 RESULTS.** Consolidated revenues were \$79.6 billion, down \$15.6 billion (16%) for the year primarily driven by decreased GE industrial revenues of \$14.6 billion and decreased GE Capital revenues of \$1.5 billion. GE Industrial organic revenues\* were \$73.2 billion, down \$10.9 billion (13%) driven by our Aviation and Power segments, partially offset by our Healthcare and Renewable Energy segments.

Continuing earnings per share was \$0.59. Excluding gains (losses) on business dispositions, non-operating benefit costs, unrealized gains (losses) on investments, goodwill impairments, restructuring and other charges, Steam asset impairments, debt extinguishment costs, the SEC settlement, and U.S. tax reform, Adjusted earnings per share\* was \$0.01.

For the year ended December 31, 2020, GE Industrial profit was \$7.3 billion and profit margins were 10.0%, up \$5.5 billion, driven by the gain on the sale of our BioPharma business of \$12.4 billion, lower interest and other financial charges of \$0.8 billion, decreased goodwill impairments of \$0.6 billion, decreased non-operating benefit cost of \$0.4 billion and lower charges for significant, higher-cost restructuring programs of \$0.2 billion, partially offset by decreases at our industrial segments, an increase of \$2.8 billion in losses on our investment in Baker Hughes, impairment charges of \$0.4 billion related to property, plant and equipment and intangible assets at our Steam business, and the SEC settlement charges. Adjusted GE Industrial organic profit\* decreased \$4.7 billion, primarily as a result of the impacts of COVID-19, particularly at our Aviation segment, partially offset by an increase at Healthcare.

GE Industrial cash flows from (used for) operating activities (CFOA) of continuing operations were \$(1.3) billion and \$4.6 billion for the years ended December 31, 2020 and 2019, respectively. GE Industrial CFOA decreased primarily due to lower net income, largely as a result of COVID-19 impacts, GE Pension Plan contributions of \$2.5 billion in 2020 and higher cash paid for taxes, partially offset by lower cash used for operating working capital. GE Industrial free cash flows (FCF)\* were \$0.6 billion and \$2.3 billion for the years ended December 31, 2020 and 2019, respectively. GE Industrial FCF\* decreased primarily due to lower net income, partially offset by lower cash used for operating working capital and a decrease in additions to property, plant and equipment and internal-use software. See the Capital Resources and Liquidity - Statement of Cash Flows section for further information.

Orders are contractual commitments with customers to provide specified goods or services for an agreed upon price. Backlog is unfilled customer orders for products and product services (expected life of contract sales for product services).

| <b>GE INDUSTRIAL ORDERS</b> | <b>2020</b>      | <b>2019</b>   | <b>2018</b>   |
|-----------------------------|------------------|---------------|---------------|
| Equipment                   | \$ 36,841        | \$ 44,951     | \$ 49,276     |
| Services                    | 35,137           | 45,303        | 45,523        |
| <b>Total orders(a)</b>      | <b>\$ 71,979</b> | <b>90,254</b> | <b>94,799</b> |

(a) Orders included \$1,136 million, \$3,643 million and \$3,210 million related to BioPharma for the years ended December 31, 2020, 2019 and 2018, respectively.

**For the year ended December 31, 2020**, orders decreased \$18.3 billion (20%) on a reported basis and decreased \$14.8 billion (17%) organically, with decreases at Aviation, primarily driven by declines in both commercial equipment and service orders due to COVID-19 and the 737 MAX grounding; at Power primarily driven by a decrease in equipment orders; and at Renewable Energy primarily due to a decrease in services orders; partially offset by an increase at Healthcare. Equipment orders were down \$5.0 billion (12%) organically and services orders were down \$9.8 billion (22%) organically. Excluding BioPharma, orders decreased \$15.0 billion (17%) organically.

| <b>GE INDUSTRIAL BACKLOG</b> | <b>2020</b>       | <b>2019</b>    | <b>2018</b>    |
|------------------------------|-------------------|----------------|----------------|
| Equipment                    | \$ 73,286         | \$ 78,968      | \$ 77,126      |
| Services                     | 313,234           | 325,605        | 273,499        |
| <b>Total backlog(a)</b>      | <b>\$ 386,520</b> | <b>404,572</b> | <b>350,625</b> |

(a) Backlog as of December 31, 2020 excludes the BioPharma business due to its disposition in the first quarter of 2020. Backlog as of December 31, 2019 and 2018 included \$1,247 million and \$905 million, respectively, related to BioPharma.

**As of December 31, 2020**, backlog decreased \$18.1 billion (4%) from the prior year primarily driven by Aviation due to a reduction in our Commercial Services backlog and cancellations of commercial equipment orders. The reduction in Commercial Services reflects lower anticipated engine utilization, the cancellation of equipment unit orders, customer fleet restructuring and contract modifications. Power decreased due to sales outpacing new orders; Healthcare decreased with the disposition of the BioPharma business of \$1.2 billion; and Renewable Energy increased due to new orders outpacing sales. Excluding the BioPharma disposition, backlog decreased \$16.8 billion (4%) from December 31, 2019.

\*Non-GAAP Financial Measure

Remaining performance obligation (RPO), a defined term under GAAP, is backlog excluding any purchase order that provides the customer with the ability to cancel or terminate without incurring a substantive penalty, even if the likelihood of cancellation is remote based on historical experience. We plan to continue reporting backlog as we believe that it is a useful metric for investors, given its relevance to total orders. See Note 25 for further information.

| December 31, 2020                       | Equipment        | Services          | Total             |
|---|------------------|-------------------|-------------------|
| Backlog                                 | \$ 73,286        | \$ 313,234        | \$ 386,520        |
| Adjustments                             | (27,294)         | (128,626)         | (155,921)         |
| <b>Remaining performance obligation</b> | <b>\$ 45,991</b> | <b>\$ 184,608</b> | <b>\$ 230,600</b> |

Adjustments to reported backlog of \$155.9 billion as of December 31, 2020 are largely driven by adjustments of \$146.3 billion in our Aviation segment: (1) backlog includes engine contracts for which we have received purchase orders that are cancelable; (2) our services backlog includes contracts that are cancelable without substantive penalty, primarily time and materials contracts; (3) backlog includes engines contracted under long-term service agreements, even if the engines have not yet been put into service. These adjustments to reported backlog to the extent realized are generally expected to be satisfied beyond one year.

|                               | 2020             | 2019             | 2018             |
|-------------------------------|------------------|------------------|------------------|
| <b>Consolidated revenues</b>  | <b>\$ 79,619</b> | <b>\$ 95,214</b> | <b>\$ 97,012</b> |
| Equipment                     | 37,620           | 43,080           | 43,679           |
| Services                      | 35,480           | 44,639           | 45,359           |
| <b>GE Industrial revenues</b> | <b>\$ 73,100</b> | <b>\$ 87,719</b> | <b>\$ 89,038</b> |
| <b>GE Capital revenues</b>    | <b>\$ 7,245</b>  | <b>\$ 8,741</b>  | <b>\$ 9,551</b>  |

**For the year ended December 31, 2020, consolidated** revenues decreased \$15.6 billion (16%), primarily driven by decreased Industrial revenues of \$14.6 billion and decreased GE Capital revenues of \$1.5 billion.

**GE Industrial** revenues decreased \$14.6 billion (17%), with decreases in services and equipment. The decrease in services was primarily at Aviation, driven by lower commercial spare part shipments, decreased shop visits and the cumulative impact of changes in billing and cost assumptions in our long-term service agreements; and at Power, due to declines in transactional part sales and upgrades at Gas Power. The decrease in equipment was primarily at Aviation, due to fewer commercial install and spare engine unit shipments; and at Healthcare, due to the disposition of the BioPharma business; partially offset by increases at Renewable Energy, primarily from Onshore Wind with more wind turbine shipments than in the prior year, and Offshore Wind; and at Gas Power, due to an increase in Heavy-Duty gas turbine unit shipments. This decrease included the net effects of dispositions of \$3.6 billion and the effects of a stronger U.S. dollar of \$0.3 billion. Excluding the effects of acquisitions, dispositions and foreign currency, GE Industrial organic revenues\* decreased \$10.9 billion (13%), with a decrease in services revenues of \$8.8 billion (20%) and a decrease in equipment revenues of \$2.1 billion (5%). GE Industrial organic revenues\* decreased at Aviation and Power, partially offset by increases at Healthcare and Renewable Energy. Excluding the BioPharma disposition, GE Industrial organic revenues\* decreased \$10.9 billion (13%).

**GE Capital** revenues decreased \$1.5 billion (17%), as a result of volume declines and lower gains. These volume declines were primarily at GECAS related to lower interest income attributable to the sale of PK AirFinance and lower rental revenue on our aircraft leasing portfolio, and at Working Capital Solutions (WCS) related to lower purchases of GE Industrial customer receivables and the run-off of the GE Capital supply chain finance program (See GE Industrial Working Capital Transactions within MD&A for further information).

| (Per-share amounts in dollars and diluted)                               | 2020            | 2019             | 2018               |
|--|-----------------|------------------|--------------------|
| <b>Continuing earnings (loss) attributable to GE common shareholders</b> | <b>\$ 5,355</b> | <b>\$ (44)</b>   | <b>\$ (21,438)</b> |
| <b>Continuing earnings (loss) per share</b>                              | <b>\$ 0.59</b>  | <b>\$ (0.01)</b> | <b>\$ (2.47)</b>   |

**For the year ended December 31, 2020, consolidated** continuing earnings increased \$5.4 billion, due to increased GE Industrial profit of \$5.5 billion and decreased provision for GE Industrial income taxes of \$0.9 billion, partially offset by an increase in GE Capital losses of \$1.2 billion.

**GE Industrial** profit increased \$5.5 billion driven primarily by the gain on the sale of our BioPharma business of \$12.4 billion, lower interest and other financial charges of \$0.8 billion, decreased goodwill impairments of \$0.6 billion, decreased non-operating benefit cost of \$0.4 billion and lower charges for significant, higher-cost restructuring programs of \$0.2 billion; partially offset by decreases at our industrial segments, an increase of \$2.8 billion in losses on our investment in Baker Hughes, impairment charges of \$0.4 billion related to property, plant and equipment and intangible assets at our Steam business, and the SEC settlement charges. GE Industrial profit margin was 10.0%, an increase of 790 basis points, primarily due to the same net increases as described above. Adjusted GE Industrial profit\* was \$2.5 billion, a decrease of 65% organically\*, primarily due to a decrease at our Aviation segment, partially offset by an increase at Healthcare and a decrease in Adjusted corporate operating costs\*. Adjusted GE industrial profit margin\* was 3.4%, a decrease of 520 basis points organically\*, primarily due to the same net decreases as described above. At Aviation, the primary drivers were lower volume on commercial spare part and commercial spare engine shipments, decreased shop visits and net unfavorable changes of \$1.1 billion to the estimated profitability in its long-term service agreements. At Healthcare, the primary drivers were cost reductions and increased demand for Healthcare Systems (HCS) products used directly in response to COVID-19, partially offset by decreases in Pharmaceutical Diagnostics (PDx) volume.

\*Non-GAAP Financial Measure



**GE Capital** continuing losses increased \$1.2 billion primarily due to an impairment of goodwill of \$0.8 billion (pre-tax), volume declines, higher mark-to-market effects and other impairments, including \$0.5 billion (pre-tax) on the GECAS fixed-wing aircraft portfolio as a result of COVID-19 and related market impacts, lower gains, debt tender costs, the SEC settlement charge and the nonrecurrence of a 2019 tax reform enactment adjustment. These increased losses were partially offset by the nonrecurrence of a \$1.0 billion pre-tax charge identified through the completion of our 2019 annual insurance premium deficiency review, higher tax benefits including the tax benefit related to the BioPharma sale and lower excess interest cost. Gains were \$0.4 billion and \$0.7 billion in 2020 and 2019, respectively.

**AVIATION AND GECAS 737 MAX.** Aviation develops, produces, and sells LEAP aircraft engines to Boeing, Airbus and COMAC through CFM International (CFM), a company jointly owned by GE and Safran Aircraft Engines, a subsidiary of the Safran Group of France. The LEAP-1B engine is the exclusive engine for the Boeing 737 MAX. In March 2019, global regulatory authorities ordered a temporary fleet grounding of the Boeing 737 MAX. In May 2020, Boeing resumed production of the 737 MAX. In November 2020, the U.S. Federal Aviation Administration (FAA) lifted the grounding notice for the 737 MAX and Boeing commenced aircraft deliveries to customers in compliance with FAA regulatory requirements in December 2020. A number of other global regulators since the FAA's action have also lifted the orders that suspended 737 MAX operations for airlines under their jurisdictions. Aviation commercial equipment backlog as of December 31, 2020 includes approximately 9,600 LEAP engines, including the impact of approximately 1,500 LEAP-1B unit order cancellations in 2020. See the Segment Operations - Aviation section for further information. During 2020, CFM and Boeing reached an agreement to align production rates for 2020 and secure payment terms for engines delivered in 2019 and 2020. In 2020, Aviation received payments, net of progress collections, of \$0.5 billion for engines delivered in 2019. A final payment of \$0.2 billion, net of progress collections, is expected to be received in the first quarter of 2021 for engines delivered in 2019. CFM and Boeing continue to work closely to ensure a successful reentry into service, with a strong commitment to safety while navigating industry disruption.

During 2020, GECAS agreed with Boeing to restructure its 737 MAX orderbook including previously canceled positions, resulting in 77 orders now remaining. As of December 31, 2020, GECAS owned 29 of these aircraft, 26 of which are contracted for lease to airlines that remain obligated to make contractual rental payments. In addition, GECAS has made pre-delivery payments to Boeing related to 77 of these aircraft on order and has made financing commitments to acquire a further 16 aircraft under purchase and leaseback contracts with airlines.

As of December 31, 2020, we have approximately \$1.7 billion of net assets (\$3.2 billion of assets and \$1.5 billion of liabilities) related to the 737 MAX program that primarily comprised Aviation accounts receivable offset by progress collections and GECAS pre-delivery payments and owned aircraft subject to lease. No impairment charges were incurred related to the 737 MAX aircraft and related balances, as we continue to believe these assets are recoverable over their contractual or useful lives. We continue to monitor 737 MAX return to service and return to delivery developments with our airline customers, lessees and Boeing.

LEAP continues to be a strong engine program for us, and we delivered 815 LEAP engines for Boeing and Airbus platforms in the year.

**SEGMENT OPERATIONS.** Segment revenues include sales of products and services by the segment. Industrial segment profit is determined based on performance measures used by our Chief Operating Decision Maker (CODM), who is our 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 impairments, significant, higher-cost restructuring programs, manufacturing footprint rationalization and other similar expenses, acquisition costs and other related charges, certain gains and losses from acquisitions or dispositions, and certain litigation settlements. See the Corporate Items and Eliminations section for additional information about costs excluded from segment profit.

Segment profit excludes results reported as discontinued operations and 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.

Interest and other financial charges, income taxes and non-operating benefit costs are excluded in determining segment profit for the industrial segments. Interest and other financial charges, income taxes, non-operating benefit costs and GE Capital preferred stock dividends are included in determining segment profit (which we sometimes refer to as net earnings) for the Capital segment. Other income is included in segment profit for the industrial segments.

Certain corporate costs, such as those related to 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.

**SUMMARY OF REPORTABLE SEGMENTS**

|  | 2020             | 2019              | 2018               |
|--|------------------|-------------------|--------------------|
| Power  | \$ 17,589        | \$ 18,625         | \$ 22,150          |
| Renewable Energy   | 15,666           | 15,337            | 14,288             |
| Aviation   | 22,042           | 32,875            | 30,566             |
| Healthcare   | 18,009           | 19,942            | 19,784             |
| Capital  | 7,245            | 8,741             | 9,551              |
| <b>Total segment revenues</b>  | <b>80,551</b>    | <b>95,519</b>     | <b>96,339</b>      |
| Corporate items and eliminations   | (932)            | (305)             | 673                |
| <b>Consolidated revenues</b>   | <b>\$ 79,619</b> | <b>\$ 95,214</b>  | <b>\$ 97,012</b>   |
| Power  | \$ 274           | \$ 291            | \$ (1,105)         |
| Renewable Energy   | (715)            | (791)             | 140                |
| Aviation   | 1,229            | 6,812             | 6,454              |
| Healthcare   | 3,060            | 3,737             | 3,522              |
| Capital  | (1,710)          | (530)             | (489)              |
| <b>Total segment profit</b>  | <b>2,138</b>     | <b>9,519</b>      | <b>8,521</b>       |
| Corporate items and eliminations   | 8,239            | (1,825)           | (2,201)            |
| GE Industrial goodwill impairments   | (877)            | (1,486)           | (22,136)           |
| GE Industrial interest and other financial charges   | (1,333)          | (2,115)           | (2,415)            |
| GE Industrial non-operating benefit costs  | (2,424)          | (2,828)           | (2,740)            |
| GE Industrial benefit (provision) for income taxes   | (388)            | (1,309)           | (467)              |
| Earnings (loss) from continuing operations attributable to GE common shareholders          | 5,355            | (44)              | (21,438)           |
| Earnings (loss) from discontinued operations, net of taxes                                 | (125)            | (5,335)           | (1,363)            |
| Less net earnings (loss) attributable to noncontrolling interests, discontinued operations | -                | 60                | 1                  |
| Earnings (loss) from discontinued operations, net of taxes and noncontrolling interests    | (125)            | (5,395)           | (1,364)            |
| <b>Consolidated net earnings (loss) attributable to GE common shareholders</b>             | <b>\$ 5,230</b>  | <b>\$ (5,439)</b> | <b>\$ (22,802)</b> |

**POWER.** Power serves power generation, industrial, government and other customers worldwide with products and services related to energy production. Our products and technologies harness resources such as oil, gas, fossil, diesel, nuclear and water to produce electric power and include gas and steam turbines, full balance of plant, upgrade and service solutions, as well as data-leveraging software. We have organized the businesses within our Power segment into Gas Power and Power Portfolio.

**Gas Power** - offers a wide spectrum of heavy-duty and aeroderivative gas turbines for utilities, independent power producers and numerous industrial applications, ranging from small, mobile power to utility scale power plants. Gas Power also delivers maintenance, service and upgrade solutions across total plant assets and over their operational lifecycle.

**Power Portfolio** - offers steam power technology for fossil and nuclear applications including boilers, generators, steam turbines and Air Quality Control Systems (AQCS) to help efficiently produce power and provide performance over the life of a power plant. Power Portfolio also applies the science and systems of power conversion to provide motors, generators, automation and control equipment and drives for energy intensive industries such as marine, oil and gas, mining, rail, metals, test systems and water. It also offers advanced reactor technologies solutions, including reactors, fuels and support services for boiling water reactors, through joint ventures with Hitachi for nuclear fleets.

**Competition & Regulation.** Worldwide competition for power generation products and services is intense. Demand for power generation is global, and as a result, is sensitive to the economic and political environments of each country in which we do business. Our products and services sold to end customers are often subject to many regulatory requirements and performance standards under different federal, state, foreign and energy industry standards.

**Significant Trends & Developments.** We continue to execute for our customers through COVID-19, prioritizing safety first and foremost. From an operations perspective, we are working within our supply chain and with our suppliers to catch up on parts and project scope that were delayed as a result of COVID-19. Despite difficult travel and customer site restrictions, we continue to service our customers' installed base and have completed roughly 90% of all planned outages in the year. From a market perspective, both gas-based electricity generation and GE gas turbine utilization has remained stable. Our ability to close transactions, particularly services parts & upgrades, has been impacted by constrained customer budgets and access to financing due to oil prices and economic slowdown, especially in Gas Power. Although there may be market challenges in the near term, we believe gas will play a critical role in the energy transition and our view of the market has not materially changed, albeit timing on new orders is harder to forecast.

Power continues to right size its business to better align with market demand and drive its businesses with an operational rigor and discipline that is focused on its customers' lifecycle experience. In Gas Power, we continue to size the business for a 25-30 GW market, although acknowledge that the size any given year can vary. We remain focused on our underwriting discipline and risk management to ensure we are securing deals that meet our financial hurdles and we have a high confidence to deliver for our customers.

Looking ahead, we anticipate the power market to continue to be impacted by overcapacity in the industry, continued price pressure from competition on servicing the installed base, and the uncertain timing of deal closures due to financing and the complexities of working in emerging markets. Market factors related to the energy transition such as greater renewable energy penetration and the adoption of climate change-related policies continue to impact long-term demand, to differing degrees across markets globally. As such, we announced in the third quarter of 2020 that we will be exiting the new build coal power market, while continuing to service our customers' installed base.

We continue to invest in new product development, such as our HA-Turbines, and upgrades as these are critical to our customers and the long-term strategy of the business. In 2020, we supplied the first purpose-built hydrogen-burning power plant in the U.S. with Gas Power's 7HA.02 turbine. Our fundamentals remain strong with approximately \$80 billion in backlog and a gas turbine installed base greater than 7,000 units, including approximately 1,800 units under long-term service agreements.

| (In units)                  | Orders |      | Sales |      |
|-----------------------------|--------|------|-------|------|
|                             | 2020   | 2019 | 2020  | 2019 |
| GE Gas Turbines             | 68     | 74   | 71    | 53   |
| Heavy-Duty Gas Turbines(a)  | 57     | 63   | 51    | 38   |
| HA-Turbines(b)              | 20     | 18   | 21    | 11   |
| Aeroderivatives(a)          | 11     | 11   | 20    | 15   |
| GE Gas Turbine Gigawatts(c) | 15.0   | 13.6 |       |      |

(a) Heavy-Duty Gas Turbines and Aeroderivatives are subsets of GE Gas Turbines.

(b) HA-Turbines are a subset of Heavy-Duty Gas Turbines.

(c) Gigawatts reported associated with financial orders in the periods presented.

|                                    | 2020 |        | 2019 |        | 2018       |
|------------------------------------|------|--------|------|--------|------------|
| Equipment                          | \$   | 17,127 | \$   | 17,661 | \$ 18,763  |
| Services                           |      | 62,448 |      | 67,640 | 66,230     |
| <b>Total backlog</b>               | \$   | 79,575 | \$   | 85,302 | \$ 84,993  |
| Equipment                          | \$   | 4,597  | \$   | 5,215  | \$ 9,319   |
| Services                           |      | 11,390 |      | 11,684 | 13,326     |
| <b>Total orders</b>                | \$   | 15,986 | \$   | 16,899 | \$ 22,645  |
| Gas Power                          | \$   | 12,655 | \$   | 13,122 | \$ 13,296  |
| Power Portfolio                    |      | 4,935  |      | 5,503  | 8,853      |
| <b>Total segment revenues</b>      | \$   | 17,589 | \$   | 18,625 | \$ 22,150  |
| Equipment                          | \$   | 6,707  | \$   | 6,247  | \$ 8,077   |
| Services                           |      | 10,883 |      | 12,378 | 14,073     |
| <b>Total segment revenues(a)</b>   | \$   | 17,589 | \$   | 18,625 | \$ 22,150  |
| <b>Segment profit (loss)(b)(c)</b> | \$   | 274    | \$   | 291    | \$ (1,105) |
| <b>Segment profit margin</b>       |      | 1.6 %  |      | 1.6 %  | (5.0) %    |

(a) Power segment revenues represent 24% and 22% of total industrial revenues and total segment revenues, respectively, for the year ended December 31, 2020.

(b) Power segment profit represents 4% of total industrial profit for the year ended December 31, 2020.

(c) Included restructuring charges of \$16 million, \$94 million and \$297 million for the years ended December 31, 2020, 2019 and 2018, respectively, that were previously reported within the Corporate segment and were reclassified into the Power segment results in the fourth quarter of 2020 for all periods presented. For a summary of all restructuring charges by segment, see the Other Consolidated Information section.

**For the year ended December 31, 2020, segment orders were down \$0.9 billion (5%), segment revenues were down \$1.0 billion (6%) and segment profit was down 6%.**

Backlog as of December 31, 2020 decreased \$5.7 billion (7%) from December 31, 2019, primarily driven by sales outpacing new orders.

Orders decreased \$0.8 billion (4%) organically, primarily due to decreases in Gas Power Heavy-Duty Gas Turbine unit and services orders and Steam equipment orders.

Revenues decreased \$0.9 billion (5%) organically\*, primarily due to decreases in Gas Power services revenues, primarily related to decreases in transactional part sales and upgrades, partially offset by increases in Gas Power equipment revenues related to 13 more Heavy-Duty gas turbine unit shipments. Steam equipment and service revenues also decreased.

Profit decreased 7% organically\* due to lower revenues, charges of approximately \$0.3 billion related to an under-performing JV in China, charges related to contracts, a charge for a specific customer credit event at Gas Power, and a quality reserve at Power Portfolio on the legacy product line that we have since exited in Power Conversion, partially offset by continued efforts to right size the business across Gas Power and Power Portfolio.

\*Non-GAAP Financial Measure

**RENEWABLE ENERGY.** Renewable Energy includes one of the broadest portfolios in the industry to provide end-to-end solutions for our customers demanding reliable and affordable renewable energy by combining onshore and offshore wind, blades, hydro, storage, solar and grid solutions, as well as hybrid renewables and digital services offerings. We have installed more than 400 gigawatts of clean renewable energy equipment and equipped more than 90 percent of utilities with our grid solutions in developed and emerging markets.

**Onshore Wind** - delivers technology and services for the onshore wind power industry by providing smart, modular turbines that are uniquely situated for a variety of wind environments. Wind services help customers improve cost, capacity and performance of their assets over the lifetime of the fleet, utilizing digital infrastructure to monitor, predict and optimize wind farm energy performance. Our Onshore Wind business supports a turbine installed base of approximately 50,000 units. For reporting purposes, Onshore Wind includes the operations of our blade manufacturer, LM Wind.

**Grid Solutions Equipment and Services (Grid)** - equips power utilities and industries worldwide to bring power reliably and efficiently from the point of generation to end power consumers. Grid offers a comprehensive portfolio of equipment, hardware, protection and control, automation and digital services. Grid is also equipped to address the challenges of the energy transition by safely and reliably connecting intermittent renewable energy generation to transmission networks.

**Hydro Solutions** - represents more than 25 percent of the total installed hydropower capacity worldwide through a portfolio of solutions and services for hydropower generation, including the design, management, construction, installation, maintenance and operation of both large hydropower plants and small hydropower solutions, as well as offering a comprehensive asset management program to hydropower plant operators.

**Offshore Wind** - leads the industry in offshore wind power technologies and offshore wind farm development with the Haliade-X, the world's most powerful offshore wind turbine installed today.

**Hybrid Solutions** - provides reliable, affordable and dispatchable integration of renewable energies that drive vital stability to the grid and includes unique applications to integrate storage and renewable energy generation sources, such as wind, hydropower and solar.

**Competition & Regulation.** While many factors, including government incentives and specific market rules, affect how renewable energy can deliver outcomes for customers in a given region, renewable energy is increasingly able to compete with fossil fuels in terms of levelized cost of electricity. However, continued competitive pressure from other wind and hydro turbine manufacturers as well as from other energy sources, such as solar photovoltaic, reinforced by a general move to electricity auction mechanisms, has driven price pressure and the need for innovation.

We continue to invest in generating wind turbine product improvements, including larger rotors, taller towers and higher nameplate ratings that continue to drive down the cost of wind energy, and in exploring new ways to further improve the efficiency and flexibility of our hydropower technology with new innovative turbine designs and digital solutions. As industry models continue to evolve, our digital strategy and investments in technical innovation will position us to add value for customers looking for clean, renewable energy.

**Significant Trends & Developments.** Renewable energy is in a rapid transition period and competes in the marketplace against existing and new conventional energy sources. Wind energy is currently the second-largest contributor to renewable capacity growth with hydropower projected to remain the largest renewable electricity source through 2023.

We continue to observe growth across the global onshore wind market together with a positive impact on deliveries and installations in the U.S. from the Production Tax Credit (PTC) cycle and customer preference shifting to larger, more efficient units to drive down costs and compete with other power generation options. Despite the competitive nature of the market, onshore wind order pricing has stabilized globally. Several energy-related tax credit extensions were passed into law in December 2020 further extending the phase-down of U.S. PTCs. Under the current legislation, onshore wind projects that begin construction in 2021 will also qualify for a 60% PTC. We expect high levels of production observed in 2020 to continue for 2021 deliveries at Onshore Wind and are closely monitoring our execution during this period.

Additionally, offshore wind projects that begin construction before 2026 are eligible to elect either the PTC or the Investment Tax Credit (ITC), with the ITC extended by five years at the full rate. We have received full certification for our Haliade-X 12- and 13MW prototypes and during the fourth quarter of 2020 reported orders within Offshore Wind for the supply of 95 Haliade-X 13MW units for the first phase of the Dogger Bank Wind Farm in the U.K.

New product introductions remain important to our onshore and offshore customers who are demonstrating the willingness to adopt the new technology of larger turbines that decrease the levelized cost of energy. During 2020, we delivered our first Onshore 5MW Cypress units and have reported more than 600 of these units in backlog. We have observed significant market demand for our Offshore Haliade-X units and based on existing customer commitments, expect to report additional orders and backlog for the next two phases of Dogger Bank and for offshore projects in the U.S. upon obtaining final notification to proceed. We are preparing for large scale production of Haliade-X in response to this market demand.

The grid market remains challenging as we continue to experience pricing pressure in the High Voltage Direct Current (HVDC) and High Voltage (HV) product lines. The hydropower industry continues to maximize value and grid flexibility with refurbishments, repower and pumped storage projects to support both wind and solar expansion. The Grid and Hydro businesses are executing their turnaround plans and we are expecting improved operating results in 2021.

Despite the COVID-19 pandemic, we have continued to deliver for our customers, while taking all necessary precautions for our employees, and returned our manufacturing locations and long-term project sites to pre-COVID-19 capacity levels and operations. While we do not believe the long-term outlook for renewable energy products and services has materially changed, we are monitoring the impact of the pandemic on the renewable energy industry, including electricity consumption forecasts and customer capital expenditure levels, supply chain, availability of financing and our ability to execute on equipment and long-term projects, including the impact of possible customer related delays. In response to volume declines in certain of our businesses, we implemented additional cost reduction measures, restructuring and cash preservation actions.

| Onshore and Offshore (In units)           | Orders           |                  | Sales            |       |
|---|------------------|------------------|------------------|-------|
|   | 2020             | 2019             | 2020             | 2019  |
| Wind Turbines                             | 3,602            | 4,325            | 3,744            | 3,424 |
| Wind Turbine Gigawatts                    | 12.7             | 12.8             | 10.8             | 9.5   |
| Repower units                             | 504              | 1,269            | 1,022            | 1,057 |
|   | 2020             | 2019             | 2018             |       |
| Equipment                                 | \$ 17,470        | \$ 16,297        | \$ 14,385        |       |
| Services                                  | 12,531           | 11,233           | 9,285            |       |
| <b>Total backlog</b>                      | <b>\$ 30,001</b> | <b>\$ 27,530</b> | <b>\$ 23,670</b> |       |
| Equipment                                 | \$ 14,109        | \$ 13,964        | \$ 11,763        |       |
| Services                                  | 2,218            | 2,920            | 3,520            |       |
| <b>Total orders</b>                       | <b>\$ 16,328</b> | <b>\$ 16,884</b> | <b>\$ 15,283</b> |       |
| Onshore Wind                              | \$ 10,881        | \$ 10,421        | \$ 8,220         |       |
| Grid Solutions equipment and services     | 3,585            | 4,016            | 4,579            |       |
| Hydro, Offshore Wind and Hybrid Solutions | 1,200            | 900              | 1,489            |       |
| <b>Total segment revenues</b>             | <b>\$ 15,666</b> | <b>\$ 15,337</b> | <b>\$ 14,288</b> |       |
| Equipment                                 | \$ 12,859        | \$ 12,267        | \$ 11,419        |       |
| Services                                  | 2,807            | 3,069            | 2,870            |       |
| <b>Total segment revenues(a)</b>          | <b>\$ 15,666</b> | <b>\$ 15,337</b> | <b>\$ 14,288</b> |       |
| <b>Segment profit (loss)(b)(c)</b>        | <b>\$ (715)</b>  | <b>\$ (791)</b>  | <b>\$ 140</b>    |       |
| <b>Segment profit margin</b>              | <b>(4.6) %</b>   | <b>(5.2) %</b>   | <b>1.0 %</b>     |       |

(a)Renewable Energy segment revenues represent 21% and 19% of total industrial revenues and total segment revenues, respectively, for the year ended December 31, 2020.

(b)Renewable Energy segment profit represents (10)% of total industrial profit for the year ended December 31, 2020.

(c)Included restructuring charges of \$200 million, \$125 million and \$152 million for the years ended December 31, 2020, 2019 and 2018, respectively, that were previously reported within the Corporate segment and were reclassified into the Renewable Energy segment results in the fourth quarter of 2020 for all periods presented. For a summary of all restructuring charges by segment, see the Other Consolidated Information section.

**For the year ended December 31, 2020, segment orders were down \$0.6 billion (3%), segment revenues were up \$0.3 billion (2%) and segment profit was up \$0.1 billion (10%).**

Backlog as of December 31, 2020 increased \$2.5 billion (9%) from December 31, 2019, primarily from Offshore Wind due to our first Haliade-X order from Dogger Bank Wind Farm, new Cypress platform orders mainly in Onshore Wind Europe and an increase in Hydro. These increases were partially offset by sales exceeding new orders at Grid, primarily as a result of increased commercial selectivity in certain product lines.

Orders decreased \$0.4 billion (3%) organically, primarily due to lower Onshore Wind turbine and repower unit orders in North America compared to the prior year due to the PTC phase down and lower orders at Grid. These decreases were partially offset by increased orders at Offshore Wind of Haliade-X, other regions of Onshore Wind, LM Wind, Hybrid Solutions and Hydro.

Revenues increased \$0.6 billion (4%) organically\*, primarily from Onshore Wind with 300 more wind turbine shipments on a unit basis, and 13% more on a megawatt basis, and at Offshore Wind and Hybrid Solutions compared to the prior year. These increases were partially offset by lower Grid revenues, primarily attributable to lower volumes in the Power Transformer product line, and lower Hydro revenues.

Profit increased \$0.1 billion (6%) organically\*, as the impact of higher sales volume at Onshore Wind, the favorable impact of cost reduction measures and improved project execution exceeded higher restructuring costs and the nonrecurrence of a \$0.1 billion non-cash gain from the termination of two Offshore Wind contracts in 2019.

\*Non-GAAP Financial Measure

**AVIATION.** Aviation designs and produces commercial and military aircraft engines, integrated engine components, electric power and mechanical aircraft systems. We also provide aftermarket services to support our products.

**Commercial** - manufactures jet engines for commercial airframes. Our commercial engines power aircraft in all categories: regional, narrowbody and widebody. We also produce and market engines and aftermarket services through joint ventures with Safran Group of France and Raytheon Technologies Corporation via their Pratt & Whitney segment. Commercial provides maintenance, component repair and overhaul services (MRO), including sales of replacement parts.

**Military** - manufactures jet engines for military airframes. Our military engines power a wide variety of military aircraft including fighters, bombers, tankers, helicopters and surveillance aircraft, as well as marine applications. We provide maintenance, component repair and overhaul services, including sales of replacement parts.

**Systems & Other** - provides engines, components, systems and services for commercial and military segments. This includes engines and components for business, general aviation and aeroderivative segments, along with avionics systems, aviation electric power systems and gear and transmission components. Additionally, we provide a wide variety of products and services including additive machines from Concept Laser and Arcam EBM, additive materials (including metal powders from AP&C), and additive engineering services through our consultancy brand AddWorks™.

**Competition & Regulation.** The global businesses for aircraft jet engines, maintenance, component repair and overhaul services (including parts sales) are highly competitive. Both domestic and international markets are important to the growth and success of the business. Product development cycles are long and product quality and efficiency are critical to success. Research and development expenditures are important in this business, as are focused intellectual property strategies and protection of key aircraft engine design, manufacture, repair and product upgrade technologies. Aircraft engine and systems orders tend to follow civil air travel and demand and military procurement cycles.

Our product, services and activities are subject to a number of global regulators such as the U.S. Federal Aviation Administration (FAA), European Union Aviation Safety Agency (EASA), Civil Aviation Administration of China (CAAC) and other regulatory bodies.

**Significant Trends & Developments.** The global COVID-19 pandemic continues to have a material adverse effect on the global airline industry. A key underlying driver of Aviation's commercial engine and services businesses is global commercial air traffic, which in turn is driven by economic activity and consumer and business propensity to travel. Since the beginning of the pandemic in the first quarter of 2020, we have seen varied levels of recovery in global markets. Government travel restrictions, public health advisories, individuals' propensity to travel and continued cases of the virus have all impacted the level of air travel. Due to the global airline industry contraction, Aviation's airline and airframe customers are taking measures to address reduced demand, which, in turn, continue to materially impact Aviation's business operations and financial performance. As a result, our long-term service agreement billings decreased approximately 19% from the prior year, partially mitigated by customer billings for contract terminations, modifications and annual contractual minimum engine flight hours. Aviation is closely monitoring government actions and economic and industry forecasts, although such forecasts continue to evolve and reflect the uncertainty about the severity and duration of the decline in commercial air traffic. Aviation regularly tracks global departures, which as of December 31, 2020, were approximately 40% below the pre-COVID-19 baseline. More broadly, we are in frequent dialogue with our airline and airframe customers about the outlook for commercial air travel, new aircraft production, and after-market services. Given the current trend, we expect domestic travel routes primarily served by narrowbody aircraft to recover before long-haul, international travel routes which are primarily served by widebody aircraft. We continue to expect the engine aftermarket recovery to lag departure trends across regions and fleets, which would result in long-term service agreement billings and cash to recover prior to associated revenues and profits. Consistent with industry projections, Aviation continues to estimate the duration of the market recovery to be prolonged over multiple years dependent on containing the spread of the virus, effective inoculation programs and government collaboration to encourage travel, particularly around quarantine requirements.

Aviation has taken several business actions to respond to the current adverse environment, including a reduction of approximately 25% of its total global workforce. For the year ended December 31, 2020, Aviation realized more than \$1 billion in operational cost reduction and \$2 billion in cash preservation actions, including a headcount reduction of over 11,000 employees. Aviation expects to realize cost and cash savings in 2021 as a result of the actions taken in 2020 and further initiatives in 2021. The business is actively monitoring the pace of demand recovery to ensure the business is appropriately sized for the future. In addition, we continue to partner with our airline and leasing customers and are working closely with our airframe partners to align production rates for 2021 and beyond.

Aviation's operational and financial performance is impacted by commercial air traffic, shop visit and spare part demand, fleet retirements, and demand for new aircraft. We monitor and forecast each of these factors as part of Aviation's long-term planning process, which may result in additional business restructuring actions. Given the uncertainty related to the severity and length of the global COVID-19 pandemic and the impact on these factors across the aviation sector and specific customers, Aviation could be required to record charges, impairments, or other adverse financial impacts in future periods if actual results differ significantly from Aviation's current estimates.

As it relates to the military environment, Aviation continues to forecast strong military demand creating future growth opportunities for our Military business as the U.S. Department of Defense and foreign governments have continued flight operations, and have allocated budgets to upgrade and modernize their existing fleets. During 2020, Aviation experienced supply chain execution challenges which resulted in fewer engine and spare part shipments than the prior year. The business is actively addressing these matters to enable future growth in Military.



Total engineering, comprised of company, customer and partner-funded and nonrecurring engineering costs, decreased compared to prior year in line with the changes in the commercial environment. For the year ended December 31, 2020, company-funded research and development spend decreased compared to 2019, and we expect the reduction to continue in line with the actions outlined above. However, customer and partner-funded engineering efforts, primarily in our Military business, increased compared to the prior year. In September 2020, Aviation announced it received certification from the FAA for the GE9X engine, the world's largest and most powerful commercial aircraft engine.

Aviation is taking actions to protect its ability to serve its customers now and as the global airline industry recovers. While its near-term focus remains on navigating the COVID-19 pandemic, Aviation's deep history of innovation and technology leadership, commercial engine installed base of approximately 37,700 units, military engine installed base of approximately 26,500 units, with approximately 12,500 units under long-term service agreements, and \$260 billion backlog represents strong long-term fundamentals. Aviation is taking actions to protect and strengthen its business and seeks to emerge from this crisis stronger and drive long-term cash and profitable growth over time.

| (In units, except where noted) | Orders |       | Sales   |         |
|--------------------------------|--------|-------|---------|---------|
|                                | 2020   | 2019  | 2020    | 2019    |
| Commercial Engines             | 678    | 2,390 | 1,487   | 2,863   |
| LEAP Engines(a)                | 351    | 1,568 | 815     | 1,736   |
| Military Engines               | 1,023  | 801   | 683     | 717     |
| Spares Rate(b)                 |        |       | \$ 18.0 | \$ 31.0 |

(a) LEAP engines are a subset of Commercial Engines

(b) Commercial externally shipped spares and spares used in time & material shop visits in millions of dollars per day.

|                                    | 2020              | 2019              | 2018              |
|------------------------------------|-------------------|-------------------|-------------------|
| Equipment                          | \$ 34,486         | \$ 39,131         | \$ 37,831         |
| Services                           | 225,927           | 234,114           | 185,696           |
| <b>Total backlog</b>               | <b>\$ 260,412</b> | <b>\$ 273,245</b> | <b>\$ 223,527</b> |
| Equipment                          | \$ 8,119          | \$ 14,459         | \$ 15,268         |
| Services                           | 13,471            | 22,280            | 20,248            |
| <b>Total orders</b>                | <b>\$ 21,590</b>  | <b>\$ 36,738</b>  | <b>\$ 35,517</b>  |
| Commercial Engines & Services      | \$ 13,017         | \$ 24,217         | \$ 22,724         |
| Military                           | 4,572             | 4,389             | 4,103             |
| Systems & Other                    | 4,453             | 4,269             | 3,740             |
| <b>Total segment revenues</b>      | <b>\$ 22,042</b>  | <b>\$ 32,875</b>  | <b>\$ 30,566</b>  |
| Equipment                          | \$ 8,582          | \$ 12,737         | \$ 11,499         |
| Services                           | 13,460            | 20,138            | 19,067            |
| <b>Total segment revenues(a)</b>   | <b>\$ 22,042</b>  | <b>\$ 32,875</b>  | <b>\$ 30,566</b>  |
| <b>Segment profit (loss)(b)(c)</b> | <b>\$ 1,229</b>   | <b>\$ 6,812</b>   | <b>\$ 6,454</b>   |
| <b>Segment profit margin</b>       | <b>5.6 %</b>      | <b>20.7 %</b>     | <b>21.1 %</b>     |

(a) Aviation segment revenues represent 30% and 27% of total industrial revenues and total segment revenues, respectively, for the year ended December 31, 2020.

(b) Aviation segment profit represents 17% of total industrial profit for the year ended December 31, 2020.

(c) Included restructuring charges of \$26 million, \$8 million and \$12 million for the years ended December 31, 2020, 2019 and 2018, respectively, that were previously reported within the Corporate segment and were reclassified into the Aviation segment results in the fourth quarter of 2020 for all periods presented. For a summary of all restructuring charges by segment, see the Other Consolidated Information section.

**For the year ended December 31, 2020, segment orders were down \$15.1 billion (41%), segment revenues were down \$10.8 billion (33%) and segment profit was down \$5.6 billion (82%).**

Backlog as of December 31, 2020 decreased \$12.8 billion (5%) from December 31, 2019, primarily due to a reduction in our Commercial Services backlog and cancellations of commercial equipment orders, which included approximately 1,500 LEAP 1-B unit order cancellations and 22 GE9x unit order cancellations. The reduction to Commercial Services backlog reflects estimates of lower engine utilization, the partial cancellation of long-term service agreements related to the equipment unit order cancellations, and anticipated customer fleet restructuring and contract modifications. Backlog adjustments could be necessary in future periods for additional cancellations of new commercial engine orders, fleet retirements, or changes to customer aircraft utilization and operating behavior.

Orders decreased \$14.8 billion (41%) organically, primarily driven by lower commercial equipment and service orders as airline customers have slowed or deferred new engine orders, as well as delayed maintenance and repair operations while existing fleets have lower utilization or been grounded. Military orders increased 21% compared to the prior year primarily driven by equipment and new development orders.

Revenues decreased \$10.5 billion (32%) organically\*. Equipment revenues decreased, primarily due to 1,376 fewer commercial install and spare engine unit shipments, including 921 fewer LEAP units and 228 fewer CFM56 units versus the prior year, in part due to the 737 MAX grounding and production slowdown. Commercial Services revenues decreased, primarily due to lower commercial spare part shipments, decreased shop visits and the cumulative impact of changes in billing and cost assumptions in our long-term service agreements. Military revenues increased primarily due to increased revenues on development contracts and engine shipment mix, partially offset by fewer engine and spare part shipments due to supply chain execution challenges.

Profit decreased \$5.6 billion (82%) organically\*, primarily due to lower volume on commercial spare part and commercial spare engine shipments, and decreased shop visits in our service agreements. During the year ended December 31, 2020, Aviation recorded expenses of \$0.5 billion due to lower production volumes and initiated restructuring actions given decreases in demand primarily related to commercial engines. Aviation also recorded pre-tax charges totaling \$0.2 billion due to expected future losses related primarily to customer credit risk given the current environment. In addition, Aviation recorded net unfavorable changes of \$1.1 billion to the estimated profitability in its long-term service agreements. This decrease includes a \$0.6 billion pre-tax charge to reflect the cumulative COVID-19 pandemic-related impacts of changes to billing and cost assumptions for certain long-term service agreements, reflecting lower engine utilization, anticipated customer fleet restructuring and contract modifications as a result of current and forecasted market conditions. Additional adjustments could occur in future periods and could be material for certain long-term service agreements if actual customer operating behavior differs significantly from Aviation's current estimates.

**HEALTHCARE.** Healthcare provides essential healthcare technologies to developed and emerging markets and has expertise in medical imaging, digital solutions, patient monitoring and diagnostics, drug discovery and performance improvement solutions that are the building blocks of precision health. Products and services are sold worldwide primarily to hospitals and medical facilities.

**Healthcare Systems** - develops, manufactures, markets and services a broad suite of products and solutions used in the diagnosis, treatment and monitoring of patients that is encompassed in imaging, ultrasound, life care solutions and enterprise software and solutions. Imaging includes magnetic resonance, computed tomography, molecular imaging, x-ray systems and complementary software and services, for use in general diagnostics, women's health and image-guided therapies. Ultrasound includes high-frequency soundwave systems, and complementary software and services, for use in diagnostics tailored to a wide range of clinical settings. Life Care Solutions (LCS) includes clinical monitoring and acute care systems, and complementary software and services, for use in intensive care, anesthesia delivery, diagnostic cardiology and perinatal care. Enterprise Digital Solutions (EDS) includes enterprise digital, artificial intelligence applications, consulting and Command Center offerings designed to improve efficiency in healthcare delivery and expand global access to advanced health care.

**Pharmaceutical Diagnostics** - researches, manufactures and markets innovative imaging agents used during medical scanning procedures to highlight organs, tissue and functions inside the human body, to aid physicians in the early detection, diagnosis and management of disease through advanced in-vivo diagnostics. These products include both contrast imaging and molecular imaging agents.

**BioPharma** - This business was sold on March 31, 2020. It delivered products, services and manufacturing solutions for drug discovery, biopharmaceutical production, and cellular and gene therapy technologies, so that scientists can discover new ways to predict, diagnose and treat disease.

**Competition & Regulation.** Healthcare competes with a variety of U.S. and non-U.S. manufacturers and services providers. Customers require products and services that allow them to provide better access to healthcare, improve the affordability of care and improve the quality of patient outcomes. Key factors affecting competition include technological innovations, productivity solutions, competitive pricing and the ability to provide lifecycle services. New technologies and solutions could make our products and services obsolete unless we continue to develop new and improved offerings. Our products are subject to regulation by numerous government agencies, as well as laws and regulations that apply to various reimbursement schemes or other government funded healthcare programs.

**Significant Trends & Developments.** During the first half of 2020, there was an increase in demand for certain of our products that are highly correlated in response to the COVID-19 pandemic, including ventilators, monitoring solutions, x-ray, anesthesia and point-of-care ultrasound product lines. However, we also saw reduction in demand and delays in procurement in other products and services that were not critical to the response efforts or where procedures could be postponed (magnetic resonance, contrast agents and nuclear tracers). We have experienced some moderation in COVID-19 related demand in the second half of 2020 and have experienced some recovery in overall hospital spending, though this varies by market. The pandemic is still driving uncertainty in our markets globally, as well as additional supply chain and logistics costs, and we expect this to continue. We expect capital expenditures, particularly in private markets, to remain under pressure from revenue declines and cautious spending related to COVID-19 impacts. In response to continuing near-term volatility and cost pressures, we have driven structural cost reduction and cash optimization actions that began in the first quarter of 2020.

\*Non-GAAP Financial Measure

The global healthcare market has continued to expand, driven by macro trends relating to growing and aging populations, increasing chronic and lifestyle-related diseases, accelerating demand for healthcare in emerging markets, and increasing use of diagnostic imaging. Technological innovation that makes it possible to address an increasing number of diseases, conditions and patients in a more cost-effective manner has also driven growth across each of our global markets.

The Healthcare Systems (HCS) equipment market over the long term continues to expand at low single-digit rates or better, while demand continues for services on new equipment as well as on our existing installed base. However, there is short-term variation driven by market-specific political, environmental and economic cycles. There has been some moderation in tariffs in both U.S. and China, however, this is subject to changes in U.S.-China trade regulations. Long-term growth in emerging markets is driven by trends of expanding demand and access to healthcare. Developed markets are expected to remain steady in the near term driven by macro trends in the healthcare industry.

The Pharmaceutical Diagnostics (PDx) business is well positioned in the contrast agent and nuclear tracer markets. This market is expected to grow over the long-term, driven by continued diagnostic imaging procedure growth and increasing contrast and tracer-enhanced biomarkers of these same procedures, as these products help to increase the precision of the diagnostic information provided to clinicians. After we experienced reduced demand in the first half of 2020, we saw an increase in the second half of 2020 for PDx products as procedure volume increased.

We continue focusing on creating new products and digital solutions as well as expanding uses of existing offerings that are tailored to the different needs of our global customers. GE Healthcare recently introduced the Voluson™ SWIFT, an industry-first Sono-automation tool, which leverages artificial intelligence to automatically identify fetal anatomy, enhancing workflow by more than 70%. In addition, we launched the next version of Mural Virtual Care Solution, which provides clinical decision support with a view of patients' status across a care area, hospital or system. We also completed the acquisition of Prismatic Sensors AB, which specializes in photon counting Computed Tomography (CT).

|                                    | 2020             | 2019             | 2018             |
|------------------------------------|------------------|------------------|------------------|
| Equipment                          | \$ 5,538         | \$ 6,978         | \$ 6,254         |
| Services                           | 11,562           | 11,480           | 11,155           |
| <b>Total backlog</b>               | <b>\$ 17,100</b> | <b>\$ 18,458</b> | <b>\$ 17,409</b> |
| Equipment                          | \$ 10,811        | \$ 12,959        | \$ 12,574        |
| Services                           | 7,835            | 8,213            | 8,323            |
| <b>Total orders</b>                | <b>\$ 18,645</b> | <b>\$ 21,172</b> | <b>\$ 20,897</b> |
| Healthcare Systems                 | \$ 15,387        | \$ 14,648        | \$ 14,886        |
| Pharmaceutical Diagnostics         | 1,792            | 2,005            | 1,888            |
| BioPharma                          | 830              | 3,289            | 3,010            |
| <b>Total segment revenues</b>      | <b>\$ 18,009</b> | <b>\$ 19,942</b> | <b>\$ 19,784</b> |
| Equipment                          | \$ 9,992         | \$ 11,585        | \$ 11,422        |
| Services                           | 8,017            | 8,357            | 8,363            |
| <b>Total segment revenues(a)</b>   | <b>\$ 18,009</b> | <b>\$ 19,942</b> | <b>\$ 19,784</b> |
| <b>Segment profit (loss)(b)(c)</b> | <b>\$ 3,060</b>  | <b>\$ 3,737</b>  | <b>\$ 3,522</b>  |
| <b>Segment profit margin</b>       | <b>17.0 %</b>    | <b>18.7 %</b>    | <b>17.8 %</b>    |

(a)Healthcare segment revenues represent 25% and 22% of total industrial revenues and total segment revenues, respectively, for the year ended December 31, 2020.

(b)Healthcare segment profit represents 42% of total industrial profit for the year ended December 31, 2020.

(c)Included restructuring charges of \$134 million, \$159 million and \$176 million for the years ended December 31, 2020, 2019 and 2018, respectively, that were previously reported within the Corporate segment and were reclassified into the Healthcare segment results in the fourth quarter of 2020 for all periods presented. For a summary of all restructuring charges by segment, see the Other Consolidated Information section.

**For the year ended December 31, 2020, segment orders were down \$2.5 billion (12%), segment revenues were down \$1.9 billion (10%) and segment profit was down \$0.7 billion (18%).**

Backlog as of December 31, 2020 decreased \$1.4 billion (7%) from December 31, 2019, primarily due to the BioPharma disposition. Excluding BioPharma, backlog decreased \$0.1 billion.

Orders increased \$0.3 billion (1%) organically, due to increases in demand for COVID-19 related products, including a \$0.3 billion order from the U.S. Department of Health and Human Services to deliver 50,000 ventilators in partnership with Ford, partially offset by PDx. Excluding BioPharma, orders were up \$0.1 billion organically.

Revenues increased \$0.7 billion (4%) organically\*, driven by increased demand in HCS products used directly in response to COVID-19, partially offset by reduced volume in PDx from a decrease in non-essential routine procedures. Excluding BioPharma, revenues increased \$0.6 billion (4%) organically\*.

Profit increased \$0.5 billion (17%) organically\*, primarily due to cost reductions and increased demand for HCS products used directly in response to COVID-19, partially offset by decreases in PDx volume. Excluding BioPharma, profits increased \$0.4 billion (17%) organically\*.

\*Non-GAAP Financial Measure

**CAPITAL.** Capital is the financial services division of GE focused on customers and markets aligned with GE's industrial businesses across developed and emerging markets. We provide financial products and services around the globe that build on GE's industry specific expertise in aviation, power, renewables and other activities to capitalize on market-specific opportunities. While there are customer benefits and knowledge sharing advantages linking GE's industrial and capital businesses, the financial and operational relationships are maintained with arms-length terms as though the businesses were independent.

**GE Capital Aviation Services (GECAS)** - an aviation lessor and financier with over 50 years of experience. GECAS provides a wide range of assets including narrow- or widebody aircraft, regional jets, turboprops, freighters, engines, helicopters, financing and materials. GECAS offers a broad array of financing products and services on these assets including operating leases, sale-leasebacks, asset trading and servicing, and airframe parts management. GECAS owns, services or has on order more than 1,600 aircraft and serves approximately 205 customers in 73 countries from a network of 15 offices around the world.

**Energy Financial Services (EFS)** - a global energy investor that provides financial solutions and underwriting capabilities for Power and Renewable Energy to meet rising demand and sustainability imperatives.

**Working Capital Solutions (WCS)** - provides working capital services primarily by purchasing GE Industrial customer receivables.

**Insurance** - Refer to the Other Items - Insurance section for a detailed business description.

**Competition & Regulation.** The businesses in which we engage are highly competitive and are subject to competition from various types of financial institutions including banks, investors, such as sovereign wealth funds, hedge funds and private equity investors, leasing companies, finance companies associated with manufacturers and insurance and reinsurance companies. For our GECAS operations, competition is based on lease rate financing terms, aircraft delivery dates, condition and availability, as well as available capital demand for financing. For our EFS operations, competition is primarily based on deal structure and terms. As we compete globally, EFS' success is sensitive to project execution and merchant electricity prices, as well as the economic and political environment of each country in which we do business.

The businesses in which we engage are subject to a variety of U.S. federal and state laws and regulations. Our insurance operations are regulated by the insurance departments in the states in which they are domiciled or licensed, with the Kansas Insurance Department (KID) being our primary state regulator.

**Significant Trends & Developments.** We continue to evaluate strategic options to accelerate the further reduction in the size of GE Capital, some of which could result in material financial charges depending on the timing, negotiated terms and conditions of any ultimate arrangements.

At GE Capital, the primary effect of the COVID-19 pandemic pertains to its GECAS business. The pandemic has led to worldwide reduction of flight schedules and it is difficult to predict its longer-term impact. Additionally, the related market volatility resulted in higher credit spreads on the investment securities held by our run-off insurance business, which resulted in marks and impairments taken in the first quarter, which, starting in the second quarter more than recovered in 2020.

As of December 31, 2020, GECAS owned 917 fixed-wing aircraft, of which 27 with a book value of \$0.6 billion were available to lease to customers (aircraft on the ground). We test recoverability of each fixed-wing aircraft in our operating lease portfolio at least annually. Additionally, we perform quarterly evaluations in circumstances such as when assets are re-leased or current lease terms have changed.

Given the environment, we accelerated our review in the second quarter to focus on leases with higher risk of repossession based on our assessment of customer credit risk default and any unplaced leased assets rolling-off over the next 12 months, which represented approximately 20% of our fixed-wing aircraft operating lease portfolio. In addition, we performed our detailed annual portfolio review in the third quarter of 2020, which incorporated third-party appraisal data, updates to all cash flow assumptions as well as evolving market and customer dynamics that we are monitoring. These analyses resulted in pre-tax impairments of \$0.5 billion in 2020, primarily on our fixed-wing aircraft operating lease portfolio. Pre-tax impairments were \$0.1 billion in 2019. The increase in pre-tax impairments was driven by declining cash flow projections of the future collectability of rents on aircraft and engines currently under contract related to market impacts resulting from the pandemic. Continued deterioration in cash flow projections, including current rents, downtime, release rates and residual assumptions could result in future impairments in the operating lease portfolio.

Based on the resulting pressure on its airline customers, GECAS continues to work with customers on restructuring requests as they arise. As a result of these requests, we have executed agreements with customers to reschedule certain lease payments. As of December 31, 2020, we have a contractually deferred balance of \$0.4 billion. In addition, we have invoiced \$0.3 billion under these agreements and collected about 84%. We expect to continue to receive requests for rent deferrals and/or lease restructures from our global airline customers as a result of COVID-19 and related market impacts. An extended disruption of regional or international travel could result in an increase in these types of requests in future periods, which could result in an increase to the trade receivable balance. As GECAS evaluates future lease restructures, there is a risk of lease modifications that could have a material adverse effect on GECAS operations, financial position and cash flows.

In October 2020, Pacific Investment Management Company (PIMCO), one of the world's premier fixed income investment managers, and GECAS announced they had reached a preliminary agreement to develop an aviation leasing venture to support up to \$3 billion in aircraft asset financings. PIMCO and GECAS have executed certain of the definitive agreements and obtained relevant regulatory clearances for the venture.

We annually perform premium deficiency testing in the aggregate across our run-off insurance portfolio in the third quarter. As a result of the testing, we identified no premium deficiency. See the Other Items section and Note 12 for further information.

GE Capital received \$2 billion of additional capital contributions from GE in the fourth quarter of 2020. See the Capital Resources and Liquidity section for further information.

As previously mentioned, GE reached a settlement with the SEC and paid a civil penalty of \$0.2 billion in December 2020, of which \$0.1 billion was recorded and paid at GE Capital. See Note 23 for further information.

|  | December 31, 2020 | December 31, 2019 |
|--|-------------------|-------------------|
| GECAS                                  | \$ 35,863         | \$ 37,979         |
| EFS                                    | 2,385             | 1,823             |
| WCS(a)                                 | 5,884             | 9,014             |
| Insurance                              | 50,824            | 46,266            |
| Other continuing operations(a)(b)      | 18,569            | 22,463            |
| <b>Total segment assets</b>            | <b>\$ 113,526</b> | <b>\$ 117,546</b> |
| <b>GE Capital debt to equity ratio</b> | <b>3.4:1</b>      | <b>3.9:1</b>      |

(a) In the first quarter of 2020, the remaining Industrial Finance assets of \$268 million were transferred to Other continuing operations.

(b) Included cash, cash equivalents and restricted cash of \$13,245 million as of December 31, 2020 and \$17,618 million as of December 31, 2019.

|                                    | 2020              | 2019            | 2018            |
|------------------------------------|-------------------|-----------------|-----------------|
| GECAS                              | \$ 3,947          | \$ 4,895        | \$ 4,944        |
| EFS                                | 74                | 145             | 144             |
| WCS                                | 334               | 829             | 1,451           |
| Insurance                          | 2,946             | 2,904           | 2,941           |
| Other continuing operations        | (55)              | (31)            | 71              |
| <b>Total segment revenues(a)</b>   | <b>\$ 7,245</b>   | <b>\$ 8,741</b> | <b>\$ 9,551</b> |
| GECAS                              | \$ (786)          | \$ 1,029        | \$ 1,225        |
| EFS                                | 52                | 121             | 85              |
| WCS                                | 66                | 234             | 305             |
| Insurance                          | 189               | (611)           | (157)           |
| Other continuing operations(b)     | (1,232)           | (1,303)         | (1,947)         |
| <b>Total segment profit (loss)</b> | <b>\$ (1,710)</b> | <b>\$ (530)</b> | <b>\$ (489)</b> |

(a) Capital segment revenues represent 9% of total segment revenues for the year ended December 31, 2020.

(b) Other continuing operations primarily comprised excess interest costs from debt previously allocated to assets that have been sold as part of the GE Capital Exit Plan, preferred stock dividend costs and interest costs not allocated to GE Capital businesses, which are driven by GE Capital's interest allocation process. Interest costs are allocated to GE Capital businesses based on the tenor of their assets using the market rate at the time of origination, which differs from the asset profile when the debt was originated. As a result, actual interest expense is higher than interest expense allocated to the remaining GE Capital businesses. All preferred stock dividend costs have become a GE Industrial obligation in January 2021. See Note 16 for further information. In addition, we anticipate unallocated interest costs to gradually decline as debt matures and/or is refinanced.

#### For the year ended December 31, 2020, segment revenues decreased \$1.5 billion (17%) and segment losses were up \$1.2 billion.

Capital revenues decreased \$1.5 billion (17%), as a result of volume declines and lower gains. These volume declines were primarily at GECAS related to lower interest income attributable to the sale of PK AirFinance and lower rental revenue on our aircraft leasing portfolio, and at WCS related to lower purchases of GE Industrial customer receivables and the run-off of the GE Capital supply chain finance program (See GE Industrial Working Capital Transactions for further information). Capital losses increased \$1.2 billion, primarily due to an impairment of goodwill of \$0.8 billion (pre-tax), volume declines, higher mark-to-market effects and other impairments, including \$0.5 billion (pre-tax) on the GECAS fixed-wing aircraft portfolio as a result of COVID-19 and related market impacts, lower gains, debt tender costs, the SEC settlement charge and the nonrecurrence of a 2019 tax reform enactment adjustment. These increased losses were partially offset by the nonrecurrence of a \$1.0 billion pre-tax charge identified through the completion of our 2019 annual insurance premium deficiency review, higher tax benefits including the tax benefit related to the BioPharma sale and lower excess interest cost. Gains were \$0.4 billion and \$0.7 billion in 2020 and 2019, respectively, which primarily related to sales of certain GECAS aircraft and engines resulting in gains of \$0.2 billion and \$0.4 billion in 2020 and 2019, respectively, and the sale of equity method investments resulting in gains of \$0.1 billion and \$0.2 billion in 2020 and 2019, respectively, at EFS.

**CORPORATE ITEMS AND ELIMINATIONS.** Corporate Items and Eliminations is a caption used in the Segment Operations - Summary of Reportable Segments table to reconcile the aggregated results of our segments to the consolidated results of the Company. The Corporate Items and Eliminations amounts related to revenues and earnings include the results of disposed businesses, certain amounts not included in industrial operating segment results because they are excluded from measurement of their operating performance for internal and external purposes and the elimination of intersegment activities. In addition, the Corporate Items and Eliminations amounts related to earnings include certain costs of our principal retirement plans, significant, higher-cost restructuring programs and other costs reported in Corporate.

Corporate items and eliminations includes the results of our Lighting segment, through its disposition in the second quarter of 2020, and GE Digital business for all periods presented.

|   | 2020              | 2019              | 2018               |
|---|-------------------|-------------------|--------------------|
| <b>Revenues</b>   |                   |                   |                    |
| Corporate revenues  | \$ 1,313          | \$ 1,791          | \$ 2,783           |
| Eliminations and other                                      | (2,245)           | (2,096)           | (2,110)            |
| <b>Total Corporate Items and Eliminations</b>               | <b>\$ (932)</b>   | <b>\$ (305)</b>   | <b>\$ 673</b>      |
| <b>Operating profit (cost)</b>                              |                   |                   |                    |
| Gains (losses) on disposals and held for sale businesses    | \$ 12,472         | \$ 4              | \$ 1,370           |
| Restructuring and other charges                             | (680)             | (886)             | (2,056)            |
| Steam asset impairments(a) (Notes 7 and 8)                  | (363)             | -                 | -                  |
| SEC settlement charge(b)                                    | (100)             | -                 | -                  |
| Unrealized gains (losses)                                   | (1,911)           | 793               | -                  |
| Goodwill impairments(c) (Note 8)                            | (728)             | (1,486)           | (22,136)           |
| Adjusted total corporate operating costs (Non-GAAP)         | (1,328)           | (1,736)           | (1,514)            |
| <b>Total Corporate Items and Eliminations (GAAP)</b>        | <b>\$ 7,362</b>   | <b>\$ (3,311)</b> | <b>\$ (24,337)</b> |
| Less: gains (losses), impairments and restructuring & other | 8,689             | (1,575)           | (22,822)           |
| <b>Adjusted total corporate operating costs (Non-GAAP)</b>  | <b>\$ (1,328)</b> | <b>\$ (1,736)</b> | <b>\$ (1,514)</b>  |
| Functions & operations                                      | \$ (1,028)        | \$ (1,295)        | \$ (1,622)         |
| Environmental, health & safety (EHS) and other items        | (104)             | (258)             | 169                |
| Eliminations  | (195)             | (184)             | (61)               |
| <b>Adjusted total corporate operating costs (Non-GAAP)</b>  | <b>\$ (1,328)</b> | <b>\$ (1,736)</b> | <b>\$ (1,514)</b>  |

(a) Included non-cash pre-tax impairment charges of \$429 million, net of \$65 million attributable to noncontrolling interests for the Steam business within our Power segment in 2020.

(b) GE reached a settlement with the SEC and paid a civil penalty of \$200 million in December 2020, of which \$100 million was recorded and paid at Corporate and \$100 million was recorded and paid at GE Capital.

(c) Included non-cash pre-tax impairment charge of \$877 million, net of \$149 million attributable to noncontrolling interests for the Additive reporting unit within our Aviation segment in 2020.

Adjusted total corporate operating costs\* excludes gains (losses) on disposals and held for sale businesses, significant, higher-cost restructuring programs, unrealized gains (losses) and goodwill impairments. We believe that adjusting corporate costs to exclude the effects of items that are not closely associated with ongoing corporate operations provides management and investors with a meaningful measure that increases the period-to-period comparability of our ongoing corporate costs.

**For the year ended December 31, 2020**, revenues decreased by \$0.6 billion, primarily as a result of a \$0.5 billion decrease in revenues due to the sale of our Current and Lighting businesses in April 2019 and June 2020, respectively, and \$0.1 billion of higher inter-segment eliminations. Corporate costs decreased by \$10.7 billion due to \$12.5 billion of higher net gains, primarily driven by \$12.4 billion of gains from the sale of our BioPharma business in 2020. Corporate costs also decreased by \$0.8 billion due to \$1.5 billion of goodwill impairment charges related to our Renewable Energy segment in 2019 as compared to \$0.7 billion of net goodwill impairment charges related to our Aviation segment in 2020. In addition, Corporate costs decreased by \$0.2 billion due to lower restructuring and other charges in 2020, primarily at Corporate and Power, partially offset by higher restructuring at Aviation. These decreases were partially offset by \$2.7 billion of higher net unrealized losses, primarily related to a \$1.8 billion mark-to-market loss on our Baker Hughes shares and a \$0.1 billion impairment on our Ventures portfolio in 2020, as compared to a \$0.8 billion mark-to-market gain on our Baker Hughes shares in 2019. Corporate recognized \$0.4 billion of non-cash impairment charges related to property, plant and equipment and intangible assets at our Steam business within our Power segment in 2020. In addition, Corporate costs increased by \$0.1 billion due to the settlement of the SEC investigation in 2020.

Adjusted total corporate operating costs\* decreased by \$0.4 billion in 2020 primarily as the result of \$0.3 billion of cost reductions within our Digital business and functions and \$0.2 billion of lower costs primarily associated with existing EHS matters. Overall, eliminations were relatively flat due to higher intercompany elimination activity from project financing investments associated with wind energy projects in our Renewable Energy segment and higher GE industrial inter-segment eliminations, offset by lower spare engine sales from our Aviation segment to our GECAS business.

\*Non-GAAP Financial Measure



**COSTS AND GAINS NOT INCLUDED IN SEGMENT RESULTS.** As discussed in the Segment Operations section, certain amounts are not included in industrial segment results because they are excluded from measurement of their operating performance for internal and external purposes. These amounts relate primarily to significant, higher-cost restructuring programs, goodwill impairment charges and gains/(losses) on acquisition and disposition activities.

|                                  | Costs           |                 |                  | Gains (Losses)   |               |                 |
|----------------------------------|-----------------|-----------------|------------------|------------------|---------------|-----------------|
|                                  | 2020            | 2019            | 2018             | 2020             | 2019          | 2018            |
| Power                            | \$ 583          | \$ 307          | \$ 20,178        | \$ 49            | \$ (2)        | \$ 988          |
| Renewable Energy                 | 13              | 1,537           | 3,114            | -                | -             | -               |
| Aviation                         | 1,099           | -               | 7                | 14               | -             | (116)           |
| Healthcare                       | 3               | 43              | 58               | 12,364           | (1)           | 785             |
| <b>Total industrial segments</b> | <b>\$ 1,698</b> | <b>\$ 1,888</b> | <b>\$ 23,357</b> | <b>\$ 12,427</b> | <b>\$ (4)</b> | <b>\$ 1,657</b> |
| Corporate Items and Eliminations | 173             | 486             | 857              | (1,866)          | 801           | (288)           |
| <b>Total GE Industrial</b>       | <b>\$ 1,871</b> | <b>\$ 2,374</b> | <b>\$ 24,214</b> | <b>\$ 10,561</b> | <b>\$ 797</b> | <b>\$ 1,370</b> |

## OTHER CONSOLIDATED INFORMATION

**RESTRUCTURING.** Restructuring actions are essential to our cost improvement efforts for both existing operations and those acquired. Restructuring and other charges relate primarily to workforce reductions, facility exit costs associated with the consolidation of sales, service and manufacturing facilities, the integration of acquisitions, and certain other asset write-downs such as those associated with product line exits. We also recognize an obligation for severance benefits that vest or accumulate with service. We continue to closely monitor the economic environment and expect to undertake further restructuring actions to more closely align our cost structure with earnings goals. This table is inclusive of all restructuring charges in our segments.

|   | 2020            | 2019            | 2018            |
|---|-----------------|-----------------|-----------------|
| Workforce reductions  | \$ 856          | \$ 823          | \$ 989          |
| Plant closures & associated costs and other asset write-downs | 332             | 349             | 1,449           |
| Acquisition/disposition net charges                           | 66              | 180             | 612             |
| Other   | -               | (9)             | -               |
| <b>Total restructuring and other charges</b>                  | <b>\$ 1,254</b> | <b>\$ 1,343</b> | <b>\$ 3,050</b> |
| Cost of product/services                                      | \$ 570          | \$ 386          | \$ 1,092        |
| Selling, general and administrative expenses                  | 697             | 993             | 1,838           |
| Other income  | (13)            | (36)            | 120             |
| <b>Total restructuring and other charges</b>                  | <b>\$ 1,254</b> | <b>\$ 1,343</b> | <b>\$ 3,050</b> |

  

|  | 2020            | 2019            | 2018            |
|--|-----------------|-----------------|-----------------|
| Power  | \$ 236          | \$ 402          | \$ 1,301        |
| Renewable Energy   | 213             | 176             | 301             |
| Aviation   | 397             | 8               | 18              |
| Healthcare   | 137             | 201             | 222             |
| Corporate  | 245             | 529             | 1,110           |
| <b>GE Industrial restructuring and other charges</b>     | <b>\$ 1,229</b> | <b>\$ 1,315</b> | <b>\$ 2,952</b> |
| Capital  | 25              | 28              | 98              |
| <b>Total restructuring and other charges by business</b> | <b>\$ 1,254</b> | <b>\$ 1,343</b> | <b>\$ 3,050</b> |
| <b>Restructuring and other charges cash expenditures</b> | <b>\$ 1,175</b> | <b>\$ 1,209</b> | <b>\$ 1,480</b> |

Liabilities associated with restructuring activities were approximately \$1.3 billion, \$1.7 billion, and \$2.6 billion, including actuarial determined post-employment severance benefits of \$0.7 billion, \$1.0 billion, and \$1.6 billion as of December 31, 2020, 2019, and 2018, respectively.

| <b>INTEREST AND OTHER FINANCIAL CHARGES</b> | 2020     | 2019     | 2018     |
|---|----------|----------|----------|
| GE Industrial                               | \$ 1,333 | \$ 2,115 | \$ 2,415 |
| GE Capital                                  | 2,186    | 2,532    | 2,982    |

The decrease in GE Industrial interest and other financial charges for the year ended December 31, 2020 was driven primarily by lower interest on borrowings due to repayments of intercompany loans from GE Capital and lower losses related to the completion of tender offers to purchase GE Industrial senior notes (including fees and other costs associated with the tenders), and lower expenses on sales of GE Industrial current receivables mainly driven by lower sales of receivables and lower benchmark interest rates. The primary components of GE Industrial interest and other financial charges are interest on short- and long-term borrowings and financing costs on sales of receivables. Total GE Industrial interest and other financial charges of \$0.9 billion and \$1.3 billion were recorded at Corporate and \$0.5 billion and \$0.8 billion were recorded by GE Industrial segments for the years ended December 31, 2020 and 2019, respectively.

The decrease in GE Capital interest and other financial charges for the year ended December 31, 2020 was primarily due to lower average borrowings balances due to maturities and a decrease in average interest rates due to changes in market rates, partially offset by higher net interest on assumed debt resulting from a decrease in intercompany loans to GE Industrial which bear the right of offset (see the Borrowings section of Capital Resources and Liquidity for an explanation of assumed debt and right-of-offset loans), and the \$0.2 billion loss resulting from the completion of tender offers to purchase GE Capital senior notes (including fees and other costs associated with the tenders). GE Capital average borrowings were \$55.8 billion, \$61.8 billion and \$78.7 billion in 2020, 2019 and 2018, respectively. The GE Capital average composite effective interest rate (including interest allocated to discontinued operations) was 4.0%, 4.2% and 3.9% in 2020, 2019 and 2018, respectively.

**POSTRETIREMENT BENEFIT PLANS.** Refer to Note 13 for our pension and retiree benefit plans.

#### INCOME TAXES

##### CONSOLIDATED

|                                      | 2020     | 2019   | 2018   |
|--------------------------------------|----------|--------|--------|
| Effective tax rate (ETR)             | (9.1)%   | 63.2%  | (0.4)% |
| Provision (benefit) for income taxes | \$ (474) | \$ 726 | \$ 93  |
| Cash income taxes paid(a)            | 1,291    | 2,228  | 1,868  |

(a) Included taxes paid related to discontinued operations.

For the year ended December 31, 2020, the consolidated income tax benefit was \$0.5 billion. The change in tax from a tax provision in 2019 to a tax benefit for 2020 was primarily due to the decrease in pre-tax income excluding the gain from the sale of our BioPharma business and non-deductible goodwill impairment charges and a decrease in valuation allowances on non-U.S. deferred tax assets partially offset by the increase in tax expense associated with the disposition of the BioPharma business in 2020 compared to the amount recognized on preparatory steps for the planned disposition in 2019 and a decrease in benefit from the completion of the Internal Revenue Service (IRS) audits.

Absent additional taxes enacted as part of U.S. tax reform and non-U.S. losses without a tax benefit, our consolidated income tax provision is generally reduced because of the benefits of lower-taxed global operations as certain non-U.S. income is subject to local country tax rates that are below the U.S. statutory tax rate.

The rate of tax on our profitable non-U.S. earnings is below the U.S. statutory tax 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 non-U.S. operations through foreign companies that are subject to low foreign taxes. Most of these earnings have been reinvested in active non-U.S. business operations and as of December 31, 2020, we have not decided to repatriate these earnings to the U.S. Given U.S. tax reform, substantially all of our net prior unrepatriated earnings were subject to U.S. tax and accordingly we generally expect to have the ability to repatriate available non-U.S. cash without additional U.S. federal tax cost and any foreign withholding taxes on a repatriation to the U.S. would potentially be partially offset by a U.S. foreign tax credit.

A substantial portion of the benefit for lower-taxed non-U.S. earnings 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 where the earnings are taxed at 12.5%, our Power operations located in Switzerland where the earnings are taxed at between 9% and 18.6% and our Aviation operations located in Singapore where the earnings are primarily taxed at a rate of 8%.

The rate of tax on non-U.S. operations is increased, however, because we also incur losses in foreign jurisdictions where it is not likely that the losses can be utilized and no tax benefit is provided for those losses and valuation allowances against loss carryforwards are provided when it is no longer likely that the losses can be utilized. In addition, as part of U.S. tax reform, the U.S. has enacted a tax on "base eroding" payments from the U.S. We are continuing to undertake restructuring actions to mitigate the impact from this provision. The U.S. has also enacted a minimum tax on foreign earnings (global intangible low tax income). Because we have tangible assets outside the U.S. and pay significant foreign taxes, we generally do not expect a significant increase in tax liability from this new U.S. minimum tax. Overall, these newly enacted provisions increase the rate of tax on our non-U.S. operations.

##### BENEFIT/(EXPENSE) FROM GLOBAL OPERATIONS

|   | 2020            | 2019             | 2018             |
|---|-----------------|------------------|------------------|
| Benefit/(expense) of foreign tax rate difference on non-U.S. earnings | \$ 90           | \$ 27            | \$(292)          |
| Benefit of audit resolutions  | 129             | 86               | 225              |
| BioPharma disposition and preparatory restructuring                   | 1,447           | (633)            | -                |
| Other   | (186)           | (526)            | (973)            |
| <b>Total benefit/(expense)</b>  | <b>\$ 1,480</b> | <b>\$(1,046)</b> | <b>\$(1,040)</b> |

The amounts reported above exclude the impact of U.S. tax reform which is reported as a separate line in the reconciliation of the U.S. federal statutory income tax rate to the actual tax rate in Note 15.

For the year ended December 31, 2020, the change from an expense from global operations in 2019 to a benefit from global operations in 2020 reflects the lower rate of tax on the disposition of the BioPharma business in 2020 compared to an amount of tax recognized on preparatory steps for the planned disposition in 2019 and a decrease in valuation allowances on non-U.S. deferred tax assets.

A more detailed analysis of differences between the U.S. federal statutory rate and the consolidated effective rate, as well as other information about our income tax provisions, is provided in the Critical Accounting Estimates section and Note 15. The nature of business activities and associated income taxes differ for GE Industrial and for GE Capital; therefore, a separate analysis of each is presented in the paragraphs that follow.

| GE INDUSTRIAL EFFECTIVE TAX RATE         | 2020   | 2019     | 2018   |
|--|--------|----------|--------|
| GE Industrial ETR                        | 5.3%   | 72.7%    | (2.3)% |
| GE Industrial provision for income taxes | \$ 388 | \$ 1,309 | \$ 467 |

For the year ended December 31, 2020, the GE Industrial provision for income taxes decreased primarily due to the decrease in pre-tax income excluding the gain from the sale of our BioPharma business and non-deductible goodwill impairment charges and a decrease in valuation allowances on non-U.S. deferred tax assets partially offset by the increase in tax expense associated with the disposition of the BioPharma business in 2020 compared to the amount recognized on preparatory steps for the planned disposition in 2019 and a decrease in benefit from the completion of the IRS audits.

| GE CAPITAL EFFECTIVE TAX RATE                   | 2020     | 2019     | 2018     |
|---|----------|----------|----------|
| GE Capital ETR                                  | 41.1%    | 89.3%    | 99.7%    |
| GE Capital provision (benefit) for income taxes | \$ (862) | \$ (582) | \$ (374) |

For the year ended December 31, 2020, the GE Capital tax benefit increased primarily due to the decrease in pre-tax income excluding non-deductible goodwill impairment charges and due to larger benefits on global operations including a tax benefit associated with the disposition of the BioPharma business in 2020.

**RESEARCH AND DEVELOPMENT.** We conduct research and development (R&D) activities to continually enhance our existing products and services, develop new products and services to meet our customers' changing needs and requirements, and address new market opportunities. In addition to funding R&D internally, we also receive funding externally from our customers and partners, which contributes to the overall R&D for the company.

|                  | GE funded       |                 |                 | Customer and Partner funded(b) |                 |               | Total R&D       |                 |                 |
|------------------|-----------------|-----------------|-----------------|--------------------------------|-----------------|---------------|-----------------|-----------------|-----------------|
|                  | 2020            | 2019            | 2018            | 2020                           | 2019            | 2018          | 2020            | 2019            | 2018            |
| Power            | \$ 317          | \$ 314          | \$ 409          | \$ 13                          | \$ 13           | \$ 5          | \$ 330          | \$ 327          | \$ 414          |
| Renewable Energy | 466             | 522             | 413             | 19                             | 9               | 11            | 485             | 531             | 424             |
| Aviation         | 707             | 906             | 950             | 1,090                          | 911             | 564           | 1,797           | 1,817           | 1,514           |
| Healthcare       | 845             | 994             | 968             | 27                             | 25              | 23            | 872             | 1,019           | 991             |
| Corporate(a)     | 231             | 382             | 675             | 106                            | 89              | 48            | 336             | 471             | 722             |
| <b>Total</b>     | <b>\$ 2,565</b> | <b>\$ 3,118</b> | <b>\$ 3,415</b> | <b>\$ 1,255</b>                | <b>\$ 1,046</b> | <b>\$ 650</b> | <b>\$ 3,820</b> | <b>\$ 4,164</b> | <b>\$ 4,065</b> |

(a) Includes Global Research Center and Digital business.

(b) Customer funded is principally U.S. Government funded in our Aviation segment.

**DISCONTINUED OPERATIONS.** Discontinued operations primarily include certain businesses in our GE Capital segment (our mortgage portfolio in Poland and trailing liabilities associated with the sale of our GE Capital businesses) and our Baker Hughes and Transportation segments. See Notes 2 and 23 for further financial information regarding our businesses in discontinued operations.

The mortgage portfolio in Poland (Bank BPH) comprises floating-rate residential mortgages, 87% of which are indexed to or denominated in foreign currencies (primarily Swiss francs). At December 31, 2020, the total portfolio had a carrying value of \$2.4 billion with a 1.61% 90-day delinquency rate and an average loan to value ratio of approximately 63.0%. The portfolio is recorded at the lower of cost or fair value, less cost to sell, and included a \$0.3 billion impairment, which reflected market yields as well as estimates with respect to ongoing litigation in Poland related to foreign currency-denominated mortgages and other factors. See Note 23 for additional information about this litigation and the potential for further adverse developments to result in further losses related to these loans in future reporting periods.

## CAPITAL RESOURCES AND LIQUIDITY

**FINANCIAL POLICY.** We intend to maintain a disciplined financial policy, including maintaining a high cash balance. We are targeting a sustainable long-term credit rating in the Single-A range, achieving a GE Industrial net debt\*-to-EBITDA ratio of less than 2.5x and a dividend in line with our peers over time, as well as maintaining a less than 4-to-1 debt-to-equity ratio for GE Capital. In addition to net debt\*-to-EBITDA, we also evaluate other leverage measures, including gross debt-to-EBITDA, and we will ultimately size our deleveraging actions across a range of measures to ensure we are operating the Company based on a strong balance sheet. We intend to continue to decrease our GE Industrial leverage over time as we navigate this period of uncertainty, although we now expect to achieve our GE Industrial leverage target over time.

**LIQUIDITY POLICY.** We maintain a strong focus on liquidity and define our liquidity risk tolerance based on sources and uses to maintain a sufficient liquidity position to meet our obligations under both normal and stressed conditions. We intend to maintain a high level of cash and maximize flexibility as we navigate the current environment. At both GE Industrial and GE Capital, we manage our liquidity to provide access to sufficient funding to meet our business needs and financial obligations, as well as capital allocation and growth objectives, throughout business cycles.

GE Industrial has continued to enhance its cash management operations, targeting increased linear cash flow, lower factoring, and reducing restricted cash. As a result, we reduced our intra-quarter borrowings by \$3.6 billion in 2020 and reduced our GE Industrial cash needs to below approximately \$13 billion on a go-forward basis. However, we will continue holding elevated cash levels through this period of uncertainty.

At GE Capital, we continue to hold cash levels to cover at least 12 months of long-term debt maturities.

We believe that our consolidated liquidity and availability under our revolving credit facilities will be sufficient to meet our liquidity needs.

**CONSOLIDATED LIQUIDITY.** Following is a summary of cash, cash equivalents and restricted cash at December 31, 2020.

|                     | December 31, 2020 |               |                     | December 31, 2020 |               |
|---------------------|-------------------|---------------|---------------------|-------------------|---------------|
| GE Industrial       | \$                | 23,209        | U.S.                | \$                | 18,934        |
| GE Capital          |                   | 13,421        | Non-U.S.            |                   | 17,696        |
| <b>Consolidated</b> | <b>\$</b>         | <b>36,630</b> | <b>Consolidated</b> | <b>\$</b>         | <b>36,630</b> |

Cash held in non-U.S. entities has generally been reinvested in active foreign business operations; however, substantially all of our unrepatriated earnings were subject to U.S. federal tax and, if there is a change in reinvestment, we would expect to be able to repatriate available cash (excluding amounts held in countries with currency controls) without additional federal tax cost. Any foreign withholding tax on a repatriation to the U.S. would potentially be partially offset by a U.S. foreign tax credit.

**GE INDUSTRIAL LIQUIDITY.** GE Industrial's primary sources of liquidity consist of cash and cash equivalents, free cash flows from our operating businesses, monetization of receivables, and short-term borrowing facilities, including revolving credit facilities. Cash generation can be subject to variability based on many factors, including seasonality, receipt of down payments on large equipment orders, timing of billings on long-term contracts, market conditions and our ability to execute dispositions. Additionally, as previously reported, we launched a program in the third quarter of 2020 to fully monetize our Baker Hughes position over approximately three years. Consistent with the program's design, we received initial proceeds of approximately \$0.4 billion in the fourth quarter of 2020 and \$0.7 billion in January 2021. See Note 26 for further information.

GE Industrial cash, cash equivalents and restricted cash totaled \$23.2 billion at December 31, 2020, including \$2.2 billion of cash held in countries with currency control restrictions and \$0.4 billion of restricted use cash. Cash held in countries with currency controls represents amounts held in countries 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. Restricted use cash represents amounts that are not available to fund operations, and primarily comprised funds restricted in connection with certain ongoing litigation matters.

In the fourth quarter of 2020, GE Industrial took actions to continue to solidify its financial position through a \$2.5 billion pre-funding to the GE Pension Plan as well as the repayment of \$1.5 billion of intercompany loans to GE Capital. Based on our current assumptions, we do not anticipate further contributions to the GE Pension Plan through 2023.

As previously communicated, GE Industrial provided a capital contribution to GE Capital in the fourth quarter of 2020 of \$2.0 billion, in line with the first quarter 2020 insurance statutory funding. In 2021, GE Industrial expects to provide an additional contribution to GE Capital in line with the existing insurance statutory funding requirement of approximately \$2.0 billion. Further 2021 capital contributions will depend on GE Capital's performance, including GECAS operations and the Insurance statutory asset adequacy testing results, in light of the uncertain environment. Going forward, we anticipate GE Capital's liquidity and capital needs will be met through a combination of GE Capital liquidity, GE Capital asset sales, GE Capital future earnings and capital contributions from GE Industrial.

**GE CAPITAL LIQUIDITY.** GE Capital's primary sources of liquidity consist of cash and cash equivalents, cash generated from asset sales and cash flows from our businesses, as well as GE Industrial repayments of intercompany loans and capital contributions from GE Industrial. We expect to maintain a sufficient liquidity position to fund our insurance obligations and debt maturities. See the Segment Operations - Capital section for further information regarding allocation of GE Capital interest expense to the GE Capital businesses.

\*Non-GAAP Financial Measure

GE Capital cash, cash equivalents and restricted cash totaled \$13.4 billion at December 31, 2020, excluding \$0.5 billion of cash in insurance entities, which was classified as All other assets on the GE Capital Statement of Financial Position. See Note 10 for further information about classification of cash in insurance entities.

GE Capital provided capital contributions to its insurance subsidiaries of \$2.0 billion, \$1.9 billion and \$3.5 billion in the first quarters of 2020, 2019 and 2018, respectively, and expects to provide further capital contributions of approximately \$7 billion through 2024, including approximately \$2.0 billion in the first quarter of 2021, pending completion of our December 31, 2020 statutory reporting process, which includes asset adequacy testing. These contributions are subject to ongoing monitoring by KID, and the total amount to be contributed could increase or decrease, or the timing could be accelerated, based upon the results of reserve adequacy testing or a decision by KID to modify the schedule of contributions set forth in January 2018. We will continue to monitor the interest rate environment, including the impact of reinvestment rates and our investment portfolio performance, and other factors in determining the related effect on our expected future capital contributions. See the Critical Accounting Estimates section for discussion of the sensitivity of interest rate changes to our insurance liabilities. GE is required to maintain specified capital levels at these insurance subsidiaries under capital maintenance agreements. Going forward, we anticipate funding any capital needs for insurance through a combination of GE Capital liquidity, GE Capital asset sales, GE Capital future earnings and capital contributions from GE Industrial.

**BORROWINGS.** Consolidated total borrowings were \$75.1 billion and \$90.9 billion at December 31, 2020 and December 31, 2019, respectively, a decrease of \$15.8 billion (\$16.3 billion excluding intercompany eliminations). See the following table for a summary of GE Industrial and GE Capital borrowings.

| GE Industrial                                     | December 31, 2020 | December 31, 2019 | GE Capital   | December 31, 2020 | December 31, 2019 |
|---|-------------------|-------------------|--|-------------------|-------------------|
| Commercial paper                                  | \$ -              | \$ 3,008          | Senior and subordinated notes                          | \$ 30,987         | \$ 36,501         |
| GE Industrial senior notes                        | 18,994            | 15,488            | Senior and subordinated notes assumed by GE Industrial | 22,390            | 31,368            |
| Intercompany loans from GE Capital                | 3,177             | 12,226            | Intercompany loans to GE Industrial                    | (3,177)           | (12,226)          |
| Other GE Industrial borrowings                    | 1,352             | 2,195             | Other GE Capital borrowings                            | 1,944             | 3,358             |
| <b>Total GE Industrial adjusted borrowings(a)</b> | <b>\$ 23,523</b>  | <b>\$ 32,917</b>  | <b>Total GE Capital adjusted borrowings(a)(b)</b>      | <b>\$ 52,144</b>  | <b>\$ 59,001</b>  |

(a) Consolidated total borrowings of \$75,067 million and \$90,882 million at December 31, 2020 and December 31, 2019, respectively, are net of intercompany eliminations of \$600 million and \$1,036 million, respectively, of other GE Industrial borrowings from GE Capital, primarily related to timing of cash settlements associated with GE Industrial receivables monetization programs.

(b) Included \$5,687 million and \$4,234 million at December 31, 2020 and December 31, 2019, respectively, of fair value adjustments for debt in fair value hedge relationships. See Note 21 for further information.

The reduction in GE Industrial adjusted borrowings at December 31, 2020 compared to December 31, 2019, was driven primarily by \$9.0 billion (including \$1.5 billion in the fourth quarter of 2020) of repayments of intercompany loans from GE Capital, debt repurchases of \$4.2 billion, lower commercial paper of \$3.0 billion, and net repayments and maturities of other debt of \$1.1 billion, partially offset by issuances of new long-term debt of \$7.5 billion and \$0.6 billion related to changes in foreign exchange rates.

GE Industrial net debt\* was \$32.3 billion and \$47.9 billion at December 31, 2020 and December 31, 2019, respectively. The reduction was driven primarily by \$9.0 billion of repayments of intercompany loans from GE Capital, an increase in the net cash deduction of \$4.2 billion due to a higher cash balance, the repurchase of \$4.2 billion of debt, a reduction in after-tax pension and principal retiree benefit plan liabilities of \$1.8 billion, a reduction in commercial paper of \$3.0 billion, and net repayments and maturities of other debt of \$1.1 billion, partially offset by new issuances of new long-term debt of \$7.5 billion and \$0.6 billion related to changes in foreign exchange rates.

The reduction in GE Capital adjusted borrowings at December 31, 2020 compared to December 31, 2019, was driven primarily by debt repurchases of \$11.9 billion (including \$2.2 billion in the fourth quarter of 2020), long-term debt maturities and other repayments of \$10.7 billion (including \$2.8 billion in the fourth quarter of 2020), and lower non-recourse borrowings of \$0.8 billion, partially offset by GE Industrial repayments of intercompany loans of \$9.0 billion (which has the effect of increasing GE Capital borrowings), issuances of new long-term debt of \$6.0 billion, \$1.4 billion of fair value adjustments for debt in fair value hedge relationships, and \$0.5 billion related to changes in foreign exchange rates.

**Liability Management Actions.** In 2020, we took a series of actions to enhance and extend our liquidity at both GE Industrial and GE Capital, issuing a total of \$13.5 billion of longer-dated debt and reducing near-term maturities by \$10.5 billion in the second quarter, with the remaining \$3 billion to be leverage neutral in GE Capital by the end of 2021. Following are details of these and other actions.

In the second quarter of 2020, GE Industrial issued a total of \$7.5 billion of senior notes, and used the proceeds to complete a tender offer to purchase \$4.2 billion of GE senior notes, to reduce commercial paper and other debt by \$1.8 billion, and to repay \$1.5 billion of intercompany loans from GE Capital. The total of these transactions was leverage neutral for GE Industrial within the second quarter.

\*Non-GAAP Financial Measure

In the second quarter of 2020, GE Capital issued a total of \$6.0 billion of senior notes and used the proceeds to complete a tender offer to purchase a total of \$9.8 billion of debt. In the fourth quarter of 2020, GE Capital completed a tender offer to purchase a total of \$2.2 billion of debt with maturities from 2021 through 2023 using the \$1.5 billion of proceeds from the GE Industrial repayment of intercompany loans as well as existing cash.

The following table provides a reconciliation of total short- and long-term borrowings as reported on the respective GE Industrial and GE Capital Statements of Financial Position to borrowings adjusted for assumed debt and intercompany loans:

| December 31, 2020  | GE Industrial    | GE Capital       | Consolidated     |
|--|------------------|------------------|------------------|
| Total short- and long-term borrowings  | \$ 42,736        | \$ 32,931        | \$ 75,067        |
| Debt assumed by GE Industrial from GE Capital                                | (22,390)         | 22,390           | -                |
| Intercompany loans with right of offset                                      | 3,177            | (3,177)          | -                |
| Total intercompany payable (receivable) between GE Industrial and GE Capital | (19,213)         | 19,213           | -                |
| <b>Total borrowings adjusted for assumed debt and intercompany loans</b>     | <b>\$ 23,523</b> | <b>\$ 52,144</b> | <b>\$ 75,067</b> |

In 2015, senior unsecured notes and commercial paper were assumed by GE Industrial upon its merger with GE Capital. Under the conditions of the 2015 assumed debt agreement, GE Capital agreed to continue making required principal and interest payments on behalf of GE Industrial, resulting in the establishment of an intercompany receivable and payable between GE Industrial and GE Capital. In addition, GE Capital has periodically made intercompany loans to GE Industrial with maturity terms that mirror the assumed debt. As these loans qualify for right-of-offset presentation, they reduce the assumed debt intercompany receivable and payable between GE Industrial and GE Capital, as noted in the table above.

The remaining intercompany loans from GE Capital to GE Industrial bear the right of offset against amounts owed by GE Capital to GE Industrial under the assumed debt agreement and can be prepaid by GE Industrial at any time, in whole or in part, without premium or penalty. These loans are priced at market terms and have a collective weighted average interest rate of 3.7% and term of approximately 15.2 years at December 31, 2020.

GE Industrial has in place committed revolving credit lines. The following table provides a summary of committed and available credit lines.

| GE INDUSTRIAL COMMITTED AND AVAILABLE REVOLVING CREDIT FACILITIES | December 31, 2020 | December 31, 2019 |
|---|-------------------|-------------------|
| Unused back-up revolving syndicated credit facility               | \$ 15,000         | \$ 20,000         |
| Unused revolving syndicated credit facility                       | -                 | 14,772            |
| Bilateral revolving credit facilities                             | 5,238             | 7,225             |
| <b>Total committed revolving credit facilities</b>                | <b>\$ 20,238</b>  | <b>\$ 41,997</b>  |
| Less offset provisions  | -                 | 6,700             |
| <b>Total net available revolving credit facilities</b>            | <b>\$ 20,238</b>  | <b>\$ 35,297</b>  |

Under the terms of an agreement between GE Capital and GE Industrial, GE Capital has the right to compel GE Industrial to borrow under the \$15.0 billion unused back-up revolving syndicated credit facility. Under this agreement, GE Industrial would transfer the proceeds to GE Capital as intercompany loans, which would be subject to the same terms and conditions as those between GE Industrial and the lending banks. GE Capital has not exercised this right.

The following table provides a summary of the activity in the primary external sources of short-term borrowings for GE Industrial in the fourth quarters of 2020 and 2019. GE Industrial uses its bilateral revolving credit facilities from time to time to meet its short-term liquidity needs.

|      |  | GE Industrial<br>Commercial Paper | Bilateral Revolving<br>Credit Facilities | Total |
|------|--|-----------------------------------|--|-------|
| 2020 | Average borrowings during the fourth quarter             | \$ -                              | \$ 473                                   | 473   |
|      | Maximum borrowings outstanding during the fourth quarter | -                                 | 1,150                                    | 1,150 |
|      | Ending balance at December 31                            | -                                 | -  | -     |
| 2019 | Average borrowings during the fourth quarter             | \$ 2,994                          | \$ 1,272                                 | 4,265 |
|      | Maximum borrowings outstanding during the fourth quarter | 3,231                             | 1,500                                    | 4,731 |
|      | Ending balance at December 31                            | 3,018                             | -  | 3,018 |

In the third quarter of 2020, we reduced our ending commercial paper balance to zero. Total average and maximum borrowings in the table above are calculated based on the daily outstanding balance of the sum of commercial paper and revolving credit facilities.



**CREDIT RATINGS AND CONDITIONS.** We have relied, and may continue to rely, on the short- and long-term debt capital markets to fund, among other things, a significant portion of our operations. The cost and availability of debt financing is influenced by our credit ratings. Moody's Investors Service (Moody's), Standard and Poor's Global Ratings (S&P), and Fitch Ratings (Fitch) currently issue separate ratings on GE Industrial and GE Capital short- and long-term debt. The credit ratings of GE Industrial and GE Capital as of the date of this filing are set forth in the table below.

|               |            | Moody's  | S&P      | Fitch  |
|---------------|------------|----------|----------|--------|
| GE Industrial | Outlook    | Negative | Negative | Stable |
|               | Short term | P-2      | A-2      | F3     |
|               | Long term  | Baa1     | BBB+     | BBB    |
| GE Capital    | Outlook    | Negative | Negative | Stable |
|               | Short term | P-2      | A-2      | F3     |
|               | Long term  | Baa1     | BBB+     | BBB    |

We are disclosing our credit ratings and any current quarter updates to these ratings to enhance understanding of our sources of liquidity and the effects of our ratings on our costs of funds and access to liquidity. Our ratings may be subject to a revision or withdrawal at any time by the assigning rating organization, and each rating should be evaluated independently of any other rating. For a description of some of the potential consequences of a reduction in our credit ratings, see the Financial Risks section of Risk Factors in this report.

Substantially all of the Company's debt agreements in place at December 31, 2020 do not contain material credit rating covenants. GE's unused back-up revolving syndicated credit facility and certain of our bilateral revolving credit facilities contain a customary net debt-to-EBITDA financial covenant, which GE satisfied at December 31, 2020.

The Company may from time to time enter into agreements that contain minimum ratings requirements. The following table provides a summary of the maximum estimated potential liquidity impact in the event of further downgrades with regards to the most significant contractual credit ratings conditions of the Company.

| Triggers Below | At December 31, 2020 |
|----------------|----------------------|
| BBB+/A-2/P-2   | \$ 709               |
| BBB/A-3/P-3    | 768                  |
| BBB- and below | 1,432                |

The amounts in the table above represent the incremental estimated liquidity impact that could occur if we were to fall below each given ratings level.

Our most significant contractual ratings requirements are related to ordinary course commercial activities, our receivables sales programs, and our derivatives portfolio. The timing within the quarter of the potential liquidity impact of these areas may differ, as can the remedies to resolving any potential breaches of required ratings levels.

**FOREIGN EXCHANGE AND INTEREST RATE RISKS.** As a result of our global operations, we generate and incur a significant portion of our revenues and expenses in currencies other than the U.S. dollar. Such principal currencies include the euro, the Chinese renminbi, the British pound sterling and the Indian rupee, among others. The effects of foreign currency fluctuations on earnings, excluding the earnings impact of the underlying hedged item, was less than \$0.1 billion, \$0.1 billion, and \$0.3 billion for the years ended December 31, 2020, 2019 and 2018, respectively. This analysis excludes any offsetting effect from the forecasted future transactions that are economically hedged.

Exchange rate and interest rate risks are managed with a variety of techniques, including selective use of derivatives. We apply policies to manage each of these risks, including prohibitions on speculative activities. Following is an analysis of the potential effects of changes in interest rates and currency exchange rates.

It is our policy to minimize exposure to interest rate changes with regards to our borrowings and their impact to interest and other financial charges. We fund our financial investments using a combination of debt and hedging instruments so that the interest rates of our borrowings match the expected interest rate profile on our assets. It is our policy to minimize currency exposures and to conduct operations either within functional currencies or using the protection of hedge strategies. To test the effectiveness of our hedging actions, for interest rate risk we assumed that, on January 1, 2021, interest rates increased by 100 basis points and the increase remained in place for the next 12 months and for currency risk of assets and liabilities denominated in other than their functional currencies, we evaluated the effect of a 10% shift in exchange rates against the U.S. dollar. The analyses indicated that our 2020 consolidated net earnings would decline by less than \$0.1 billion for interest rate risk and approximately \$0.1 billion for foreign exchange risk.

**LIBOR REFORM.** In connection with the potential transition away from the use of the London interbank offered rate (LIBOR) as an interest rate benchmark, on November 30, 2020, the ICE Benchmark Administration Limited (IBA) announced a consultation on its intention to cease the publication of the one-week and two-month USD LIBOR settings immediately following the LIBOR publication on December 31, 2021, and the remaining USD LIBOR settings immediately following the LIBOR publication on June 30, 2023. This followed an announcement on November 18, 2020, that IBA would consult on its intention to cease the publication of all GBP, EUR, CHF and JPY LIBOR settings immediately following the LIBOR publication on December 31, 2021.

The Company's most significant exposures to LIBOR relate to preferred stock issued by GE Industrial and certain floating-rate debt securities issued by GE Capital, for which contractual fallback language exists. Additionally, with respect to our derivatives portfolio, we are managing the transition from LIBOR based on industry-wide LIBOR reform efforts, including the recently released LIBOR protocols issued by the International Swaps and Derivatives Association. None of these exposures are benchmarked to one-week or two-month USD LIBOR.

We are in the process of managing the transition and any financial impact will be accounted for under Accounting Standards Update (ASU) 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, which we adopted in the fourth quarter of 2020. See Note 1 for further information.

**STATEMENT OF CASH FLOWS.** We manage the cash flow performance of our industrial and financial services businesses separately, in order to enable us and our investors to evaluate the cash from operating activities of our industrial businesses separately from the cash flows of our financial services business.

Transactions between GE Industrial and GE Capital are reported in the respective columns of our statement of cash flows, but are eliminated in deriving our consolidated statement of cash flows. Intercompany loans from GE Capital to GE Industrial are reflected as cash from (used for) financing activities at GE Industrial and cash from (used for) investing activities at GE Capital. Capital contributions from GE Industrial to GE Capital are reflected as cash used for investing activities at GE Industrial and cash from financing activities at GE Capital. See the GE Industrial working capital transactions section and Notes 4 and 24 for further information regarding certain transactions affecting our consolidated Statement of Cash Flows.

The following provides information on our cash flows in 2020 compared with 2019. Refer to our Annual Report on Form 10-K for the year ended December 31, 2019 for information regarding cash flows in 2019 compared with 2018.

**GE INDUSTRIAL CASH FLOWS FROM CONTINUING OPERATIONS.** The most significant source of cash in GE Industrial CFOA is customer-related activities, the largest of which is collecting cash resulting from product or services sales. The most significant operating use of cash is to pay our suppliers, employees, tax authorities, contribute to post retirement plans and pay others for a wide range of material, services and taxes.

GE Industrial measures itself on a GE Industrial free cash flows\* basis. This metric includes GE Industrial CFOA plus investments in property, plant and equipment and additions to internal-use software; this metric excludes any dividends received from GE Capital and any cash received from dispositions of property, plant and equipment. We believe that investors may also find it useful to compare GE's Industrial free cash flows\* performance without the effects of cash used for taxes related to business sales and contributions to the GE Pension Plan. We believe that this measure better allows management and investors to evaluate the capacity of our industrial operations to generate free cash flows.

**2020 CFOA (GAAP) AND FREE CASH FLOWS (FCF) BY SEGMENT (NON-GAAP)**

|   | Power        | Renewable Energy | Aviation       | Healthcare      | Corporate & Eliminations | GE Industrial |
|---|--------------|------------------|----------------|-----------------|--------------------------|---------------|
| CFOA (GAAP)   | \$ 285       | \$ (328)         | \$ 763         | \$ 3,143        | \$ (5,117)               | \$ (1,254)    |
| Add: gross additions to property, plant and equipment | (245)        | (302)            | (737)          | (256)           | (40)                     | (1,579)       |
| Add: gross additions to internal-use software         | (25)         | (11)             | (61)           | (24)            | (23)                     | (143)         |
| Less: GE Pension Plan funding                         | -            | -                | -              | -               | (2,500)                  | (2,500)       |
| Less: taxes related to business sales                 | -            | -                | -              | -               | (1,082)                  | (1,082)       |
| <b>Free cash flows (Non-GAAP)</b>                     | <b>\$ 15</b> | <b>\$ (641)</b>  | <b>\$ (34)</b> | <b>\$ 2,863</b> | <b>\$ (1,598)</b>        | <b>\$ 606</b> |

\*Non-GAAP Financial Measure

**2019 CFOA (GAAP) AND FCF BY SEGMENT (NON-GAAP)**

|   | Power             | Renewable Energy | Aviation        | Healthcare      | Corporate & Eliminations | GE Industrial   |
|---|-------------------|------------------|-----------------|-----------------|--------------------------|-----------------|
| CFOA (GAAP)   | \$ (1,200)        | \$ (512)         | \$ 5,552        | \$ 3,024        | \$ (2,250)               | \$ 4,614        |
| Add: gross additions to property, plant and equipment | (277)             | (455)            | (1,031)         | (395)           | (59)                     | (2,216)         |
| Add: gross additions to internal-use software         | (46)              | (14)             | (107)           | (79)            | (28)                     | (274)           |
| Less: GE Pension Plan funding                         | -                 | -                | -               | -               | -                        | -               |
| Less: taxes related to business sales                 | -                 | -                | -               | -               | (198)                    | (198)           |
| <b>Free cash flows (Non-GAAP)</b>                     | <b>\$ (1,523)</b> | <b>\$ (980)</b>  | <b>\$ 4,415</b> | <b>\$ 2,550</b> | <b>\$ (2,139)</b>        | <b>\$ 2,322</b> |

**2018 CFOA (GAAP) AND FCF BY SEGMENT (NON-GAAP)**

|   | Power             | Renewable Energy | Aviation        | Healthcare      | Corporate & Eliminations | GE Industrial   |
|---|-------------------|------------------|-----------------|-----------------|--------------------------|-----------------|
| CFOA (GAAP)   | \$ (1,849)        | \$ 406           | \$ 5,373        | \$ 3,485        | \$ (6,714)               | \$ 701          |
| Add: gross additions to property, plant and equipment | (358)             | (297)            | (1,070)         | (378)           | (131)                    | (2,234)         |
| Add: gross additions to internal-use software         | (66)              | (11)             | (73)            | (90)            | (67)                     | (306)           |
| Less: GE Pension Plan funding                         | -                 | -                | -               | -               | (6,000)                  | (6,000)         |
| Less: taxes related to business sales                 | -                 | -                | -               | -               | (180)                    | (180)           |
| <b>Free cash flows (Non-GAAP)</b>                     | <b>\$ (2,273)</b> | <b>\$ 98</b>     | <b>\$ 4,230</b> | <b>\$ 3,018</b> | <b>\$ (731)</b>          | <b>\$ 4,341</b> |

**GE Industrial cash used for operating activities** was \$1.3 billion in 2020, an increase of \$5.9 billion compared with 2019, primarily due to: a general decrease in net income (after adjusting for the gain on the sale of BioPharma and non-cash losses related to our interest in Baker Hughes), primarily due to COVID-19 impacts in our Aviation segment; GE Pension Plan contributions (which are excluded from GE Industrial free cash flows\*) of \$2.5 billion; partially offset by a decrease in cash used for operating working capital of \$2.0 billion; lower provisions for income taxes of \$0.9 billion; and an increase in cash paid for income taxes of \$0.5 billion. Increases in Aviation-related customer allowance accruals (which is a component of All other operating activities) of \$0.5 billion were \$0.2 billion higher compared with 2019.

We utilized the provision of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) which allows employers to defer the payment of Social Security taxes and, as a result, we deferred \$0.3 billion as of December 31, 2020.

The decrease in cash used for working capital was due to: a decrease in cash used for current receivables of \$3.3 billion, which was primarily driven by lower volume, partially offset by a higher decrease in sales of receivables; an increase in cash generated by inventories, including deferred inventory, of \$2.5 billion, which was primarily driven by lower material purchases, partially offset by lower liquidations; and changes in current contract assets of \$0.7 billion, primarily due to a net unfavorable change in estimated profitability of \$1.1 billion at Aviation (see Note 9). These decreases in cash used for working capital were partially offset by: an increase in cash used for accounts payable and equipment project accruals of \$2.9 billion, which was primarily as a result of lower volume in 2020 and higher disbursements related to purchases of materials in prior periods; and lower progress collections and current deferred income of \$1.7 billion, which included a partial offset due to early payments received at our Aviation Military equipment business of \$0.7 billion in 2020 as part of the U.S. Department of Defense's efforts to support vendors in its supply chain during the pandemic.

**GE Industrial cash from investing activities** was \$17.7 billion in 2020, an increase of \$13.7 billion compared with 2019, primarily due to: net proceeds from the sale of our BioPharma business of \$20.3 billion; lower capital contributions from GE Industrial to GE Capital of \$2.0 billion; partially offset by the nonrecurrence of proceeds from the spin-off of our Transportation business of \$6.2 billion (including the sale of our retained ownership interests in Wabtec); and lower proceeds from sales of our stake in Baker Hughes of \$2.6 billion (including the sale of a portion of our retained ownership interests in 2020). Cash used for additions to property, plant and equipment and internal-use software, which is a component of GE Industrial free cash flows\*, was \$1.7 billion in 2020, down \$0.8 billion compared with 2019.

**GE Industrial cash used for financing activities** was \$10.9 billion in 2020, an increase of \$3.3 billion compared with 2019, primarily due to: higher repayments of intercompany loans from GE Capital of \$7.5 billion; a reduction in commercial paper of \$3.0 billion; reductions of other debt of \$0.8 billion; partially offset by new principal issuances of long-term debt of \$7.5 billion in the second quarter of 2020 and lower repurchases of long-term debt of \$0.6 billion.

**GE INDUSTRIAL CASH FLOWS FROM DISCONTINUED OPERATIONS.** GE Industrial cash used for investing activities in 2019 was primarily due to the deconsolidation of Baker Hughes cash as a result of the reduction in our ownership interest in the segment in the third quarter of 2019. GE Industrial cash used for financing activities in 2019 primarily reflects payments of Baker Hughes dividends to noncontrolling interests.

\*Non-GAAP Financial Measure

**GE CAPITAL CASH FLOWS FROM CONTINUING OPERATIONS.** **GE Capital cash from operating activities** was \$3.5 billion in 2020, an increase of \$1.6 billion compared with 2019, primarily due to: cash collateral received, which is a standard market practice to minimize derivative counterparty exposures, and settlements received on derivative contracts (components of All other operating activities) of \$1.9 billion in 2020, an increase of \$0.6 billion compared with 2019 as well as a general increase in cash generated from earnings (loss) from continuing operations. These are partially offset by an increase in trade receivables due to short-term extensions of payment terms to customers of \$0.3 billion driven primarily by COVID-19 and other market related effects.

**GE Capital cash from investing activities** was \$8.2 billion in 2020, a decrease of \$1.2 billion compared with 2019, primarily due to: lower proceeds from business dispositions of \$3.9 billion; lower net collections of financing receivables of \$3.2 billion; a decrease in cash related to our current receivables and supply chain finance programs with GE Industrial of \$1.9 billion; higher net purchases of equity investments of \$1.5 billion and a decrease of GECAS sales deposits of \$1.1 billion primarily driven by COVID-19 and other market related effects; partially offset by repayments of GE Capital intercompany loans (a component of All other investing activities) by GE Industrial of \$9.0 billion in 2020, an increase of \$7.5 billion compared with 2019; an increase in cash received related to net settlements between our continuing operations (primarily our Corporate function) and businesses in discontinued operations of \$2.2 billion and a decrease in net purchases of investment securities of \$0.3 billion.

**GE Capital cash used for financing activities** was \$16.7 billion in 2020, an increase of \$9.7 billion compared with 2019, primarily due to: higher net repayments of borrowings of \$8.5 billion and a lower capital contribution from GE Industrial to GE Capital of \$2.0 billion; partially offset by lower cash settlements on derivatives hedging foreign currency debt of \$1.1 billion.

**GE INDUSTRIAL WORKING CAPITAL TRANSACTIONS. Sales of Receivables.** In order to manage short-term liquidity and credit exposure, GE Industrial may sell current customer receivables to GE Capital and third parties. These transactions are made on arms-length terms and any discount related to time value of money is recognized within the respective GE Industrial business in the period these receivables were sold to GE Capital or third parties. See Note 4 for further information.

**Supply Chain Finance Programs.** GE Industrial facilitates voluntary supply chain finance programs with third parties, which provide participating GE Industrial suppliers the opportunity to sell their GE Industrial receivables to third parties at the sole discretion of both the suppliers and the third parties.

At December 31, 2020 and 2019, included in GE Industrial's accounts payable is \$2.9 billion and \$2.4 billion, respectively, of supplier invoices that are subject to the third-party programs. Total GE Industrial supplier invoices paid through these third-party programs were \$4.9 billion and \$1.4 billion for the years ended December 31, 2020 and 2019, respectively.

Previously, GE Capital operated a supply chain finance program for suppliers to GE Industrial's businesses. The remaining GE Industrial liability associated with the funded participation in the GE Capital program is presented as accounts payable and amounted to \$0.1 billion and \$2.1 billion at December 31, 2020 and 2019, respectively. Cash flows associated with the decrease in this liability are reflected as cash used for operating activities at GE Industrial and cash from investing activities at GE Capital, and are eliminated in our consolidated statement of cash flows.

**INTERCOMPANY TRANSACTIONS BETWEEN GE INDUSTRIAL AND GE CAPITAL.** Transactions between related companies are made on arms-length terms and are reported in the GE Industrial and GE Capital columns of our financial statements, which we believe provide useful supplemental information to our consolidated financial statements. Consistent with our historical practice, all commercial transactions between GE Industrial and GE Capital continue to be reported on arms-length terms and are eliminated upon consolidation. See Note 24 for further information.

**GE Capital Finance Transactions.** During the years ended December 31, 2020 and 2019, GE Capital acquired from third parties 20 aircraft with a list price totaling \$1.7 billion and 51 aircraft with a list price totaling \$6.4 billion, respectively, that will be leased to others and are powered by engines manufactured by GE Aviation and affiliates. GE Capital also made payments to GE Aviation and affiliates related to spare engines and engine parts of \$0.2 billion and \$0.7 billion, which included \$0.1 billion and \$0.6 billion to CFM International, during the years ended December 31, 2020 and 2019, respectively. Additionally, GE Capital had \$2.1 billion and \$2.0 billion of net book value of engines, originally manufactured by GE Aviation and affiliates and subsequently leased back to GE Aviation and affiliates at December 31, 2020 and 2019, respectively.

Also, during the years ended December 31, 2020 and 2019, GE Industrial recognized equipment revenues of \$2.3 billion and \$1.6 billion, respectively, from customers within our Power and Renewable Energy segments in which GE Capital has been an investee or is committed to be an investee in the underlying projects. At December 31, 2020 and 2019, GE Capital had funded related investments of \$1.3 billion and \$0.6 billion, respectively.

For certain of these investments, in order to meet its underwriting criteria, GE Capital may obtain a direct guarantee from GE Industrial related to the performance of the third party. GE Industrial guarantees include direct performance or payment guarantees, return on investment guarantees and asset value guarantees. As of December 31, 2020, GE Industrial had outstanding guarantees to GE Capital on \$0.9 billion of funded exposure and \$0.1 billion of unfunded commitments, which included guarantees issued by industrial businesses. The recorded contingent liability for these guarantees was insignificant as of December 31, 2020 and is based on individual transaction level defaults, losses and/or returns.

**CRITICAL ACCOUNTING ESTIMATES.** Accounting estimates and assumptions discussed in this section are those that we consider to be the most critical to an understanding of our financial statements because they involve significant judgments and uncertainties. Actual results in these areas could differ from management's estimates. See Note 1 for further information on our most significant accounting policies.

**REVENUE RECOGNITION ON LONG-TERM SERVICES AGREEMENTS.** We have long-term service agreements with our customers predominately within our Power and Aviation segments that require us to maintain the customers' assets over the contract terms, which generally range from 5 to 25 years. However, contract modifications that extend or revise contracts are not uncommon. We recognize revenue as we perform under the arrangements using the percentage of completion method which is based on our costs incurred to date relative to our estimate of total expected costs. This requires us to make estimates of customer payments expected to be received over the contract term as well as the costs to perform required maintenance services.

Customers generally pay us based on the utilization of the asset (per hour of usage for example) or upon the occurrence of a major event within the contract such as an overhaul. As a result, a significant estimate in determining expected revenues of a contract is estimating how customers will utilize their assets over the term of the agreement. The estimate of utilization, which can change over the contract life, impacts both the amount of customer payments we expect to receive and our estimate of future contract costs. Customers' asset utilization will influence the timing and extent of overhauls and other service events over the life of the contract. We generally use a combination of both historical utilization trends as well as forward-looking information such as market conditions and potential asset retirements in developing our revenue estimates.

To develop our cost estimates, we consider the timing and extent of future maintenance and overhaul events, including the amount and cost of labor, spare parts and other resources required to perform the services. In developing our cost estimates, we utilize a combination of our historical cost experience and expected cost improvements. Cost improvements are only included in future cost estimates after savings have been observed in actual results or proven effective through an extensive regulatory or engineering approval process.

We routinely review estimates under long-term service agreements and regularly revise them to adjust for changes in outlook. These revisions are based on objectively verifiable information that is available at the time of the review. Contract modifications that change the rights and obligations, as well as the nature, timing and extent of future cash flows, are evaluated for potential price concessions, contract asset impairments and significant financing to determine if adjustments of earnings are required before effectively accounting for a modified contract as a new contract.

We regularly assess expected billings adjustments and customer credit risk inherent in the carrying amounts of receivables and contract assets, including the risk that contractual penalties may not be sufficient to offset our accumulated investment in the event of customer termination. We gain insight into future utilization and cost trends, as well as credit risk, through our knowledge of the installed base of equipment and fleet management strategies through close interaction with our customers that comes with supplying critical services and parts over extended periods. Revisions may affect a long-term services agreement's total estimated profitability resulting in an adjustment of earnings.

On December 31, 2020, our net long-term service agreements balance of \$1.3 billion represents approximately 0.7% of our total estimated life of contract billings of \$188.4 billion. Our contracts (on average) are approximately 20.9% complete based on costs incurred to date and our estimate of future costs. Revisions to our estimates of future billings or costs that increase or decrease total estimated contract profitability by one percentage point would increase or decrease the long-term service agreements balance by \$0.4 billion. Cash billings collected on these contracts were \$8.9 billion and \$11.5 billion during the years ended December 31, 2020 and 2019, respectively.

See Notes 1 and 9 for further information.

**IMPAIRMENT OF GOODWILL AND OTHER IDENTIFIED INTANGIBLE ASSETS.** We perform our annual goodwill impairment testing in the fourth quarter. In assessing the possibility that a reporting unit's fair value has been reduced below its carrying amount due to the occurrence of events or circumstances between annual impairment testing dates, we consider all available evidence, including (i) the results of our impairment testing from the most recent testing date (in particular, the magnitude of the excess of fair value over carrying value observed), (ii) downward revisions to internal forecasts or decreases in market multiples (and the magnitude thereof), if any, and (iii) declines in market capitalization below book value (and the magnitude and duration of those declines), if any.

We determine fair value for each of the reporting units using the market approach, when available and appropriate, or the income approach, or a combination of both. We assess the valuation methodology based upon the relevance and availability of the data at the time we perform the valuation. If multiple valuation methodologies are used, the results are weighted appropriately.

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

Under the income approach, fair value is determined based on the present value of estimated future cash flows, discounted at an appropriate risk-adjusted rate. We use our internal forecasts to estimate future cash flows and include an estimate of long-term future growth rates based on our most recent views of the long-term outlook for each business. We derive our discount rates using a capital asset pricing model and analyzing published rates for industries relevant to our reporting units to estimate the cost of equity financing. We use discount rates that are commensurate with the risks and uncertainty inherent in the respective businesses and in our internally developed forecasts. Discount rates used in our annual reporting unit valuations ranged from 10.5% to 22.5%.

Estimating the fair value of reporting units requires the use of significant judgments that are based on a number of factors including actual operating results, internal forecasts, market observable pricing multiples of similar businesses and comparable transactions, possible control premiums, determining the appropriate discount rate and long-term growth rate assumptions, and, if multiple approaches are being used, determining the appropriate weighting applied to each approach. It is reasonably possible that the judgments and estimates described above could change in future periods.

We review identified intangible assets with defined useful lives and subject to amortization for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Determining whether an impairment loss has occurred requires the use of our internal forecast to estimate future cash flows and the useful life over which these cash flows will occur. To determine fair value, we use our internal cash flow estimates discounted at an appropriate discount rate.

See Notes 1 and 8 for further information.

**INSURANCE AND INVESTMENT CONTRACTS.** Refer to the Other Items - Insurance section for further discussion of the accounting estimates and assumptions in our insurance reserves and their sensitivity to change. Also see Notes 1 and 12 for further information.

**PENSION ASSUMPTIONS.** Refer to Note 13 for our accounting estimates and assumptions related to our postretirement benefit plans.

**INCOME TAXES.** Our annual tax rate is based on our income, statutory tax rates and tax planning opportunities available to us in the various jurisdictions in which we operate. Tax laws are complex and subject to different interpretations by the taxpayer and respective governmental taxing authorities. Significant judgment is required in determining our tax expense and in evaluating our tax positions, including evaluating uncertainties. We review our tax positions quarterly and adjust the balances as new information becomes available. Our income tax rate is significantly affected by the tax rate on our global operations. In addition to local country tax laws and regulations, this rate can depend on the extent earnings are indefinitely reinvested outside the U.S. Historically U.S. taxes were due upon repatriation of foreign earnings. Due to the enactment of U.S. tax reform, repatriations of available cash from foreign earnings are expected to be free of U.S. federal income tax but may incur withholding or state taxes. Indefinite reinvestment is determined by management's judgment about and intentions concerning the future operations of the Company. Most of these earnings have been reinvested in active non-U.S. business operations. At December 31, 2020, we have not changed our indefinite reinvestment decision as a result of tax reform but will reassess this on an ongoing basis.

We evaluate the recoverability of deferred income tax assets by assessing the adequacy of future expected taxable income from all sources, including reversal of taxable temporary differences, forecasted operating earnings and available tax planning strategies, which heavily rely on estimates. We use our historical experience and our short- and long-range business forecasts to provide insight. Further, our global and diversified business portfolio gives us the opportunity to employ various prudent and feasible tax planning strategies to facilitate the recoverability of future deductions. Amounts recorded for deferred tax assets related to non-U.S. net operating losses, net of valuation allowances, were \$2.1 billion and \$2.2 billion at December 31, 2020 and 2019, respectively. Of this, \$0.1 billion and \$0.2 billion at December 31, 2020 and 2019, respectively, were associated with losses reported in discontinued operations, primarily related to our legacy financial services businesses, and \$0.2 billion was related to held for sale assets at December 31, 2019.

See Other Consolidated Information - Income Taxes section and Notes 1 and 15 for further information.

**LOSS CONTINGENCIES.** Loss contingencies are uncertain and unresolved matters that arise in the ordinary course of business and result from events or actions by others that have the potential to result in a future loss. Such contingencies include, but are not limited to, environmental obligations, litigation, regulatory investigations and proceedings, product quality and losses resulting from other events and developments. When a loss is considered probable and reasonably estimable, we record a liability in the amount of our best estimate for the ultimate loss. When there appears to be a range of possible costs with equal likelihood, liabilities are based on the low-end of such range. However, the likelihood of a loss with respect to a particular contingency is often difficult to predict and determining a meaningful estimate of the loss or a range of loss may not be practicable based on the information available and the potential effect of future events and negotiations with or decisions by third parties that will determine the ultimate resolution of the contingency. Moreover, it is not uncommon for such matters to be resolved over many years, during which time relevant developments and new information must be continuously evaluated to determine both the likelihood of potential loss and whether it is possible to reasonably estimate a range of possible loss. Disclosure is provided for material loss contingencies when a loss is probable but a reasonable estimate cannot be made, and when it is reasonably possible that a loss will be incurred or the amount of a loss will exceed the recorded provision. We regularly review contingencies to determine whether the likelihood of loss has changed and to assess whether a reasonable estimate of the loss or range of loss can be made. See Note 23 for further information.



## OTHER ITEMS

**INSURANCE.** The run-off insurance operations of North American Life and Health (NALH) primarily include Employers Reinsurance Corporation (ERAC) and Union Fidelity Life Insurance Company (UFLIC). ERAC was formerly part of Employers Reinsurance Corporation (ERC) until the sale of ERC to Swiss Re in 2006. UFLIC was formerly part of Genworth Financial Inc. (Genworth) but was retained by GE after Genworth's initial public offering in 2004.

ERAC primarily assumes long-term care insurance and life insurance from numerous cedents under various types of reinsurance treaties and stopped accepting new policies after 2008. UFLIC primarily assumes long-term care insurance, structured settlement annuities with and without life contingencies and variable annuities from Genworth and has been closed to new business since 2004. The vast majority of NALH's reinsurance exposures are long-duration arrangements that still involve substantial levels of premium collections and benefit payments even though ERAC and UFLIC have not entered into new reinsurance treaties in about a decade. These long-duration arrangements involve a number of direct writers and contain a range of risk transfer provisions and other contractual elements. In many instances, these arrangements do not transfer to us 100 percent of the risk embodied in the encompassed underlying policies issued by the direct writers. Furthermore, we cede insurance risk to third-party reinsurers for a portion of our insurance contracts, primarily on long-term care insurance policies.

Our run-off insurance liabilities and annuity benefits primarily comprise a liability for future policy benefits for those insurance contract claims not yet incurred and claim reserves for claims that have been incurred or are estimated to have been incurred but not yet reported. The insurance liabilities and annuity benefits amounted to \$42.2 billion and \$39.8 billion and primarily relate to individual long-term care insurance reserves of \$21.3 billion and \$21.0 billion and structured settlement annuities and life insurance reserves of \$10.7 billion and \$11.1 billion, at December 31, 2020 and 2019, respectively. The increase in insurance liabilities and annuity benefits of \$2.4 billion from December 31, 2019 to December 31, 2020 is primarily due to an adjustment of \$2.5 billion resulting from an increase in unrealized gains on investment securities that would result in a premium deficiency should those gains be realized.

In addition to NALH, Electric Insurance Company (EIC) is a property and casualty insurance company primarily providing insurance to GE and its employees with net claim reserves of \$0.3 billion at both December 31, 2020 and 2019.

We regularly monitor emerging experience in our run-off insurance operations and industry developments to identify trends that may help us refine our reserve assumptions. We believe recent elevated mortality across our portfolio and lower long-term care insurance claims are short term in nature and attributable to COVID-19. However, the effects of COVID-19, including the timing and success of vaccinations, remain uncertain and may result in variability in levels of future mortality and long-term care insurance claims activity, including changes in policyholder behavior (e.g., policyholder willingness to enter long-term care facilities or seek care at home), among others.

These monitoring activities also allow us to evaluate opportunities to reduce our insurance risk profile and improve the results of our run-off insurance operations. Such opportunities may include the pursuit of future premium rate increases and benefit reductions on long-term care insurance contracts in accordance with our reinsurance contracts with our ceding companies; recapture and reinsurance transactions to reduce risk where economically justified; investment strategies to improve asset and liability matching and enhance investment portfolio yields; and managing our expense levels.

### Key Portfolio Characteristics

**Long-term care insurance contracts.** The long-term care insurance contracts we reinsure provide coverage at varying levels of benefits to policyholders and may include attributes that could result in claimants being on claim for longer periods or at higher daily claim costs, or alternatively limiting the premium paying period, compared to contracts with a lower level of benefits. For example, policyholders with a lifetime benefit period could receive coverage up to the specified daily maximum as long as the policyholder is claim eligible and receives care for covered services; inflation protection options increase the daily maximums to protect the policyholder from the rising cost of care with some options providing automatic annual increases of 3% to 5% or policyholder elected inflation-indexed increases for increased premium; joint life policies provide coverage for two lives which permit either life under a single contract to receive benefits at the same time or separately; and premium payment options may limit the period over which the policyholder pays premiums while still receiving coverage after premium payments cease, which may limit the impact of our benefit from future premium rate increases.

The ERAC long-term care insurance portfolio comprises more than two-thirds of our total long-term care insurance reserves and is assumed from approximately 30 ceding companies through various types of reinsurance and retrocession contracts having complex terms and conditions. Compared to the overall long-term care insurance block, it has a lower average attained age with a larger number of policies (and covered lives, as over one-third of the policies are joint life policies), with lifetime benefit periods and/or with inflation protection options which may result in a higher potential for future claims.

The UFLIC long-term care insurance block comprises the remainder of our total long-term care insurance reserves and is more mature with policies that are more uniform, as it is assumed from a single ceding company, Genworth, and has fewer policies with lifetime benefit periods, no joint life policies and slightly more policies with inflation protection options.

As further described within the Premium Deficiency Testing section below, we reconstructed our future claim cost projections in 2017 utilizing trends observed in our emerging experience for older claimant ages and later duration policies. Also described within that section are key assumption changes in 2020.

Presented in the table below are GAAP and statutory reserve balances and key attributes of our long-term care insurance portfolio.

| December 31, 2020   | ERAC      | UFLIC     | Total     |
|---|-----------|-----------|-----------|
| Gross GAAP future policy benefit reserves and claim reserves                          | \$ 15,757 | \$ 5,570  | \$ 21,327 |
| Gross statutory future policy benefit reserves and claim reserves(a)                  | 24,081    | 6,843     | 30,924    |
| Number of policies in force   | 190,000   | 62,000    | 252,000   |
| Number of covered lives in force  | 254,000   | 62,000    | 316,000   |
| Average policyholder attained age   | 76        | 83        | 78        |
| Gross GAAP future policy benefit reserve per policy (in actual dollars)               | \$ 70,600 | \$ 56,900 | \$ 67,200 |
| Gross GAAP future policy benefit reserve per covered life (in actual dollars)         | 52,800    | 56,900    | 53,600    |
| Gross statutory future policy benefit reserve per policy (in actual dollars)(a)       | 113,800   | 77,000    | 104,700   |
| Gross statutory future policy benefit reserve per covered life (in actual dollars)(a) | 85,100    | 77,000    | 83,500    |
| Percentage of policies with:  |           |           |           |
| Lifetime benefit period   | 69%       | 34%       | 61%       |
| Inflation protection option   | 81%       | 91%       | 84%       |
| Joint lives   | 34%       | -%        | 25%       |
| Percentage of policies that are premium paying  | 72%       | 80%       | 74%       |
| Policies on claim   | 11,000    | 8,800     | 19,800    |

(a) Statutory balances reflect recognition of the estimated remaining statutory increase in reserves of approximately \$5.5 billion through 2023 under the permitted accounting practice discussed further below and in Note 12.

*Structured settlement annuities and life insurance contracts.* We reinsure approximately 29,100 structured settlement annuities with an average attained age of 53. These structured settlement annuities were primarily underwritten on impaired lives (i.e., shorter-than-average life expectancies) at origination and have projected payments extending decades into the future. Our primary risks associated with these contracts include mortality (i.e., life expectancy or longevity), mortality improvement (i.e., assumed rate that mortality is expected to reduce over time), which may extend the duration of payments on life contingent contracts beyond our estimates, and reinvestment risk (i.e., a low interest rate environment may reduce our ability to achieve our targeted investment margins). Unlike long-term care insurance, structured settlement annuities offer no ability to require additional premiums or reduce benefits.

Our life reinsurance business typically covers the mortality risk associated with various types of life insurance policies that we reinsure from approximately 150 ceding company relationships where we pay a benefit based on the death of a covered life. As of December 31, 2020, across our U.S. and Canadian life insurance blocks, we reinsure approximately \$80 billion of net amount at risk (i.e., difference between the death benefit and any accrued cash value) from approximately 2 million policies with an average attained age of 59. In 2020, our incurred claims were approximately \$0.6 billion with an average individual claim of approximately \$50,000. The largest product types covered are 20-year level term policies, which represent approximately 35% of the net amount at risk and a significant portion are anticipated to lapse (i.e., the length of time a policy will remain in force) over the next 3 years as the policies reach the end of their 20-year level premium period.

*Investment portfolio and other adjustments.* Our insurance liabilities and annuity benefits are primarily supported by investment securities of \$42.0 billion and \$38.0 billion and commercial mortgage loans of \$1.8 billion and \$1.9 billion at December 31, 2020 and 2019, respectively. Additionally, we expect to purchase approximately \$7 billion of new assets through 2024 in conjunction with expected capital contributions from GE Capital to our insurance subsidiaries, of which approximately \$2.0 billion is expected to be contributed in the first quarter of 2021, pending completion of our December 31, 2020 statutory reporting process, which includes asset adequacy testing. Our investment securities are classified as available-for-sale and comprise mainly investment-grade debt securities. The portfolio includes \$8.2 billion of net unrealized gains that are recorded within Other comprehensive income, net of applicable taxes and other adjustments as of December 31, 2020.

In calculating our future policy benefit reserves, we are required to consider the impact of net unrealized gains and losses on our available-for-sale investment securities supporting our insurance contracts as if those unrealized amounts were realized. To the extent that the realization of gains would result in a premium deficiency, an adjustment is recorded to increase future policy benefit reserves with an after-tax offset to Other comprehensive income. At December 31, 2020, the entire \$8.2 billion balance of net unrealized gains on our investment securities required a related increase to future policy benefit reserves. This adjustment increased from \$5.7 billion in 2019 to \$8.2 billion in 2020 primarily from higher unrealized gains within the investment security portfolio supporting our insurance contracts as a result of decreased market yields. See Note 3 for further information about our investment securities.

We manage the investments in our run-off insurance operations under strict investment guidelines, including limitations on asset class concentration, single issuer exposures, asset-liability duration variances, and other factors to meet credit quality, yield, liquidity and diversification requirements associated with servicing our insurance liabilities under reasonable circumstances. This process includes consideration of various asset allocation strategies and incorporates information from several external investment advisors to improve our investment yield subject to maintaining our ability to satisfy insurance liabilities when due, as well as considering our risk-based capital requirements, regulatory constraints, and tolerance for surplus volatility. With the expected capital contributions from GE Capital through 2024, we intend to add new asset classes to further diversify our portfolio, including private equity, senior secured loans and infrastructure debt, among others. Asset allocation planning is a dynamic process that considers changes in market conditions, risk appetite, liquidity needs and other factors which are reviewed on a periodic basis by our investment team. Investing in these assets exposes us to both credit risk (i.e., debtor's ability to make timely payments of principal and interest) and interest rate risk (i.e., market price, cash flow variability, and reinvestment risk due to changes in market interest rates). We regularly review investment securities for impairment using both quantitative and qualitative criteria.

Our run-off insurance operations have approximately \$0.8 billion of assets held by states or other regulatory bodies in statutorily required deposit accounts, and approximately \$32.2 billion of assets held in trust accounts associated with reinsurance contracts and reinsurance security trust agreements in place between either ERAC or UFLIC as the reinsuring entity and a number of ceding insurers. Assets in these trusts are held by an independent trustee for the benefit of the ceding insurer, and are subject to various investment guidelines as set forth in the respective reinsurance contracts and trust agreements. Some of these trust agreements may allow a ceding company to withdraw trust assets from the trust and hold these assets on its balance sheet, in an account under its control for the benefit of ERAC or UFLIC which might allow the ceding company to exercise investment control over such assets.

**Critical Accounting Estimates.** Our insurance reserves include the following key accounting estimates and assumptions described below.

*Future policy benefit reserves.* Future policy benefit reserves represent the present value of future policy benefits less the present value of future gross premiums based on actuarial assumptions including, but not limited to, morbidity (i.e., frequency and severity of claim, including claim termination rates and benefit utilization rates); morbidity improvement (i.e., assumed rate of improvement in morbidity in the future); mortality (i.e., life expectancy or longevity); mortality improvement (i.e., assumed rate that mortality is expected to reduce over time); policyholder persistency or lapses (i.e., the length of time a policy will remain in force); anticipated premium increases or benefit reductions associated with future in-force rate actions, including actions that are: (a) approved and not yet implemented, (b) filed but not yet approved, and (c) estimated on future filings through 2028, on long-term care insurance policies; and interest rates. Assumptions are locked-in throughout the remaining life of a contract unless a premium deficiency develops.

*Claim reserves.* Claim reserves are established when a claim is incurred and represents our best estimate of the present value of the ultimate obligations for future claim payments and claim adjustment expenses. Key inputs include actual known facts about the claim, such as the benefits available and cause of disability of the claimant, as well as assumptions derived from our actual historical experience and expected future changes in experience factors. Claim reserves are evaluated periodically for potential changes in loss estimates with the support of qualified actuaries, and any changes are recorded in earnings in the period in which they are determined.

*Reinsurance recoverables.* We cede insurance risk to third-party reinsurers for a portion of our insurance contracts, primarily on long-term care insurance policies, and record receivables for estimated recoveries as we are not relieved from our primary obligation to policyholders or cedents. These receivables are estimated in a manner consistent with the future policy benefit reserves and claim reserves. Reserves ceded to reinsurers, net of allowance, were \$2.6 billion and \$2.4 billion at December 31, 2020 and 2019, respectively, and are included in the caption Other GE Capital receivables in our consolidated Statement of Financial Position.

**Premium Deficiency Testing.** We annually perform premium deficiency testing in the third quarter in the aggregate across our run-off insurance portfolio. The premium deficiency testing assesses the adequacy of future policy benefit reserves, net of unamortized capitalized acquisition costs, using current assumptions without provision for adverse deviation. A comprehensive review of premium deficiency assumptions is a complex process and depends on a number of factors, many of which are interdependent and require evaluation individually and in the aggregate across all insurance products. The vast majority of our run-off insurance operations consists of reinsurance from multiple ceding insurance entities pursuant to treaties having complex terms and conditions. Premium deficiency testing relies on claim and policy information provided by these ceding entities and considers the reinsurance treaties and underlying policies. In order to utilize that information for purposes of completing experience studies covering all key assumptions, we perform detailed procedures to conform and validate the data received from the ceding entities. Our long-term care insurance business includes coverage where credible claim experience for higher attained ages is still emerging, and to the extent future experience deviates from current expectations, new projections of claim costs extending over the expected life of the policies may be required. Significant uncertainties exist in making projections for these long-term care insurance contracts, which requires that we consider a wide range of possible outcomes.

The primary assumptions used in the premium deficiency tests include:

**Morbidity.** Morbidity assumptions used in estimating future policy benefit reserves are based on estimates of expected incidences of disability among policyholders and the costs associated with these policyholders asserting claims under their contracts, and these estimates account for any expected future morbidity improvement. For long-term care exposures, estimating expected future costs includes assessments of incidence (probability of a claim), utilization (amount of available benefits expected to be incurred) and continuance (how long the claim will last). Prior to 2017, premium deficiency assumptions considered the risk of anti-selection by including issue age adjustments to morbidity based on an actuarial assumption that long-term care policies issued to younger individuals would exhibit lower expected incidences and claim costs than those issued to older policyholders. Recent claim experience and the development of reconstructed claim cost curves indicated issue age differences had minimal impact on claim cost projections, and, accordingly, beginning in 2017, issue age adjustments were eliminated in developing morbidity assumptions. Higher morbidity increases, while lower morbidity decreases, the present value of expected future benefit payments.

**Rate of Change in Morbidity.** Our annual premium deficiency testing incorporates our best estimates of projected future changes in the morbidity rates reflected in our base claim cost curves. These estimates draw upon a number of inputs, some of which are subjective, and all of which are interpreted and applied in the exercise of professional actuarial judgment in the context of the characteristics specific to our portfolios. This exercise of judgment considers factors such as the work performed by internal and external independent actuarial experts engaged to advise us in our annual testing, the observed actual experience in our portfolios measured against our base projections, industry developments, and other trends, including advances in the state of medical care and health-care technology development. With respect to industry developments, we take into account that there are differences between and among industry peers in portfolio characteristics (such as demographic features of the insured populations), the aggregate effect of morbidity improvement or deterioration as applied to base claim cost projections, the extent to which such base cost projections reflect the most current experience, and the accepted diversity of practice in actuarial professional judgment. We assess the potential for any change in morbidity with reference to our existing base claim cost projections, reconstructed in 2017. Projected improvement or deterioration in morbidity can have a material impact on our future claim cost projections, both on a stand-alone basis and also by virtue of influencing other variables such as discount rate and premium rate increases.

**Mortality.** Mortality assumptions used in estimating future policy benefit reserves are based on published mortality tables as adjusted for the results of our experience studies and estimates of expected future mortality improvement. For life insurance products, higher mortality increases the present value of expected future benefit payments, while for annuity and long-term care insurance contracts, higher mortality decreases the present value of expected future benefit payments.

**Discount rate.** Interest rate assumptions used in estimating the present value of future policy benefit reserves are based on expected investment yields, net of related investment expenses and expected defaults. In estimating future investment yields, we consider the actual yields on our current investment securities held by our run-off insurance operations and the future rates at which we expect to reinvest any proceeds from investment security maturities, net of other operating cash flows, and the projected future capital contributions into our run-off insurance operations. Lower future investment yields result in a lower discount rate and a higher present value of future policy benefit reserves.

**Future long-term care premium rate increases.** Long-term care insurance policies allow the issuing insurance entity to increase premiums, or alternatively allow the policyholder the option to decrease benefits, with approval by state regulators, should actual experience emerge worse than what was projected when such policies were initially underwritten. As a reinsurer, we rely upon the primary insurers that issued the underlying policies to file proposed premium rate increases on those policies with the relevant state insurance regulators. While we have no direct ability to seek or to institute such premium rate increases, we often collaborate with the primary insurers in accordance with reinsurance contractual terms to file proposed premium rate increases. The amount of times that rate increases have occurred varies by ceding company. We consider recent experience of rate increase filings made by our ceding companies along with state insurance regulatory processes and precedents in establishing our current expectations. Higher future premium rate increases lower the present value of future policy benefit reserves and lower future premium rate increases increase the present value of future policy benefit reserves.

**Terminations.** Terminations refers to the rate at which the underlying policies are cancelled due to either mortality, lapse (non-payment of premiums by a policyholder), or, in the case of long-term care insurance, benefit exhaustion. Termination rate assumptions used in estimating the present value of future policy benefit reserves are based on the results of our experience studies and reflect actuarial judgment. Lower termination rates increase, while higher termination rates decrease, the present value of expected future benefit payments.

In 2017, based on elevated claim experience for a portion of our long-term care insurance contracts, we initiated a comprehensive review of all premium deficiency testing assumptions across all insurance products, resulting in a reconstruction of our future claim cost projections for long-term care insurance products. While our long-term care insurance claim experience has shown some emerging modest favorable experience, it remains largely in-line with those reconstructed projections. However, the extent of actual experience since 2017 to date is limited in the context of a long-tailed, multi-decade portfolio.

**2020 Premium Deficiency Testing.** We completed our annual premium deficiency testing in the aggregate across our run-off insurance portfolio in the third quarter of 2020. These procedures included updating experience studies since our last test completed in the third quarter of 2019, independent actuarial analysis and review of industry benchmarks. As we experienced a premium deficiency in 2019, our 2020 premium deficiency testing started with a zero margin and, accordingly, any net adverse development would result in a future premium deficiency. Using our most recent future policy benefit reserve assumptions, including changes to our assumptions related to morbidity, future premium rate increases and discount rate, the 2020 premium deficiency testing results indicated there was a positive margin of less than 2% of the recorded future policy benefit reserves, excluding Other adjustments, at September 30, 2020. As a result, the assumptions updated in connection with the premium deficiency recognized in 2019 remain locked-in and will remain so unless another premium deficiency occurs in the future.

The increase in the premium deficiency testing margin from our 2019 testing was primarily attributable to modestly favorable emerging morbidity experience in our long-term care insurance portfolio, primarily at the older attained ages, in the period since the 2017 reconstruction of our future claim cost projections (\$0.4 billion) and higher projected future premium rate increase approvals (\$0.2 billion), partially offset by a decline in the overall discount rate to a weighted average rate of 5.70% compared to 5.74% in 2019 (\$0.2 billion). This decline in the discount rate from 2019 to 2020 reflects a lower expected reinvestment rate, due to lower benchmark interest rates in the U.S, increasing to a lower expected long-term average investment yield over a longer period and slightly lower actual yields on our investment security portfolio, partially offset by increased allocations to higher yielding asset classes introduced with our 2018 strategic initiatives, which included a modest decline in expected yield compared to 2019 assumptions.

As noted above, while our observed long-term care insurance claim experience has shown some emerging modest favorable experience in the period since the 2017 reconstruction of our future claim cost projections, it remains largely in-line with those reconstructed projections. Based on the application of professional actuarial judgment to the factors discussed above, we have made no substantial change to our assumptions concerning morbidity improvement, mortality, mortality improvement, or terminations in 2020. As with all assumptions underlying our premium deficiency testing, we will continue to monitor these factors, which may result in future changes in our assumptions.

Since our premium deficiency testing performed in 2019, we have implemented approximately \$0.3 billion of previously approved long-term care insurance premium rate increase actions and expect higher projected future premium rate increase approvals of approximately \$0.2 billion. Our 2020 premium deficiency test includes approximately \$1.9 billion of anticipated future premium increases or benefit reductions associated with future in-force rate actions. This represents a decrease of \$0.1 billion from our 2019 premium deficiency test to account for actions that are: (a) approved and not yet implemented, (b) filed but not yet approved, and (c) estimated on future filings through 2028 and includes the effects of the lower discount rate mentioned above and longer anticipated timing to achieve certain premium rate approvals.

As a result of exposure period cut-off dates to permit experience to develop and lags in ceding company data reporting from our ceding companies, the impact of COVID-19 is not reflected in the experience studies data used in our 2020 premium deficiency testing. However, we assessed certain scenarios to understand potential impacts associated with COVID-19 and, due to the insignificance and short-term nature of such uncertain future impacts, including the natural offsets from mortality in the aggregate across our run-off insurance products, concluded adjustments to our primary assumptions used in the premium deficiency testing were not warranted.

When results of the premium deficiency testing indicate overall reserves are sufficient, we are also required to assess whether additional future policy benefit reserves are required to be accrued over time in the future. Such an accrual would be required if profits are projected in earlier future periods followed by losses projected in later future years (i.e., profits followed by losses). When this pattern of profits followed by losses is projected, we would be required to accrue a liability in the expected profitable years by the amount necessary to offset projected losses in later future years. We noted our projections as of third quarter 2020 indicate the present value of projected earnings in each future year to be positive, and therefore, no further adjustments to our future policy benefit reserves were required at this time.

**GAAP Reserve Sensitivities.** The results of our premium deficiency testing are sensitive to the assumptions described above. Considering the results of the 2020 premium deficiency test which resulted in a small margin, any future net adverse changes in our assumptions may reduce the margin or result in a premium deficiency requiring an increase to future policy benefit reserves. For example, adverse changes in key assumptions related to our future policy benefits reserves, holding all other assumptions constant, would have the following effects on the projected present value of future cash flows as presented in the table below. Any future net favorable changes to these assumptions could result in a lower projected present value of future cash flows and additional margin in our premium deficiency test and higher income over the remaining duration of the portfolio, including higher investment income. The assumptions within our future policy benefit reserves are subject to significant uncertainties, including those inherent in the complex nature of our reinsurance treaties. Many of our assumptions are interdependent and require evaluation individually and in the aggregate across all insurance products. Small changes in the amounts used in the sensitivities or the use of different factors could result in materially different outcomes from those reflected below.

|  | 2019 assumption  | 2020 assumption  | Hypothetical change in 2020 assumption   | Estimated increase to projected present value of future cash flows (pre-tax) |
|--|--|--|--|--|
| Long-term care insurance morbidity improvement         | 1.25% per year over 12 to 20 years   | 1.25% per year over 12 to 20 years   | 25 basis point reduction<br>No morbidity improvement                               | \$600<br>\$3,400   |
| Long-term care insurance morbidity                     | Based on company experience  | Based on company experience  | 5% increase in dollar amount of paid claims  | \$1,000  |
| Long-term care insurance mortality improvement         | 0.5% per year for 10 years with annual improvement graded to 0% over next 10 years | 0.5% per year for 10 years with annual improvement graded to 0% over next 10 years | 1.0% per year for 10 years with annual improvement graded to 0% over next 10 years | \$400  |
| Total terminations:                                    |  |  |  |  |
| Long-term care insurance mortality                     | Based on company experience  | Based on company experience  | Any change in termination assumptions that reduce total terminations by 10%        | \$1,100  |
| Long-term care insurance lapse rate                    | Varies by block, attained age and benefit period; average 0.5 - 1.15%              | Varies by block, attained age and benefit period; average 0.5 - 1.15%              |  |  |
| Long-term care insurance benefit exhaustion            | Based on company experience  | Based on company experience  |  |  |
| Long-term care insurance future premium rate increases | Varies by block based on filing experience   | Varies by block based on filing experience   | 25% adverse change in premium rate increase success rate                           | \$500  |
| Discount rate:   |  |  |  |  |
| Overall discount rate                                  | 5.74%  | 5.70%  | 25 basis point reduction   | \$900  |
| Reinvestment rate                                      | 3.05%; grading to a long-term average investment yield of 5.9%                     | 2.70%; grading to a long-term average investment yield of 5.8%                     | 25 basis point reduction; grading to a long-term average investment yield of 5.8%  | Less than \$100  |
| Structured settlement annuity mortality                | Based on company experience  | Based on company experience  | 5% decrease in mortality   | \$100  |
| Life insurance mortality                               | Based on company experience  | Based on company experience  | 5% increase in mortality   | \$300  |

**Statutory Considerations.** Our run-off insurance subsidiaries are required to prepare statutory financial statements in accordance with statutory accounting practices. Statutory accounting practices, not GAAP, determine the required statutory capital levels of our insurance legal entities.

Statutory accounting practices are set forth by the National Association of Insurance Commissioners (NAIC) as well as state laws, regulation and general administrative rules and differ in certain respects from GAAP. Under statutory accounting practices, base formulaic reserve assumptions typically do not change unless approved by our primary regulator, KID. In addition to base reserves, statutory accounting practices require additional actuarial reserves (AAR) be established based on results of asset adequacy testing reflecting moderately adverse conditions (i.e., assumptions include a provision for adverse deviation (PAD) rather than current assumptions without a PAD as required for premium deficiency testing under GAAP). As a result, our statutory asset adequacy testing assumptions reflect less long-term care insurance morbidity improvement and for shorter durations, restrictions on future long-term care insurance premium rate increases, no life insurance mortality improvement and a lower discount rate, among other differences. As a result, several of the sensitivities described in the table above would be less impactful on our statutory reserves.

The adverse impact on our statutory AAR arising from our revised assumptions in 2017, including the collectability of reinsurance recoverables, is expected to require GE Capital to contribute approximately \$14.5 billion additional capital, to its run-off insurance operations in 2018-2024. For statutory accounting purposes, KID approved our request for a permitted accounting practice to recognize the 2017 AAR increase over a seven-year period. GE Capital provided capital contributions to its insurance subsidiaries of \$2.0 billion, \$1.9 billion and \$3.5 billion in the first quarter of 2020, 2019 and 2018, respectively. GE Capital expects to provide further capital contributions of approximately \$7 billion through 2024 (of which approximately \$2.0 billion is expected to be contributed in the first quarter of 2021, pending completion of our December 31, 2020 statutory reporting process, which includes asset adequacy testing), subject to ongoing monitoring by KID. GE is a party to capital maintenance agreements with ERAC and UFLIC under which GE is required to maintain their minimum statutory capital levels at 300% of their year-end Authorized Control Level risk-based capital requirements as defined from time to time by the NAIC.



If our future policy benefit reserves established under GAAP are realized over the estimated remaining life of our run-off insurance obligations, we would expect the \$14.5 billion of capital contributed to the run-off insurance operations over the 2018 to 2024 period to be considered statutory capital surplus at the end of the estimated remaining life with no additional charge to GAAP earnings. However, should the more conservative statutory assumptions be realized, we would be required to record the difference between GAAP assumptions and statutory assumptions as a charge to GAAP earnings in the future periods.

See Other Items - New Accounting Standards and Notes 1 and 12 for further information.

**NEW ACCOUNTING STANDARDS.** The Financial Accounting Standards Board (FASB) issued ASU No. 2018-12, *Financial Services - Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts* with an effective date for periods beginning after December 31, 2021, with an election to adopt early. On November 5, 2020, the FASB issued ASU 2020-11, *Financial Services - Insurance (Topic 944): Effective Date and Early Application* which defers the effective date for all insurance entities by one year and allows the early application transition date to be either the beginning of the prior period or the earliest prior period presented. We are evaluating the effect of the standard on our consolidated financial statements and anticipate that its adoption will significantly change the accounting for measurements of our long-duration insurance liabilities. The ASU requires cash flow assumptions used in the measurement of various insurance liabilities to be reviewed at least annually and updated if actual experience or other evidence indicates previous assumptions need to be revised with any required changes recorded in earnings. Under the current accounting guidance, the discount rate is based on expected investment yields, while under the ASU the discount rate will be equivalent to the upper-medium grade (i.e., single A) fixed-income instrument yield reflecting the duration characteristics of the liability and is required to be updated in each reporting period with changes recorded in other comprehensive income. In measuring the insurance liabilities under the new standard, contracts shall not be grouped together from different issue years. These changes result in the elimination of premium deficiency testing and shadow adjustments. While we continue to evaluate the effect of the standard on our ongoing financial reporting, we anticipate that the adoption of the ASU will materially affect our financial statements. As the ASU is only applicable to the measurements of our long-duration insurance liabilities under GAAP, it will not affect the accounting for our insurance reserves or the levels of capital and surplus under statutory accounting practices.

**NON-GAAP FINANCIAL MEASURES.** We believe that presenting non-GAAP financial measures provides management and investors useful measures to evaluate performance and trends of the total company and its businesses. This includes adjustments in recent periods to GAAP financial measures to increase period-to-period comparability following actions to strengthen our overall financial position and how we manage our business.

In addition, management recognizes that certain non-GAAP terms may be interpreted differently by other companies under different circumstances. In various sections of this report we have made reference to the following non-GAAP financial measures in describing our (1) revenues, specifically GE Industrial organic revenues by segment; BioPharma organic revenues, GE Industrial organic revenues, and GE Industrial equipment and services organic revenues (2) profit, specifically GE Industrial organic profit and profit margin by segment; BioPharma organic profit and profit margin, Adjusted GE Industrial profit and profit margin (excluding certain items); Adjusted GE Industrial organic profit and profit margin; Adjusted earnings (loss); and Adjusted earnings (loss) per share (EPS), and (3) debt balances, specifically GE Industrial net debt. The reasons we use these non-GAAP financial measures and the reconciliations to their most directly comparable GAAP financial measures follow.

**GE INDUSTRIAL ORGANIC REVENUES, PROFIT (LOSS) AND PROFIT MARGIN BY SEGMENT (NON-GAAP)**

|  | Revenues         |                  |              | Segment profit (loss) |                 |              | Profit margin |               |                  |
|--|------------------|------------------|--------------|-----------------------|-----------------|--------------|---------------|---------------|------------------|
|  | 2020             | 2019             | V%           | 2020                  | 2019            | V%           | 2020          | 2019          | V pts            |
| Power (GAAP)   | \$ 17,589        | \$ 18,625        | (6)%         | \$ 274                | \$ 291          | (6)%         | 1.6%          | 1.6%          | -pts             |
| Less: acquisitions                                       | 19               | 19               |              | (3)                   | (2)             |              |               |               |                  |
| Less: business dispositions                              | 15               | 104              |              | 2                     | 7               |              |               |               |                  |
| Less: foreign currency effect                            | (64)             | -                |              | 10                    | -               |              |               |               |                  |
| <b>Power organic (Non-GAAP)</b>                          | <b>\$ 17,619</b> | <b>\$ 18,502</b> | <b>(5)%</b>  | <b>\$ 266</b>         | <b>\$ 287</b>   | <b>(7)%</b>  | <b>1.5%</b>   | <b>1.6%</b>   | <b>(0.1)pts</b>  |
| Renewable Energy (GAAP)                                  | \$ 15,666        | \$ 15,337        | 2%           | \$ (715)              | \$ (791)        | 10%          | (4.6)%        | (5.2)%        | 0.6pts           |
| Less: acquisitions                                       | -                | -                |              | -                     | -               |              |               |               |                  |
| Less: business dispositions                              | 8                | 94               |              | -                     | (11)            |              |               |               |                  |
| Less: foreign currency effect                            | (167)            | -                |              | 16                    | -               |              |               |               |                  |
| <b>Renewable Energy organic (Non-GAAP)</b>               | <b>\$ 15,824</b> | <b>\$ 15,243</b> | <b>4%</b>    | <b>\$ (731)</b>       | <b>\$ (781)</b> | <b>6%</b>    | <b>(4.6)%</b> | <b>(5.1)%</b> | <b>0.5pts</b>    |
| Aviation (GAAP)  | \$ 22,042        | \$ 32,875        | (33)%        | \$ 1,229              | \$ 6,812        | (82)%        | 5.6%          | 20.7%         | (15.1)pts        |
| Less: acquisitions                                       | -                | -                |              | -                     | -               |              |               |               |                  |
| Less: business dispositions                              | 13               | 369              |              | (2)                   | (2)             |              |               |               |                  |
| Less: foreign currency effect                            | (3)              | -                |              | (5)                   | -               |              |               |               |                  |
| <b>Aviation organic (Non-GAAP)</b>                       | <b>\$ 22,032</b> | <b>\$ 32,506</b> | <b>(32)%</b> | <b>\$ 1,237</b>       | <b>\$ 6,814</b> | <b>(82)%</b> | <b>5.6%</b>   | <b>21.0%</b>  | <b>(15.4)pts</b> |
| Healthcare (GAAP)  | \$ 18,009        | \$ 19,942        | (10)%        | \$ 3,060              | \$ 3,737        | (18)%        | 17.0%         | 18.7%         | (1.7)pts         |
| Less: acquisitions                                       | 55               | 21               |              | (13)                  | (4)             |              |               |               |                  |
| Less: business dispositions                              | 21               | 2,603            |              | (2)                   | 1,111           |              |               |               |                  |
| Less: foreign currency effect                            | (46)             | -                |              | (6)                   | -               |              |               |               |                  |
| <b>Healthcare organic (Non-GAAP)</b>                     | <b>\$ 17,979</b> | <b>\$ 17,318</b> | <b>4%</b>    | <b>\$ 3,081</b>       | <b>\$ 2,630</b> | <b>17%</b>   | <b>17.1%</b>  | <b>15.2%</b>  | <b>1.9pts</b>    |
| Less: BioPharma organic (Non-GAAP)                       | 839              | 762              |              | 380                   | 311             |              |               |               |                  |
| <b>Healthcare excluding BioPharma organic (Non-GAAP)</b> | <b>\$ 17,140</b> | <b>\$ 16,557</b> | <b>4%</b>    | <b>\$ 2,701</b>       | <b>\$ 2,319</b> | <b>16%</b>   | <b>15.8%</b>  | <b>14.0%</b>  | <b>1.8pts</b>    |

We believe these measures provide management and investors with a more complete understanding of underlying operating results and trends of established, ongoing operations by excluding the effect of acquisitions, dispositions and foreign currency, as these activities can obscure underlying trends. We also believe presenting organic revenues\* and organic profit\* separately for our industrial businesses provides management and investors with useful information about the trends of our industrial businesses and enables a more direct comparison to other non-financial companies.

**BIOPHARMA ORGANIC REVENUES, PROFIT (LOSS) AND PROFIT MARGIN (NON-GAAP)**

|                                     | Revenues      |               |            | Segment profit (loss) |               |            | Profit margin |              |               |
|-------------------------------------|---------------|---------------|------------|-----------------------|---------------|------------|---------------|--------------|---------------|
|                                     | 2020          | 2019          | V%         | 2020                  | 2019          | V%         | 2020          | 2019         | V pts         |
| BioPharma (GAAP)                    | \$ 830        | \$ 3,289      | (75)%      | \$ 382                | \$ 1,472      | (74)%      | 46.0%         | 44.8%        | 1.2pts        |
| Less: acquisitions                  | -             | -             |            | -                     | -             |            |               |              |               |
| Less: business dispositions         | -             | 2,527         |            | -                     | 1,161         |            |               |              |               |
| Less: foreign currency effect       | \$ (9)        | -             |            | \$ 2                  | -             |            |               |              |               |
| <b>BioPharma organic (Non-GAAP)</b> | <b>\$ 839</b> | <b>\$ 762</b> | <b>10%</b> | <b>\$ 380</b>         | <b>\$ 311</b> | <b>22%</b> | <b>45.3%</b>  | <b>40.8%</b> | <b>4.5pts</b> |

**GE INDUSTRIAL ORGANIC REVENUES (NON-GAAP)**

|  | 2020             | 2019             | V%           |
|--|------------------|------------------|--------------|
| GE Industrial total revenues (GAAP)              | \$ 73,100        | \$ 87,719        | (17)%        |
| Adjustments:                                     |                  |                  |              |
| Less: acquisitions                               | 138              | 37               |              |
| Less: business dispositions(a)                   | 58               | 3,631            |              |
| Less: foreign currency effect(b)                 | (276)            | -                |              |
| <b>GE Industrial organic revenues (Non-GAAP)</b> | <b>\$ 73,180</b> | <b>\$ 84,051</b> | <b>(13)%</b> |

(a) Dispositions impact in 2019 primarily related to our BioPharma business within our Healthcare segment, with revenues of \$2,527 million, Lighting with revenues of \$299 million, and Hamble Aerostructures within our Aviation segment, with revenues of \$203 million.

(b) Primarily the Brazilian real, euro and Indian rupee.

We believe these measures provide management and investors with a more complete understanding of underlying operating results and trends of established, ongoing operations by excluding the effect of acquisitions, dispositions and foreign currency, as these activities can obscure underlying trends.

\*Non-GAAP Financial Measure

| <b>GE INDUSTRIAL EQUIPMENT ORGANIC REVENUES (NON-GAAP)</b> |           | <b>2020</b>   | <b>2019</b>      | <b>V%</b>   |
|--|-----------|---------------|------------------|-------------|
| GE Industrial total equipment revenues (GAAP)              | \$        | 37,620        | \$ 43,080        | (13)%       |
| Adjustments:   |           |               |                  |             |
| Less: acquisitions   |           | 13            | 14               |             |
| Less: business dispositions                                |           | 19            | 3,193            |             |
| Less: foreign currency effect                              |           | (174)         | -                |             |
| <b>GE Industrial equipment organic revenues (Non-GAAP)</b> | <b>\$</b> | <b>37,761</b> | <b>\$ 39,873</b> | <b>(5)%</b> |

| <b>GE INDUSTRIAL SERVICES ORGANIC REVENUES (NON-GAAP)</b> |           | <b>2020</b>   | <b>2019</b>      | <b>V%</b>    |
|---|-----------|---------------|------------------|--------------|
| GE Industrial total services revenues (GAAP)              | \$        | 35,480        | \$ 44,639        | (21)%        |
| Adjustments:  |           |               |                  |              |
| Less: acquisitions  |           | 125           | 23               |              |
| Less: business dispositions                               |           | 39            | 438              |              |
| Less: foreign currency effect                             |           | (102)         | -                |              |
| <b>GE Industrial services organic revenues (Non-GAAP)</b> | <b>\$</b> | <b>35,419</b> | <b>\$ 44,178</b> | <b>(20)%</b> |

We believe this measure provides management and investors with a more complete understanding of underlying operating results and trends of established, ongoing operations by excluding the effect of acquisitions, dispositions and foreign currency, as these activities can obscure underlying trends.

| <b>ADJUSTED GE INDUSTRIAL PROFIT AND PROFIT MARGIN</b>                           |           | <b>2020</b>   | <b>2019</b>     |
|--|-----------|---------------|-----------------|
| GE Industrial total revenues (GAAP)  | \$        | 73,100        | \$ 87,719       |
| GE Industrial total costs and expenses (GAAP)                                    |           | 77,252        | 88,118          |
| Less: GE Industrial interest and other financial charges                         |           | 1,333         | 2,115           |
| Less: non-operating benefit costs  |           | 2,424         | 2,828           |
| Less: restructuring & other(a)   |           | 693           | 922             |
| Less: Steam asset impairments(a)   |           | 363           | -               |
| Less: SEC settlement charge(a)   |           | 100           | -               |
| Less: goodwill impairments(a)  |           | 728           | 1,486           |
| Add: noncontrolling interests  |           | (161)         | 6               |
| <b>Adjusted GE Industrial costs (Non-GAAP)</b>                                   |           | <b>71,450</b> | <b>80,773</b>   |
| GE Industrial other income (GAAP)  |           | 11,444        | 2,200           |
| Less: unrealized gains (losses)(a)   |           | (1,911)       | 793             |
| Less: restructuring & other(a)   |           | 13            | 36              |
| Less: gains (losses) and impairments for disposed or held for sale businesses(a) |           | 12,472        | 4               |
| <b>Adjusted GE Industrial other income (Non-GAAP)</b>                            |           | <b>871</b>    | <b>1,367</b>    |
| <b>GE Industrial profit (GAAP)</b>   | <b>\$</b> | <b>7,291</b>  | <b>\$ 1,801</b> |
| <b>GE Industrial profit margin (GAAP)</b>  |           | <b>10.0%</b>  | <b>2.1%</b>     |
| <b>Adjusted GE Industrial profit (Non-GAAP)</b>                                  | <b>\$</b> | <b>2,520</b>  | <b>\$ 8,313</b> |
| <b>Adjusted GE Industrial profit margin (Non-GAAP)</b>                           |           | <b>3.4%</b>   | <b>9.5%</b>     |

(a) See the Corporate Items and Eliminations section for further information.

We believe GE Industrial profit and profit margins adjusted for the items included in the above reconciliation are meaningful measures because they increase the comparability of period-to-period results.

| <b>ADJUSTED GE INDUSTRIAL ORGANIC PROFIT (NON-GAAP)</b>        |           | <b>2020</b>  | <b>2019</b>     | <b>V%</b>       |
|--|-----------|--------------|-----------------|-----------------|
| Adjusted GE Industrial profit (Non-GAAP)                       | \$        | 2,520        | \$ 8,313        | (70) %          |
| Adjustments:   |           |              |                 |                 |
| Less: acquisitions   |           | (4)          | 6               |                 |
| Less: business dispositions                                    |           | (3)          | 1,064           |                 |
| Less: foreign currency effect                                  |           | 22           | -               |                 |
| <b>Adjusted GE Industrial organic profit (Non-GAAP)</b>        | <b>\$</b> | <b>2,505</b> | <b>\$ 7,244</b> | <b>(65) %</b>   |
| <b>Adjusted GE Industrial profit margin (Non-GAAP)</b>         |           | <b>3.4%</b>  | <b>9.5%</b>     | <b>(6.1)pts</b> |
| <b>Adjusted GE Industrial organic profit margin (Non-GAAP)</b> |           | <b>3.4%</b>  | <b>8.6%</b>     | <b>(5.2)pts</b> |

We believe this measure provides management and investors with a more complete understanding of underlying operating results and trends of established, ongoing operations by excluding the effect of acquisitions, dispositions and foreign currency, as these activities can obscure underlying trends.

**ADJUSTED EARNINGS (LOSS) AND ADJUSTED EPS**
**(NON-GAAP) (Per-share amounts in dollars)**

|   | 2020            |                  | 2019            |                |
|---|-----------------|------------------|-----------------|----------------|
|   | Earnings        | EPS              | Earnings        | EPS            |
| Consolidated earnings (loss) from continuing operations attributable to GE common shareholders (GAAP)(a)  | \$ 5,342        | \$ 0.61          | \$ (45)         | \$ (0.01)      |
| Add: Accretion of redeemable noncontrolling interests (RNCI)  | (151)           | (0.02)           | -               | -              |
| Less: GE Capital earnings (loss) from continuing operations attributable to GE common shareholders (GAAP) | (1,710)         | (0.20)           | (530)           | (0.06)         |
| GE Industrial earnings (loss) (Non-GAAP)  | 6,901           | 0.79             | 485             | 0.06           |
| Non-operating benefits costs (pre-tax) (GAAP)   | (2,424)         | (0.28)           | (2,828)         | (0.32)         |
| Tax effect on non-operating benefit costs   | 509             | 0.06             | 594             | 0.07           |
| Less: non-operating benefit costs (net of tax)  | (1,915)         | (0.22)           | (2,234)         | (0.26)         |
| Gains (losses) and impairments for disposed or held for sale businesses (pre-tax)(b)                      | 12,472          | 1.42             | 4               | -              |
| Tax effect on gains (losses) and impairments for disposed or held for sale businesses                     | (1,080)         | (0.12)           | 34              | -              |
| Less: gains (losses) and impairments for disposed or held for sale businesses (net of tax)                | 11,392          | 1.30             | 39              | -              |
| Restructuring & other (pre-tax)(b)  | (680)           | (0.08)           | (886)           | (0.10)         |
| Tax effect on restructuring & other   | 151             | 0.02             | 187             | 0.02           |
| Less: restructuring & other (net of tax)  | (529)           | (0.06)           | (699)           | (0.08)         |
| Less: SEC settlement charge (pre-tax and net of tax)  | (100)           | (0.01)           | -               | -              |
| Steam asset impairments (pre-tax)(b)  | (363)           | (0.04)           | -               | -              |
| Tax effect on Steam asset impairments   | 37              | -                | -               | -              |
| Less: Steam asset impairments (net of tax)  | (326)           | (0.04)           | -               | -              |
| Goodwill impairments (pre-tax)(b)   | (728)           | (0.08)           | (1,486)         | (0.17)         |
| Tax effect on goodwill impairments  | (23)            | -                | (55)            | (0.01)         |
| Less: goodwill impairments (net of tax)   | (751)           | (0.09)           | (1,541)         | (0.18)         |
| Unrealized gains (losses) (pre-tax)(b)  | (1,911)         | (0.22)           | 793             | 0.09           |
| Tax effect on unrealized gains (losses)   | 460             | 0.05             | (114)           | (0.01)         |
| Less: unrealized gains (losses) (net of tax)  | (1,451)         | (0.17)           | 679             | 0.08           |
| Debt extinguishment costs (pre-tax)   | (63)            | (0.01)           | (255)           | (0.03)         |
| Tax effect on debt extinguishment costs   | 13              | -                | 53              | 0.01           |
| Less: Debt extinguishment costs (net of tax)  | (50)            | (0.01)           | (201)           | (0.02)         |
| BioPharma deal expense (pre-tax)  | -               | -                | -               | -              |
| Tax on BioPharma deal expense   | -               | -                | (647)           | (0.07)         |
| Less: BioPharma deal expense (net of tax)   | -               | -                | (647)           | (0.07)         |
| Accretion of RNCI (pre-tax)   | (151)           | (0.02)           | -               | -              |
| Tax effect on accretion of RNCI   | -               | -                | -               | -              |
| Less: Accretion of RNCI (net of tax)  | (151)           | (0.02)           | -               | -              |
| Less: GE Industrial U.S. tax reform enactment adjustment  | (51)            | (0.01)           | (101)           | (0.01)         |
| <b>Adjusted GE Industrial earnings (loss) (Non-GAAP)</b>  | <b>\$ 833</b>   | <b>\$ 0.10</b>   | <b>\$ 5,191</b> | <b>\$ 0.59</b> |
| GE Capital earnings (loss) from continuing operations attributable to GE common shareholders (GAAP)       | (1,710)         | (0.20)           | (530)           | (0.06)         |
| Insurance premium deficiency test charge (pre-tax)  | -               | -                | (972)           | (0.11)         |
| Tax effect on insurance premium deficiency test charge  | -               | -                | 204             | 0.02           |
| Less: Insurance premium deficiency test charge (net of tax)   | -               | -                | (768)           | (0.09)         |
| Goodwill impairments (pre-tax)  | (839)           | (0.10)           | -               | -              |
| Tax effect on goodwill impairments  | 3               | -                | -               | -              |
| Less: goodwill impairments (net of tax)   | (836)           | (0.10)           | -               | -              |
| Less: SEC settlement charge (pre-tax and net of tax)  | (100)           | (0.01)           | -               | -              |
| Debt extinguishment costs (pre-tax)   | (238)           | (0.03)           | -               | -              |
| Tax effect on debt extinguishment costs   | 44              | -                | -               | -              |
| Less: debt extinguishment costs (net of tax)  | (194)           | (0.02)           | -               | -              |
| Less: GE Capital U.S. tax reform enactment adjustment   | 2               | -                | 99              | 0.01           |
| Less: GE Capital tax benefit related to BioPharma sale  | 143             | 0.02             | -               | -              |
| <b>Adjusted GE Capital earnings (loss) (Non-GAAP)</b>   | <b>\$ (724)</b> | <b>\$ (0.08)</b> | <b>\$ 139</b>   | <b>\$ 0.02</b> |
| Adjusted GE Industrial earnings (loss) (Non-GAAP)   | \$ 833          | \$ 0.10          | \$ 5,191        | \$ 0.59        |
| Add: Adjusted GE Capital earnings (loss) (Non-GAAP)   | (724)           | (0.08)           | 139             | 0.02           |
| <b>Adjusted earnings (loss) (Non-GAAP)</b>  | <b>\$ 109</b>   | <b>\$ 0.01</b>   | <b>\$ 5,330</b> | <b>\$ 0.61</b> |

(a) Earnings for per-share calculation includes allocation of participating securities pursuant to the two-class method. See Note 18 for further information. Earnings-per-share amounts are computed independently. As a result, the sum of per-share amounts may not equal the total.

(b) See the Corporate Items and Eliminations section for further information.

The service cost for our pension and other benefit plans are included in adjusted earnings\*, which represents the ongoing cost of providing pension benefits to our employees. The components of non-operating benefit costs are mainly driven by capital allocation decisions and market performance. We believe the retained costs in Adjusted earnings\* and Adjusted EPS\* provides management and investors a useful measure to evaluate the performance of the total company and increases period-to-period comparability. We also use Adjusted EPS\* as a performance metric at the company level for our annual executive incentive plan for 2020. We believe presenting Adjusted Industrial earnings\* and Adjusted Industrial EPS\* separately for our financial services businesses also provides management and investors with useful information about the relative size of our industrial and financial services businesses in relation to the total company.

| <b>GE INDUSTRIAL NET DEBT (NON-GAAP)</b>                                      | <b>December 31, 2020</b> | <b>December 31, 2019</b> |
|---|--------------------------|--------------------------|
| Total GE Industrial short- and long-term borrowings (GAAP)                    | \$ 42,736                | \$ 52,059                |
| Less: GE Capital short- and long-term debt assumed by GE Industrial           | 22,390                   | 31,368                   |
| Add: intercompany loans from GE Capital                                       | 3,177                    | 12,226                   |
| Total adjusted GE Industrial borrowings                                       | \$ 23,523                | \$ 32,917                |
| Pension and principal retiree benefit plan liabilities (pre-tax)(a)           | 25,492                   | 27,773                   |
| Less: taxes at 21%  | 5,353                    | 5,832                    |
| Pension and principal retiree benefit plan liabilities (net of tax)           | \$ 20,139                | \$ 21,941                |
| GE Industrial operating lease liabilities                                     | 3,133                    | 3,369                    |
| GE Industrial preferred stock   | 5,918                    | 5,738                    |
| Less: 50% of GE Industrial preferred stock                                    | 2,959                    | 2,869                    |
| 50% of preferred stock  | \$ 2,959                 | \$ 2,869                 |
| Deduction for total GE Industrial cash, cash equivalents and restricted cash  | (23,209)                 | (17,613)                 |
| Less: 25% of GE Industrial cash, cash equivalents and restricted cash         | (5,802)                  | (4,403)                  |
| Deduction for 75% of GE Industrial cash, cash equivalents and restricted cash | \$ (17,407)              | \$ (13,210)              |
| <b>Total GE Industrial net debt (Non-GAAP)</b>                                | <b>\$ 32,347</b>         | <b>\$ 47,886</b>         |

(a) Represents the sum of the net deficit of principal pension, other pension, and principal retiree benefit plans as disclosed in Note 13.

In this document we use GE Industrial net debt\*, which is calculated based on rating agency methodologies. We are including the calculation of GE industrial net debt\* to provide investors more clarity regarding how the credit rating agencies measure GE Industrial leverage.

## OTHER FINANCIAL DATA

### FIVE-YEAR PERFORMANCE GRAPH



The annual changes for the five-year period shown in the above graph are based on the assumption that \$100 had been invested in General Electric common stock, the Standard & Poor's 500 Stock Index (S&P 500), the Standard & Poor's 500 Industrials Stock Index (S&P Industrial) and the Dow Jones Industrial Average (DJIA) on December 31, 2015, and that all quarterly dividends were reinvested. The cumulative dollar returns shown on the graph represent the value that such investments would have had on December 31 for each year indicated. In 2020, we began measuring GE's relative performance against the S&P Industrial index for performance share unit awards. In previous years we have provided the DJIA, and it is included in the above graph for comparison purposes only.

With respect to "Market Information," in the United States, General Electric common stock is listed on the New York Stock Exchange under the ticker symbol "GE" (its principal market). General Electric common stock is also listed on the London Stock Exchange, Euronext Paris, the SIX Swiss Exchange and the Frankfurt Stock Exchange.

As of January 31, 2021, there were approximately 365,000 shareholder accounts of record.

\*Non-GAAP Financial Measure

**PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS.** GE did not repurchase any equity securities during the three months ended December 31, 2020.

**RISK FACTORS.** The following discussion of the material factors, events and uncertainties that may make an investment in the Company speculative or risky contains "forward-looking statements," as discussed in the Forward-Looking Statements section. These risk factors may be important to understanding any statement in this Form 10-K report or elsewhere. The risks described below should not be considered a complete list of potential risks that we face, and additional risks not currently known to us or that we currently consider immaterial may also negatively impact us. The following information should be read in conjunction with the MD&A section and the consolidated financial statements and related notes. The risks we describe in this Form 10-K report or in our other SEC filings could, in ways we may not be able to accurately predict, recognize or control, have a material adverse effect on our business, reputation, financial position, results of operations, cash flows and stock price, and they could cause our future results to be materially different than we presently anticipate.

**STRATEGIC RISKS.** Strategic risk relates to the Company's future business plans and strategies, including the risks associated with: the global macro-environment; competitive threats, the demand for our products and services and the success of our investments in technology and innovation; our portfolio of businesses and capital allocation decisions; dispositions, acquisitions, joint ventures and restructuring activity; intellectual property; and other risks.

**COVID-19 - The global COVID-19 pandemic has had and is expected to continue to have a material adverse impact on our operations and financial performance, as well as on the operations and financial performance of many of the customers and suppliers in industries that we serve.** Our operations and financial performance have been negatively impacted by the COVID-19 pandemic that has caused, and is expected to continue to cause, the global slowdown of economic activity (including the decrease in demand for a broad variety of goods and services), disruptions in global supply chains and significant volatility and disruption of financial markets. Across all of our businesses, we have experienced and expect to continue to experience operational challenges from the need to protect employee health and safety, site shutdowns, workplace disruptions and restrictions on the movement of people, raw materials and goods, both at our own facilities and at those of our customers and suppliers. We also have experienced, and expect to continue experiencing, lower demand and volume for products and services (particularly at GE Aviation, as described below, and also for portions of GE Healthcare's business), customer requests for potential payment deferrals or other contract modifications, supply chain under-liquidation, delays of deliveries and the achievement of other billing milestones, delays or cancellations of new projects and related down payments and other factors related directly and indirectly to the COVID-19 pandemic that adversely impact our businesses.

In particular, the interruption of regional and international air travel from COVID-19 is having a material adverse effect on our airline and airframer customers, the viability of their businesses and their demand for our services and products. In this context, we have observed a significant increase in the number of requests for payment deferrals, contract modifications, aircraft lease restructurings and similar actions across the aviation sector, which may lead to additional charges, impairments and other adverse financial impacts, or to customer disputes, at GE Aviation and GE Capital Aviation Services. Disruption of the aviation industry, which could continue for an uncertain period of time, is particularly significant for GE, as we have depended on the strength of our Aviation business as we have been working to improve the operations and execution of other GE businesses and strengthen the company's balance sheet. As a result, disruption of the aviation industry, which could continue for an uncertain period of time, is particularly significant for GE.

The ultimate impact of the COVID-19 pandemic on our operations and financial performance depends on many factors that are not within our control, including, but not limited, to: the severity and duration of the pandemic, including the impact of coronavirus mutations and resurgences; governmental, business and individuals' actions that have been and continue to be taken in response to the pandemic (including restrictions on travel and transport and workforce pressures); the impact of the pandemic and actions taken in response on global and regional economies, travel, and economic activity; the development, availability and public acceptance of effective treatments or vaccines; the availability of federal, state, local or non-U.S. funding programs; general economic uncertainty in key global markets and financial market volatility; global economic conditions and levels of economic growth; and the pace and extent of recovery when the COVID-19 pandemic subsides. A number of accounting estimates that we make have been and will continue to be affected by the COVID-19 pandemic and uncertainties related to these and other factors, and our accounting estimates and assumptions may change over time in response to COVID-19 (see Note 1). As the COVID-19 pandemic continues to adversely affect our operating and financial results, it may also have the effect of heightening many of the other risk factors described below.



**Global macro-environment - Our growth is subject to global economic, political and geopolitical risks.** We operate in virtually every part of the world, serve customers in over 170 countries and received 56% of our revenues for 2020 from outside the United States. Our operations and the execution of our business plans and strategies are subject to the effects of global economic trends, geopolitical risks and demand or supply shocks from events that could include war, a major terrorist attack, natural disasters or actual or threatened health emergencies (such as COVID-19). They are also affected by local and regional economic environments and policies in the U.S. and other markets that we serve, including interest rates, monetary policy, inflation, economic growth, recession, commodity prices, currency volatility, currency controls or other limitations on the ability to expatriate cash, sovereign debt levels and actual or anticipated defaults on sovereign debt. For example, changes in local economic conditions or outlooks, such as lower rates of investment or economic growth in China, Europe or other key markets, affect the demand for or profitability of our products and services outside the U.S., and the impact on the Company could be significant given the extent of our activities outside the United States. Political changes and trends such as populism, protectionism, economic nationalism and sentiment toward multinational companies and resulting tariffs, export controls or other trade barriers, or changes to tax or other laws and policies, have been and may continue to be disruptive and costly to our businesses, and these can interfere with our global operating model, supply chain, production costs, customer relationships and competitive position. Further escalation of specific trade tensions, such as those between the U.S. and China, or in global trade conflict more broadly could be harmful to global economic growth, and related decreases in confidence or investment activity in the global markets would adversely affect our business performance. We also do business in many emerging market jurisdictions where economic, political and legal risks are heightened.

**Industry dynamics and outlooks - The strategic priorities and financial performance of our businesses are subject to major trends in our industries, such as decarbonization and digitization, and we may not appropriately plan for or adapt quickly enough to dynamics that in some cases can take many years to play out.** Our long-term operating results and competitive position depend substantially upon our ability to continually develop, introduce, and market new and innovative technology, products, services and platforms, to modify existing products and services, to customize products and services, to maintain long-term customer relationships and to increase our productivity over time as we perform on long-term service agreements. A failure to appropriately plan for future customer demand and industry trends may adversely affect our delivery of products, services and outcomes in line with our projected financial performance or cost estimates, and ultimately may result in excess costs, build-up of inventory that becomes obsolete, lower profit margins and an erosion of our competitive position. In some cases, major disruptive dynamics can arise quickly in our industries, such as the impact of the COVID-19 pandemic on air travel and the outlook for a return to flight at pre-pandemic levels, as described above. In other cases, we must anticipate and respond to market and technological changes driven by broader trends such as decarbonization efforts in response to climate change, or increased digitization in healthcare or other industries we serve or growth in industrial automation, that present both risks and opportunities for our businesses. For example, the significant decreases in recent years in the levelized cost of energy for renewable sources of power generation (such as wind and solar), along with ongoing changes in government, investor, customer and consumer policies, commitments, preferences and considerations related to climate change, in some cases have adversely affected, and are expected to continue to affect, the demand for and the competitiveness of products and services related to fossil fuel-based power generation, including sales of new gas turbines and the utilization and servicing needs for existing gas power plants. Continued shifts toward greater penetration by renewables in both new capacity additions and the proportionate share of power generation, particularly depending on the pace and timeframe for such shifts across different markets globally, could have a material adverse effect on the performance of our Power business and our consolidated results. While the anticipated market growth and generation share for renewable energy over time is favorable for our wind businesses, there too we face uncertainties related to the future anticipated levels of government subsidies and credits, significant price competition among wind equipment manufacturers, dynamics between onshore and offshore wind power, potential further consolidation in the wind industry and competition with other sources of renewable energy such as solar. In addition, the achievement of deep decarbonization goals over the coming decades is likely to depend in part on technologies that are not yet deployed or widely adopted today but may become more important over time (such as grid-scale batteries or other storage solutions, hydrogen-based power generation, carbon capture and sequestration or advanced nuclear power), and we may not adequately position our businesses to benefit from the growth in adoption of these technologies. These trends related to the global energy transition and decarbonization, including the relative competitiveness of different types of product and service offerings within and across our energy businesses, as well as for GE Aviation, will continue to be impacted in ways that are uncertain by factors such as the pace of technological developments and related cost considerations, the levels of economic growth in different markets around the world and the adoption of climate change-related policies (such as carbon taxes, cap and trade regimes, increased efficiency standards, greenhouse gas emission reduction commitments, incentives or mandates for particular types of energy or policies that impact the availability of financing for certain types of projects) at the national and sub-national levels or by private actors.

**Competitive environment - We are dependent on the maintenance of existing product lines and service relationships, market acceptance of new product and service introductions and technology and innovation leadership for revenue and earnings growth.** The markets in which we operate are highly competitive in terms of pricing, product and service quality, product development and introduction time, customer service, financing terms and shifts in market demand, and competitors are increasingly offering services for our installed base. Our businesses are also subject to technological change and require us to continually attract and retain skilled talent. The introduction of innovative and disruptive technologies in the markets in which we operate also poses risks in the form of new competitors (including new entrants from outside our traditional industries, such as competitors from digital technology companies), market consolidation, substitutions of existing products, services or solutions, niche players, new business models and competitors that are faster to market with new or more cost-effective products or services. Because the research and development cycle involved in bringing products in our businesses to market is often lengthy, it is inherently difficult to predict the economic conditions and competitive dynamics that will exist when any new product is complete, and our investments, to the extent they result in bringing a product to market, may generate weaker returns than we anticipated at the outset. Our capacity to invest in research and development efforts to pursue advancement in a wide range of technologies, products and services also depends on the financial resources that we have available for such investment relative to other capital allocation priorities, and to the extent there may be under-investment that could lead to loss of sales of our products and services in the future, particularly in our long-cycle businesses. The amounts that we do invest in research and development divert resources from other potential investments in our businesses, and our efforts may not lead to the development of new technologies or products on a timely basis or meet the needs of our customers as fully as competitive offerings.

**Restructuring & retention - We have been undertaking extensive cost reduction and restructuring efforts; these efforts may have adverse effects on our operations, employee retention, results and reputation and may not achieve the expected benefits.** We continue undertaking restructuring actions that include workforce reductions, global facility consolidations and other cost reduction initiatives. These actions have been a central component of our ongoing efforts to improve operational and financial performance, and we have also taken additional actions or accelerated the pace of actions to mitigate the adverse financial effects of COVID-19 on our businesses. The extent of change across our organizational structure, senior leadership, culture, functional alignment, outsourcing and other areas poses risks in the form of personnel capacity constraints and institutional knowledge loss that could lead to missed performance or financial targets, loss of key personnel and harm to our reputation. The risk of capacity constraints is also heightened with the number of interdependent and transformational business portfolio and internal actions that we have been undertaking during a period of significant restructuring and cost reduction across the Company. Moreover, if we do not successfully manage our restructuring and other transformational activities, the anticipated operational improvements, efficiencies and other benefits might be delayed or not realized, and our operations and business could be disrupted. Risks associated with these actions include unforeseen delays in implementation of workforce reductions, additional unexpected costs, adverse effects on employee morale, loss of key employees or other retention issues, inability to attract and hire talented professionals or the failure to meet operational targets due to the loss of employees or work stoppages, any of which may impair our ability to achieve anticipated cost reductions or may otherwise harm our business or reputation and have an adverse effect on our competitive position or financial performance.

**Business portfolio - Our success depends on achieving our strategic and financial objectives, including through dispositions, acquisitions, integrations and joint ventures.** Over the past several years we have been pursuing a variety of dispositions, including the ongoing monetization of our remaining equity ownership position in Baker Hughes. The proceeds from those dispositions have been an important source of cash flow for the Company as part of our strategic and financial planning. When we seek to sell certain businesses, equity interests or assets, we may encounter difficulties in finding buyers or in market conditions that could delay or prevent the accomplishment of our objectives, and declines in the values of equity interests (such as our remaining interest in Baker Hughes) or other assets that we sell can diminish the cash proceeds that we realize. We may dispose of businesses or assets at a price or on terms that are less favorable than we had anticipated, or with purchase price adjustments or the exclusion of assets or liabilities that must be divested, managed or run off separately. We can also be subject to limitations in the form of regulatory or governmental approvals that may prevent certain prospective counterparties from completing transactions with us or delay us from executing transactions on our preferred timeline, or arising from our debt or other contractual obligations that limit our ability to complete certain transactions. Moreover, dispositions have the effect of reducing the Company's cash flow and earnings capacity, resulting in a less diversified portfolio of businesses and increasing our dependency on remaining businesses for our financial results from ongoing operations. Dispositions or other business separations also often involve continued financial involvement in the divested business, such as through continuing equity ownership, retained assets or liabilities, transition services agreements, commercial agreements, guarantees, indemnities or other current or contingent financial obligations or liabilities. Under these arrangements, performance by the divested businesses or other conditions outside our control could materially affect our future financial results. With respect to acquisitions, joint ventures and business integrations, we may not achieve expected returns and other benefits on a timely basis or at all as a result of changes in strategy or separation/integration challenges related to personnel, IT systems or other factors. Executing on all types of portfolio transactions can divert senior management time and resources from other pursuits. In addition, in connection with acquisitions over time, we have recorded significant goodwill and other intangible assets on our balance sheet, and if we are not able to realize the value of these assets, we may be required to incur charges relating to the impairment of these assets. We also participate in a number of joint ventures with other companies or government enterprises in various markets around the world, including joint ventures where we have a lesser degree of control over the business operations, which may expose us to additional operational, financial, reputational, legal or compliance risks.

**Intellectual property - Our intellectual property portfolio may not prevent competitors from independently developing products and services similar to or duplicative of ours, and the value of our intellectual property may be negatively impacted by external dependencies.** Our patents and other intellectual property may not prevent competitors from independently developing or selling products and services similar to or duplicative of ours, and there can be no assurance that the resources invested by us to protect our intellectual property will be sufficient or that our intellectual property portfolio will adequately deter misappropriation or improper use of our technology. Trademark licenses of the GE brand in connection with dispositions may negatively impact the overall value of the brand in the future. We also face competition in some countries where we have not invested in an intellectual property portfolio. If we are not able to protect our intellectual property, the value of our brand and other intangible assets may be diminished, and our business may be adversely affected. We also face attempts to gain unauthorized access to our IT systems or products for the purpose of improperly acquiring our trade secrets or confidential business information. The theft or unauthorized use or publication of our trade secrets and other confidential business information as a result of such an incident could adversely affect our competitive position and the value of our investment in research and development. In addition, we are subject to the enforcement of patents or other intellectual property by third parties, including aggressive and opportunistic enforcement claims by non-practicing entities. Regardless of the merit of such claims, responding to infringement claims can be expensive and time-consuming. If GE is found to infringe any third-party rights, we could be required to pay substantial damages or we could be enjoined from offering some of our products and services. The value of, or our ability to use, our intellectual property may also be negatively impacted by dependencies on third parties, such as our ability to obtain or renew on reasonable terms licenses that we need in the future, or our ability to secure or retain ownership or rights to use data in certain software analytics or services offerings.

**OPERATIONAL RISKS.** Operational risk relates to risks arising from systems, processes, people and external events that affect the operation of our businesses. It includes risks related to product and service lifecycle and execution; product safety and performance; information management and data protection and security, including cybersecurity; and supply chain and business disruption.

**Operational execution - Operational challenges could have a material adverse effect on our business, reputation, financial position, results of operations and cash flows.** The Company's financial results depend on the successful execution of our businesses' operating plans across all steps of the product and service lifecycle. We continue working to improve the operations and execution of our businesses and our ability to effect the desired improvements will be a significant factor in determining the financial performance of the Company as a whole. For example, new product introductions remain important to onshore and offshore wind customers, and in that environment the Renewable Energy business will need to continue to prioritize product quality, delivery and other aspects of its operational execution as new technology of larger turbines is introduced, including the Haliade-X offshore wind turbine. Operational failures at any of our businesses that result in quality problems or potential product, environmental, health or safety risks, could have a material adverse effect on our business, reputation, financial position and results of operations. In addition, a portion of our business, particularly within our Power and Renewable Energy businesses, involves large projects where we take on, or are members of a consortium responsible for, the full scope of engineering, procurement, construction or other services. These types of projects often pose unique risks related to their location, scale, complexity, duration and pricing or payment structure. Performance issues or schedule delays can arise due to inadequate technical expertise, unanticipated project modifications, developments at project sites, environmental, health and safety issues, execution by or coordination with suppliers, subcontractors or consortium partners, financial difficulties of our customers or significant partners or compliance with government regulations, and these can lead to cost overruns, contractual penalties, liquidated damages and other adverse consequences. Where GE is a member of a consortium, we are typically subject to claims based on joint and several liability, and claims can extend to aspects of the project or costs that are not directly related or limited to GE's scope of work or over which GE does not have control. Operational, quality or other issues at large projects, or across our projects portfolio more broadly, can adversely affect GE's business, reputation or results of operations.

**Product safety - Our products and services are highly sophisticated and specialized, and a major failure or similar event affecting our products or third-party products with which our products are integrated can adversely affect our business, reputation, financial position, results of operations and cash flows.** We produce highly sophisticated products and provide specialized services for both our own and third-party products that incorporate or use complex or leading-edge technology, including both hardware and software. Many of our products and services involve complex industrial machinery or infrastructure projects, such as commercial jet engines, gas turbines, onshore and offshore wind turbines or nuclear power generation, and accordingly the impact of a catastrophic product failure or similar event could be significant. In particular, actual or perceived design or production issues related to new product introductions or relatively new product lines can result in significant reputational harm to our businesses, in addition to direct warranty, maintenance and other costs that may arise. A significant product issue resulting in injuries or death, widespread outages, a fleet grounding or similar systemic consequences could have a material adverse effect on our business, reputation, financial position and results of operations. We may also incur increased costs, delayed payments or lost equipment or services revenue in connection with a significant issue with a third party's product with which our products are integrated, or if parts or other components that we incorporate in our products have defects or other quality issues. For example, the LEAP-1B engine that our Aviation business develops, produces and sells through CFM is the exclusive engine for the Boeing 737 MAX, which was subject to a global fleet grounding for nearly two years until November 2020 following two fatal crashes that were unrelated to the LEAP engine. The pace and success of the 737 MAX's safe return to service and the corresponding LEAP engine production rates will have material significance to the results and outlook of our Aviation business. There can be no assurance that the operational processes around product design, manufacture, performance and servicing that we or our customers or other third parties have designed to meet rigorous quality standards will be sufficient to prevent us or our customers or other third parties from experiencing operational process or product failures and other problems, including through manufacturing or design defects, process or other failures of contractors or third-party suppliers, cyber-attacks or other intentional acts, software vulnerabilities or malicious software, that could result in potential product, safety, quality, regulatory or environmental risks.

**Cybersecurity - Increased cybersecurity requirements, vulnerabilities, threats and more sophisticated and targeted computer crime pose a risk to our systems, networks, products, solutions, services and data.** Increased global cybersecurity vulnerabilities, threats, computer viruses and more sophisticated and targeted cyber-related attacks, as well as cybersecurity failures resulting from human error and technological errors, pose a risk to the security of GE's and its customers', partners', suppliers' and third-party service providers' infrastructure, products, systems and networks and the confidentiality, availability and integrity of GE's and its customers' data. As the perpetrators of such attacks become more capable (including sophisticated state or state-affiliated actors), and as critical infrastructure is increasingly becoming digitized, the risks in this area continue to grow. A significant cyber-related attack in one of our industries, even if such an attack does not involve GE products, services or systems, could pose broader disruptions and adversely affect our business. For example, we have observed an increase in third-party breaches at suppliers, service providers and software providers, and our efforts to mitigate adverse effects on GE if this trend continues may be less successful in the future. The increasing degree of interconnectedness between GE and its partners, suppliers and customers also poses a risk to the security of GE's network as well as the larger ecosystem in which GE operates. There can be no assurance that our attempts to mitigate cybersecurity risks by employing a number of measures, including employee training, monitoring and testing, performing security reviews and requiring business partners with connections to the GE network to appropriately secure their information technology systems, and maintenance of protective systems and contingency plans, will be sufficient to prevent, detect and limit the impact of cyber-related attacks, and we remain vulnerable to known or unknown threats. In addition to existing risks, the adoption of new technologies in the future may also increase our exposure to cybersecurity breaches and failures. While we have developed secure development lifecycle design practices to secure our software designs and connected products, an unknown vulnerability or compromise could potentially impact the security of GE's software or connected products, lead to the loss of GE intellectual property, safety risks or unavailability of equipment. We also have access to sensitive, confidential or personal data or information in certain of our businesses that is subject to privacy and security laws, regulations or customer-imposed controls. Despite our use of reasonable and appropriate controls to protect our systems and sensitive, confidential or personal data or information, we have vulnerability to security breaches, theft, misplaced, lost or corrupted data, programming errors, employee errors and/or malfeasance (including misappropriation by departing employees) that could potentially lead to material compromising of sensitive, confidential or personal data or information, improper use of our systems, software solutions or networks, unauthorized access, use, disclosure, modification or destruction of or denial of access to information, defective products, production downtimes and operational disruptions. Data privacy and protection laws are evolving, can vary significantly by country and present increasing compliance challenges, which increase our costs, affect our competitiveness and can expose us to substantial fines or other penalties. In addition, a significant cyber-related attack could result in other negative consequences, including damage to our reputation or competitiveness, remediation or increased protection costs, litigation or regulatory action.

**Supply chain - Significant raw material shortages, supplier capacity constraints, supplier or customer production disruptions, supplier quality and sourcing issues or price increases can increase our operating costs and adversely impact the competitive positions of our products.** Our reliance on third-party suppliers, contract manufacturers and service providers, and commodity markets to secure raw materials, parts, components and sub-systems used in our products exposes us to volatility in the prices and availability of these materials, parts, components, systems and services. As our supply chains extend into many different countries and regions around the world, we are also subject to global economic and geopolitical dynamics and risks associated with exporting components manufactured in particular countries for incorporation into finished products completed in other countries. In addition, some of our suppliers or their sub-suppliers are limited- or sole-source suppliers. We also have internal dependencies on certain key GE manufacturing or other facilities. Disruptions in deliveries from a key GE facility or from our third-party suppliers, contract manufacturers or outsourced or other service providers, capacity constraints, production disruptions up- or down-stream, price increases, or decreased availability of raw materials or commodities, including as a result of war, natural disaster, actual or threatened public health emergencies or other business continuity events, adversely affect our operations and, depending on the length and severity of the disruption, can limit our ability to meet our commitments to customers or significantly impact our operating profit or cash flows. Quality, capability, compliance and sourcing issues experienced by third-party providers can also adversely affect our costs, margin rates and the quality and effectiveness of our products and services and result in liability and reputational harm; the harm to us could be significant if, for example, a quality issue at a supplier or with components that we integrate into our products results in a widespread quality issue across one of our product lines or our fleet. In addition, while we require our suppliers to implement and maintain reasonable and appropriate controls to protect information we provide to them, they may be the victim of a cyber-related attack that could lead to the compromise of the Company's intellectual property, personal data or other confidential information, or to production downtimes and operational disruptions that could have an adverse effect on our ability to meet our commitments to customers. An unknown security vulnerability or malicious software embedded in a supplier's product that is later integrated into a GE product could lead to a vulnerability in the security of GE's product or if used internally in the GE network environment to a compromise of the GE network, which could potentially lead to the loss of information or operational disruptions.

**FINANCIAL RISKS.** Financial risk relates to our ability to meet financial obligations and mitigate exposure to broad market risks, including funding and liquidity risks, such as risk related to our credit ratings and our availability and cost of funding; credit risk; and volatility in foreign currency exchange rates, interest rates and commodity prices. Liquidity risk refers to the potential inability to meet contractual or contingent financial obligations (whether on- or off-balance sheet) as they arise, and could potentially impact our financial condition or overall safety and soundness. Credit risk is the risk of financial loss arising from a customer or counterparty failure to meet its contractual obligations, and we face credit risk arising from both our industrial businesses and from GE Capital.

**Leverage & borrowings - Our indebtedness levels could limit the flexibility of our businesses, and we could face further constraints as a result of failing to decrease our leverage over time, further downgrades of our credit ratings or adverse market conditions.** Our ability to decrease our leverage as planned is dependent primarily on cash flows from operations, as well as proceeds from dispositions. Continuing to de-lever and service our debt will require a significant amount of cash, and if we are unable to generate cash flows in accordance with our plans we may be required to adopt one or more alternatives such as increasing borrowing under credit lines, further reducing or delaying investments or capital expenditures, selling other businesses or assets, refinancing debt or raising additional equity capital. In addition, we have significant pension and run-off insurance liabilities that are sensitive to numerous factors and assumptions that we use in our pension liability, GAAP insurance reserve and statutory insurance calculations. For example, the impact of low or declining market interest rates on the discount rates that we use to calculate these long-term liabilities (holding other variables constant) can adversely affect our earnings and cash flows, as well as the pace of progress toward our leverage goals for GE and for GE Capital. Lower than expected cash generation by our businesses or disposition proceeds over time could also adversely affect our progress toward our leverage goals. Our indebtedness could put us at a competitive disadvantage compared to competitors with lower debt levels that may have greater financial flexibility to secure additional funding for their operations, pursue strategic acquisitions, finance long-term projects or take other actions. Continuing to have substantial indebtedness could also increase our vulnerability to general economic conditions, such as slowing economic growth or recession. It could also increase our vulnerability to adverse industry-specific conditions or to increases in the capital or liquidity needs at the GE or GE Capital levels, and it could limit our flexibility in planning for, or reacting to, changes in the economy and the industries in which we compete. In addition, our existing levels of indebtedness may impair our ability to obtain additional debt financing on favorable terms in the future, particularly if coupled with further downgrades of our credit ratings or a deterioration of capital markets conditions more generally. External conditions in the financial and credit markets, such as the increased economic uncertainty and reduced economic activity resulting from the COVID-19 pandemic, may limit the availability of funding at particular times or increase the cost of funding, which could adversely affect our business, financial position and results of operations.

**Liquidity - Failure to meet our cash flow targets, or additional credit downgrades, could adversely affect our liquidity, funding costs and related margins.** We rely primarily on cash from operations, as well as proceeds from business and asset dispositions and access to the short- and long-term debt markets, to fund our operations, maintain a contingency buffer of liquidity and meet our financial obligations and capital allocation priorities. If we do not meet our cash flow objectives, through both improved cash performance in our businesses or successful execution of business and asset dispositions, our financial condition could be adversely affected. Our access to the debt markets depends, in part, on our credit ratings. As previously reported, in April 2020, Moody's and S&P changed their credit rating outlooks for GE and GE Capital from Stable to Negative, and Fitch lowered its credit ratings for GE and GE Capital. There can be no assurance that we will not face additional credit downgrades as a result of factors such as our continued progress in decreasing our leverage, the performance of our businesses, the failure to execute on dispositions or changes in rating application or methodology for GE or GE Capital. Future downgrades could further adversely affect our cost of funds and related margins, liquidity, competitive position and access to capital markets, and a significant downgrade could have an adverse commercial impact on our industrial businesses. In addition, swap, forward and option contracts are executed under standard master agreements that typically contain mutual downgrade provisions that provide the ability of the counterparty to require termination if the credit ratings of the applicable GE entity were to fall below specified ratings levels agreed upon with the counterparty. For additional discussion about our current credit ratings and related considerations, refer to the Capital Resources and Liquidity - Credit Ratings and Conditions section within MD&A.

**GE Capital - A smaller GE Capital continues to have exposure to insurance, credit, legal and other risks and, in the event of future adverse developments, may not be able to meet its business and financial objectives without further actions at GE Capital or additional capital contributions by GE compared to current plans.** To fund the statutory capital contributions that it expects to make to its insurance subsidiaries over the next several years, as well as to meet its debt maturities and other obligations, GE Capital expects to rely on its existing liquidity, cash generated from asset sales and cash flows from its businesses, as well as GE repayments of intercompany loans and capital contributions from GE. However, as GE Capital's excess liquidity from past disposition proceeds runs off, and as its future earnings are reduced as a result of business and asset sales, there is a risk that future adverse developments could cause liquidity or funding stress for GE Capital. For example, it is possible that future requirements for capital contributions to the insurance subsidiaries will be greater than currently estimated or could be accelerated by regulators. Our annual testing of insurance reserves is subject to a variety of assumptions, including assumptions about the discount rate (which is sensitive to changes in market interest rates), morbidity, mortality and future long-term care premium increases. Any future adverse changes to these assumptions (to the extent not offset by any favorable changes to these assumptions) could result in an increase to future policy benefit reserves and, potentially, to the amount of capital we are required to contribute to the insurance subsidiaries (as discussed in the Other Items - Insurance section within MD&A). We also anticipate that the new insurance accounting standard scheduled to be effective after 2022 (as discussed in the Other Items - New Accounting Standards section within MD&A) will significantly change the accounting for measurements of our long-duration insurance liabilities under GAAP and that the adoption of the accounting standard will materially affect our financial statements. In addition, we continue to evaluate strategic options to accelerate the further reduction in the size of GE Capital. Some of these options could have a material financial charge or other adverse effects depending on the timing, negotiated terms and conditions of any ultimate arrangements. It is also possible that contingent liabilities and loss estimates from GE Capital's continuing or discontinued operations, such as those related to Bank BPH (see Note 23) will need to be recognized or increase in the future and will become payable. If GE Capital's credit ratings are downgraded because of inadequate increases in its capital levels over time, changes in rating application or methodology for GE Capital or other factors, GE Capital may also face increased interest costs and limitations on its ability to access external funding in the future. There can be no assurance that future liabilities, losses or impairments to the carrying value of financial assets would not materially and adversely affect GE Capital's business, financial position, results of operations and capacity to provide financing to support orders from GE's industrial businesses, or that factors causing sufficiently severe stress at GE Capital would not require GE to make larger than expected capital contributions to GE Capital in the future.



**Customers & counterparties - Global economic, industry-specific or other developments that weaken the soundness of significant customers, governments, financial institutions or other parties we deal with can adversely affect our business, results of operations and cash flows.** The business and operating results of our industrial businesses have been, and will continue to be, affected by worldwide economic conditions, including conditions in the air transportation, power generation, renewable energy, healthcare and other industries we serve. Existing or potential customers may delay or cancel plans to purchase our products and services, including large infrastructure projects, and may not be able to fulfill their obligations to us in a timely fashion or at all as a result of business deterioration, cash flow shortages or difficulty obtaining financing for particular projects or due to macroeconomic conditions, geopolitical disruptions, changes in law or other challenges affecting the strength of the global economy. The airline industry, for example, is highly cyclical, and the level of demand for air travel is correlated to the strength of the U.S. and international economies. Aviation industry activity is also particularly influenced by a small group of large original equipment manufacturers, as well as large airlines in various geographies, and our credit exposure to some of our largest aviation customers is significant. As described above, the current extended disruption of regional and international air travel from the COVID-19 pandemic has had and is expected to continue to have a material adverse effect on our airframer and airline customers. A potential future disruption in connection with a terrorist incident, cyberattack, actual or threatened public health emergency or recessionary economic environment that results in the loss of business and leisure traffic could also adversely affect these customers, their ability to fulfill their obligations to us in a timely fashion or at all, demand for our products and services and the viability of a customer's business. Secular, cyclical or other pressures facing customers across our energy businesses, including in connection with decarbonization, industry consolidation and competition and shifts in the availability of financing for certain types of projects, can also have a significant impact on the operating results and outlooks for our businesses operating in those industries. GE Capital also has exposure to many different industries and counterparties, including customers that are sovereign governments or located in emerging markets, and routinely executes transactions with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, insurance companies and other institutional clients. Many of these transactions expose GE Capital and its subsidiaries to credit and other risks in the event of insolvency or other default of its counterparty or client. For example, a portion of GE Capital's run-off insurance operations' assets that are held in trust accounts associated with UFLIC reinsurance contracts and reinsurance security trust agreements are currently held in trusts for the benefit of insurance company subsidiaries of Genworth, which in January 2021 announced that it would focus on a contingency plan to meet its near-term liabilities amidst uncertainty around the completion of its planned merger with China Oceanwide. Solvency or other concerns about Genworth or its insurance company subsidiaries may cause those subsidiaries or their regulators to take or attempt to take actions that could adversely affect UFLIC, including control over assets in the relevant trusts. We also at times face greater challenges collecting on receivables with customers that are sovereign governments or located in emerging markets. If there is significant deterioration in the global economy, in our industries, in financial markets or with particular significant counterparties, our results of operations, financial position and cash flows could be materially adversely affected.

**Postretirement benefit plans - Increases in pension, healthcare and life insurance benefits obligations and costs can adversely affect our earnings, cash flows and progress toward our leverage goals.** Our results of operations may be positively or negatively affected by the amount of income or expense we record for our defined benefit pension plans. GAAP requires that we calculate income or expense for the plans using actuarial valuations, which reflect assumptions about financial markets, interest rates and other economic conditions such as the discount rate and the expected long-term rate of return on plan assets. We are also required to make an annual measurement of plan assets and liabilities, which may result in a significant reduction or increase to equity. The factors that impact our pension calculations are subject to changes in key economic indicators, and future decreases in the discount rate or low returns on plan assets can increase our funding obligations and adversely impact our financial results. In addition, although GAAP expense and pension funding contributions are not directly related, key economic factors that affect GAAP expense would also likely affect the amount of cash we would be required to contribute to pension plans under ERISA. Failure to achieve expected returns on plan assets driven by various factors, which could include a continued environment of low interest rates or sustained market volatility, could also result in an increase to the amount of cash we would be required to contribute to pension plans. In addition, there may be upward pressure on the cost of providing healthcare benefits to current and future retirees, and life insurance benefits to eligible retirees. There can be no assurance that the measures we have taken to control increases in these costs will succeed in limiting cost increases, and continued upward pressure could reduce our profitability. For a discussion regarding how our financial statements have been and can be affected by our pension and healthcare benefit obligations, see Note 13.

**LEGAL & COMPLIANCE RISKS.** Legal and compliance risk relates to risks arising from the government and regulatory environment and action and from legal proceedings and compliance with integrity policies and procedures, including those relating to financial reporting and environmental, health and safety matters. Government and regulatory risk includes the risk that the government or regulatory actions will impose additional cost on us or require us to make adverse changes to our business models or practices.



**Regulatory - We are subject to a wide variety of laws, regulations and government policies that may change in significant ways.** Our businesses are subject to regulation under a wide variety of U.S. federal and state and non-U.S. laws, regulations and policies. There can be no assurance that laws, regulations and policies will not be changed or interpreted or enforced in ways that will require us to modify our business models and objectives or affect our returns on investments by restricting existing activities and products, subjecting them to escalating costs or prohibiting them outright. In particular, recent trends globally toward increased protectionism, import and export controls and the use of tariffs and other trade barriers can result in actions by governments around the world that have been and may continue to be disruptive and costly to our businesses, and can interfere with our global operating model and weaken our competitive position. Other legislative and regulatory areas of significance for our businesses that U.S. and non-U.S. governments have focused and continue to focus on include cybersecurity, data privacy and sovereignty, improper payments, competition law, compliance with complex economic sanctions, climate change and greenhouse gas emissions, foreign exchange intervention in response to currency volatility and currency controls that could restrict the movement of liquidity from particular jurisdictions. Potential further changes to tax laws, including changes to taxation of global income, may have an effect on GE's, GE Capital's or other regulated subsidiaries' structure, operations, sales, liquidity, capital requirements, effective tax rate and performance. For example, legislative or regulatory measures by U.S. federal, states or non-U.S. governments, or rules, interpretations or audits under the new or existing tax laws, could increase our costs or tax rate. In addition, efforts by public and private sectors to control healthcare costs may lead to lower reimbursements and increased utilization controls related to the use of our products by healthcare providers. Regulation or government scrutiny may impact the requirements for marketing our products and slow our ability to introduce new products, resulting in an adverse impact on our business. Furthermore, we have been, and expect to continue, participating in U.S. and international governmental programs, which require us to comply with strict governmental regulations. Inability to comply with these regulations could adversely affect our status in these projects and could have collateral consequences such as debarment. Debarment, depending on the entity involved and length of time, can limit our ability to participate in other projects involving multilateral development banks and adversely affect our results of operations, financial position and cash flows.

**Legal proceedings - We are subject to legal proceedings, disputes, investigations and legal compliance risks, including trailing liabilities from businesses that we dispose of or that are inactive.** We are subject to a variety of legal proceedings, commercial disputes, legal compliance risks and environmental, health and safety compliance risks in virtually every part of the world. We, our representatives, and the industries in which we operate are subject to continuing scrutiny by regulators, other governmental authorities and private sector entities or individuals in the U.S., the European Union, China and other jurisdictions, which have led or may, in certain circumstances, lead to enforcement actions, adverse changes to our business practices, fines and penalties, required remedial actions such as contaminated site clean-up or the assertion of private litigation claims, and damages that could be material. For example, following our acquisition of Alstom's Thermal, Renewables and Grid businesses in 2015, we are subject to legacy legal proceedings and legal compliance risks that relate to claimed anti-competitive conduct or improper payments by Alstom in the pre-acquisition period, and payments for settlements, judgments, penalties or other liabilities in connection with those matters have resulted and will in the future result in cash outflows. In addition, while in December 2020 we entered into a settlement to conclude the previously disclosed SEC investigation of GE, we remain subject to a range of shareholder lawsuits related to the Company's financial performance, accounting and disclosure practices and related legacy matters. We have observed that these proceedings related to claims about past financial performance and reporting pose particular reputational risks for the Company that can cause new allegations about past or current misconduct, even if unfounded, to have a more significant impact on our reputation and how we are viewed by investors, customers and others than they otherwise would. We have established reserves for legal matters when and as appropriate; however, the estimation of legal reserves or possible losses involves significant judgment and may not reflect the full range of uncertainties and unpredictable outcomes inherent in litigation and investigations, and the actual losses arising from particular matters may exceed our current estimates and adversely affect our results of operations. There can be no assurance that the risk management and compliance programs we have adopted will mitigate legal and compliance risks, particularly in light of the global and diverse nature of our operations and the current enforcement environment. We are also subject to material trailing legal liabilities from businesses that we dispose of or that are inactive. We also expect that additional legal proceedings and other contingencies will arise from time to time. Moreover, we sell products and services in growth markets where claims arising from alleged violations of law, product failures or other incidents involving our products and services are adjudicated within legal systems that are less developed and less reliable than those of the U.S. or other more developed markets, and this can create additional uncertainty about the outcome of proceedings before courts or other governmental bodies in such markets. See Note 23 for further information about legal proceedings and other loss contingencies.

**LEGAL PROCEEDINGS.** Refer to Legal Matters and Environmental, Health and Safety Matters in Note 23 for information relating to legal proceedings.

## MANAGEMENT AND AUDITOR'S REPORTS

**MANAGEMENT'S DISCUSSION OF FINANCIAL RESPONSIBILITY.** Management is responsible for the preparation of the consolidated financial statements and related information that are presented in this report. The consolidated financial statements, which include amounts based on management's estimates and judgments, have been prepared in conformity with U.S. generally accepted accounting principles.

The Company designs and maintains accounting and internal control systems to provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition, and that the financial records are reliable for preparing consolidated financial statements and maintaining accountability for assets. These systems are enhanced by policies and procedures, an organizational structure providing division of responsibilities, careful selection and training of qualified personnel, and a program of internal audits.

The Company engaged KPMG LLP, an independent registered public accounting firm, to audit and render an opinion on the consolidated financial statements and internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (PCAOB). In June 2020, we announced that the Audit Committee selected Deloitte and Touche LLP as the Company's independent registered public accounting firm for the Company's fiscal year ending December 31, 2021.

The Board of Directors, through its Audit Committee, which consists entirely of independent directors, meets periodically with management, internal auditors, and our independent registered public accounting firm to ensure that each is meeting its responsibilities and to discuss matters concerning internal controls and financial reporting. KPMG LLP and the internal auditors each have full and free access to the Audit Committee.

**MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING.** Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. With our participation, an evaluation of the effectiveness of our internal control over financial reporting was conducted as of December 31, 2020, based on the framework and criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on this evaluation, our management has concluded that our internal control over financial reporting was effective as of December 31, 2020.

Our independent registered public accounting firm has issued an audit report on our internal control over financial reporting. Their report follows.

/s/ H. Lawrence Culp, Jr.  
H. Lawrence Culp, Jr.

/s/ Carolina Dybeck Happe  
Carolina Dybeck Happe

Chairman and Chief Executive Officer  
February 12, 2021

Chief Financial Officer

**DISCLOSURE CONTROLS.** 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 December 31, 2020. There have been no changes in the Company's internal control over financial reporting during the quarter ended December 31, 2020, that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders  
of General Electric Company:

### ***Opinions on the Consolidated Financial Statements and Internal Control Over Financial Reporting***

We have audited the accompanying consolidated statements of financial position of General Electric Company and consolidated affiliates (the Company) as of December 31, 2020 and 2019, the related consolidated statements of earnings (loss), comprehensive income (loss), changes in shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2020, and the related notes (collectively, the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2020, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020 based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

### ***Basis for Opinions***

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

### ***Definition and Limitations of Internal Control Over Financial Reporting***

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### ***Accompanying Supplemental Information***

The accompanying consolidating information appearing on pages 57, 59, and 61 (the supplemental information) has been subjected to audit procedures performed in conjunction with the audit of the Company's consolidated financial statements. The supplemental information is the responsibility of the Company's management. Our audit procedures included determining whether the supplemental information reconciles to the consolidated financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

**Critical Audit Matters**

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

**Evaluation of revenue recognition on certain long-term service agreements**

As discussed in Note 1 to the consolidated financial statements, the Company enters into long-term service agreements with some of its customers. Certain long-term service agreements require the Company to provide maintenance services that may include levels of assurance regarding asset performance and uptime throughout the contract period. Revenue for such long-term service agreements is recognized using the percentage of completion method, based on costs incurred relative to total expected costs.

We identified the evaluation of revenue recognition on certain long-term service agreements as a critical audit matter because of the complex auditor judgment required in evaluating some of the long-term estimates in such arrangements. Such estimates include the amount of customer payments expected to be received over the contract term, which are generally based on a combination of both historical customer utilization of the covered assets as well as forward-looking information such as market conditions. In addition, these estimates include the total costs expected to be incurred to perform required maintenance services over the contract term and include estimates of expected cost improvements when such cost improvements are supported by actual results or have been proven effective. Further, contract modifications that extend or revise contract terms are not uncommon and require judgment in evaluating the related revisions of the long-term estimates.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls over the Company's revenue recognition process for long-term service agreements, including controls related to estimating customer payments and costs expected to be incurred to perform required maintenance services over the contract term. We evaluated the estimated customer payments by comparing the estimated customer utilization of the covered assets to historical utilization and industry utilization data, specifically considering the information provided by the Company's airline customers about the current outlook in response to the COVID-19 pandemic for commercial air travel and after-market services within the Aviation segment, where available. We evaluated the estimated costs expected to be incurred to perform required maintenance services over the contract term by:

- comparing estimated labor and part costs to historical labor and parts costs,
- comparing the estimated useful life, which is referred to as part life, of certain component parts to historical data and regulatory limits on part life, where applicable,
- inspecting evidence underlying the inclusion of cost improvements in estimated costs, including regulatory and engineering approvals and actual reductions in production costs to date, and
- ascertaining if major overhauls of covered assets are included in the cost estimates on a basis consistent with the estimated customer utilization of the assets that is used in estimating customer payments.

In addition, we involved valuation professionals with specialized skills and knowledge, who assisted in testing certain cost estimates, including assessing statistical models used by the Company to estimate the part life of certain component parts of the covered assets.

**Evaluation of premium deficiency testing to assess the adequacy of future policy benefit reserves**

As discussed in Note 12 to the consolidated financial statements, the Company performs premium deficiency testing to assess the adequacy of future policy benefit reserves. This testing is performed on an annual basis, or whenever events and changes in circumstances indicate that a premium deficiency event may have occurred. Significant uncertainties exist in testing cash flow projections in the premium deficiency testing for these insurance contracts, including consideration of a wide range of possible outcomes of future events over the life of the underlying contracts that can extend for long periods of time.

We identified the evaluation of premium deficiency testing to assess the adequacy of future policy benefit reserves as a critical audit matter. Specifically, the evaluation of the following key assumptions in the premium deficiency testing required subjective auditor judgment and specialized skills and knowledge: long-term care morbidity improvement and mortality improvement, discount rates, and long-term care premium rate increases.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls over the Company's premium deficiency testing process, including controls to develop the key assumptions described above. In addition, we involved actuarial professionals with specialized skills and knowledge, who assisted in:

- assessing the Company's key assumptions and results by evaluating the relevance, reliability, and consistency of the assumptions with each other, the underlying data, relevant historical data, and industry data,
- assessing the summary experience data and the corresponding actuarial assumptions for conformity with generally accepted actuarial principles,
- performing recalculations to assess that the key assumptions were reflected in the cash flow projections, and

- comparing the current year and prior year cash flow projections to analyze the impact of the updated key assumptions on the gross premium valuation used to assess the adequacy of the future policy benefit reserves.

We evaluated projected future long-term premium rate increases by comparing the proposed, attained, denied, and approved premium rate increases to underlying source documentation. We also compared the current year premium rate increase projection to actual historical rate increase experience.

***Evaluation of the carrying value of goodwill in the Additive and GECAS reporting units***

As discussed in Note 8 to the consolidated financial statements, the Company performs a goodwill impairment test on an annual basis or whenever events or changes in circumstances indicate that the carrying value of a reporting unit might exceed its fair value. The discount rate applied to projected cash flows and the selection of publicly traded companies are important elements used by the Company in determining the fair value of each reporting unit and the amount of related goodwill impairment losses. In the second quarter of 2020, the Company performed an interim goodwill impairment test in response to the decline in current market conditions as a result of the COVID-19 pandemic. The goodwill allocated to the Additive reporting unit and the goodwill allocated to the GE Capital Aviation Services (GECAS) reporting unit were determined to be impaired, and impairment losses of \$877 million and \$839 million were recorded, respectively.

We identified the evaluation of the discount rate applied to projected cash flows used in the assessment of the carrying value of goodwill for the Additive reporting unit, and the evaluation of publicly traded companies used in the assessment of the carrying value of goodwill for the GECAS reporting unit, for which such assumptions are used by the Company in the determination of related goodwill impairment losses, as a critical audit matter. Specifically, the evaluation of these assumptions required the application of subjective auditor judgment because changes to these assumptions may have a substantial impact on the determination of fair value of each reporting unit. We performed sensitivity analyses to determine the significance of the assumptions used to determine the fair value of the Additive and GECAS reporting units, individually and in the aggregate, which required a higher degree of auditor judgment.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls over the Company's goodwill impairment process, including controls over the Company's selection of the discount rate, and the relevance of the publicly traded companies selected by the Company's specialists. In our evaluation of the Additive reporting unit fair value, we evaluated the Company's assessment of the value of the reporting unit under the discounted cash flow method. We involved valuation professionals with specialized skills and knowledge, who assisted in evaluating the reasonableness of the discount rate applied to projected cash flows selected by management by comparing the discount rate selected by management against a discount rate that was independently developed using publicly available market data for comparable entities. In our evaluation of the GECAS reporting unit fair value, we involved valuation professionals with specialized skills and knowledge, who assisted in evaluating the Company's assessment of the value of the reporting unit under the market approach. We evaluated the reasonableness of the market approach utilized and we evaluated the relevance of the publicly traded companies utilized by:

- comparing the publicly traded companies selected in management's analysis over the GECAS reporting unit to similar companies in the aircraft leasing industry, and
- comparing management's determination of the fair value of the GECAS reporting unit to a range of fair values that was independently developed.

***Evaluation of the effects of particular tax positions***

As discussed in Note 15 to the consolidated financial statements, the Company's annual tax rate is based on the Company's income, statutory tax rates, and the effects of tax positions taken in the various jurisdictions in which the Company operates. Tax laws are complex and subject to different interpretations by taxpayers and respective government taxing authorities.

We identified the evaluation of the effects of particular tax positions as a critical audit matter. Complex auditor judgment was involved in evaluating the Company's interpretation of applicable tax laws and regulations for these tax positions, including the evaluation of income tax uncertainties related to the tax positions.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls over the Company's income tax process for particular tax positions, including controls related to the Company's interpretation of applicable tax laws and regulations and the evaluation of income tax uncertainties. We inspected relevant documentation related to particular tax positions, including correspondence between the Company and taxing authorities. In addition, we involved tax professionals with specialized skills and knowledge, who assisted in:

- evaluating the Company's interpretation and application of relevant tax laws and regulations related to the tax positions, including income tax uncertainties, and
- assessing the Company's computation of the effects of the tax positions.

/s/ KPMG LLP

KPMG LLP

We have served as the Company's auditor since 1909.

Boston, Massachusetts

February 12, 2021

**STATEMENT OF EARNINGS (LOSS)***For the years ended December 31 (In millions; per-share amounts in dollars)*

|  | Consolidated    |                   |                    |
|--|-----------------|-------------------|--------------------|
|  | 2020            | 2019              | 2018               |
| Sales of goods   | \$ 49,464       | \$ 58,949         | \$ 60,148          |
| Sales of services  | 23,558          | 28,538            | 28,792             |
| GE Capital revenues from services  | 6,597           | 7,728             | 8,072              |
| <b>Total revenues (Note 25)</b>  | <b>79,619</b>   | <b>95,214</b>     | <b>97,012</b>      |
| Cost of goods sold   | 42,041          | 45,902            | 47,570             |
| Cost of services sold  | 18,380          | 21,009            | 21,833             |
| Selling, general and administrative expenses   | 12,621          | 13,949            | 14,643             |
| Research and development   | 2,565           | 3,118             | 3,415              |
| Interest and other financial charges   | 3,273           | 4,227             | 4,766              |
| Insurance losses and annuity benefits (Note 12)  | 2,397           | 3,294             | 2,790              |
| Goodwill impairments (Note 8)  | 1,717           | 1,486             | 22,136             |
| Non-operating benefit costs  | 2,433           | 2,844             | 2,753              |
| Other costs and expenses   | 384             | 458               | 414                |
| <b>Total costs and expenses</b>  | <b>85,809</b>   | <b>96,287</b>     | <b>120,320</b>     |
| Other income (Note 19)   | 11,387          | 2,222             | 2,321              |
| <b>Earnings (loss) from continuing operations before income taxes</b>                      | <b>5,197</b>    | <b>1,149</b>      | <b>(20,987)</b>    |
| Benefit (provision) for income taxes (Note 15)   | 474             | (726)             | (93)               |
| <b>Earnings (loss) from continuing operations</b>  | <b>5,672</b>    | <b>423</b>        | <b>(21,080)</b>    |
| Earnings (loss) from discontinued operations, net of taxes (Note 2)                        | (125)           | (5,335)           | (1,363)            |
| <b>Net earnings (loss)</b>   | <b>5,546</b>    | <b>(4,912)</b>    | <b>(22,443)</b>    |
| Less net earnings (loss) attributable to noncontrolling interests                          | (158)           | 66                | (89)               |
| <b>Net earnings (loss) attributable to the Company</b>                                     | <b>5,704</b>    | <b>(4,979)</b>    | <b>(22,355)</b>    |
| Preferred stock dividends  | (474)           | (460)             | (447)              |
| <b>Net earnings (loss) attributable to GE common shareholders</b>                          | <b>\$ 5,230</b> | <b>\$ (5,439)</b> | <b>\$ (22,802)</b> |
| <b>Amounts attributable to GE common shareholders</b>                                      |                 |                   |                    |
| Earnings (loss) from continuing operations   | \$ 5,672        | \$ 423            | (21,080)           |
| Less net earnings (loss) attributable to noncontrolling interests, continuing operations   | (158)           | 7                 | (90)               |
| Earnings (loss) from continuing operations attributable to the Company                     | 5,829           | 416               | (20,991)           |
| Preferred stock dividends  | (474)           | (460)             | (447)              |
| Earnings (loss) from continuing operations attributable to GE common shareholders          | 5,355           | (44)              | (21,438)           |
| Earnings (loss) from discontinued operations, net of taxes                                 | (125)           | (5,335)           | (1,363)            |
| Less net earnings (loss) attributable to noncontrolling interests, discontinued operations | -               | 60                | 1                  |
| <b>Net earnings (loss) attributable to GE common shareholders</b>                          | <b>\$ 5,230</b> | <b>\$ (5,439)</b> | <b>\$ (22,802)</b> |
| <b>Per-share amounts (Note 18)</b>   |                 |                   |                    |
| Earnings (loss) from continuing operations   |                 |                   |                    |
| Diluted earnings (loss) per share  | \$ 0.59         | \$ (0.01)         | (2.47)             |
| Basic earnings (loss) per share  | \$ 0.59         | \$ (0.01)         | (2.47)             |
| Net earnings (loss)  |                 |                   |                    |
| Diluted earnings (loss) per share  | \$ 0.58         | \$ (0.62)         | (2.62)             |
| Basic earnings (loss) per share  | \$ 0.58         | \$ (0.62)         | (2.62)             |
| <b>Dividends declared per common share</b>   | <b>\$ 0.04</b>  | <b>\$ 0.04</b>    | <b>0.37</b>        |



**STATEMENT OF EARNINGS (LOSS) (CONTINUED)**

| For the years ended December 31 (In millions)  | GE Industrial   |                   |                    | GE Capital        |                 |                   |
|--|-----------------|-------------------|--------------------|-------------------|-----------------|-------------------|
|  | 2020            | 2019              | 2018               | 2020              | 2019            | 2018              |
| Sales of goods   | \$ 49,443       | \$ 59,138         | \$ 60,147          | \$ 57             | \$ 79           | 121               |
| Sales of services  | 23,656          | 28,581            | 28,891             | -                 | -               | -                 |
| GE Capital revenues from services  | -               | -                 | -                  | 7,188             | 8,662           | 9,430             |
| <b>Total revenues (Note 25)</b>  | <b>73,100</b>   | <b>87,719</b>     | <b>89,038</b>      | <b>7,245</b>      | <b>8,741</b>    | <b>9,551</b>      |
| Cost of goods sold   | 42,030          | 46,115            | 47,591             | 48                | 61              | 95                |
| Cost of services sold  | 15,951          | 19,051            | 19,869             | 2,527             | 2,019           | 2,089             |
| Selling, general and administrative expenses   | 12,073          | 13,404            | 13,851             | 823               | 931             | 1,341             |
| Research and development   | 2,565           | 3,118             | 3,415              | -                 | -               | -                 |
| Interest and other financial charges   | 1,333           | 2,115             | 2,415              | 2,186             | 2,532           | 2,982             |
| Insurance losses and annuity benefits (Note 12)  | -               | -                 | -                  | 2,438             | 3,353           | 2,849             |
| Goodwill impairments (Note 8)  | 877             | 1,486             | 22,136             | 839               | -               | -                 |
| Non-operating benefit costs  | 2,424           | 2,828             | 2,740              | 9                 | 16              | 12                |
| Other costs and expenses   | -               | -                 | (51)               | 469               | 480             | 558               |
| <b>Total costs and expenses</b>  | <b>77,252</b>   | <b>88,118</b>     | <b>111,967</b>     | <b>9,339</b>      | <b>9,392</b>    | <b>9,926</b>      |
| Other income (Note 19)   | 11,444          | 2,200             | 2,317              | -                 | -               | -                 |
| <b>Earnings (loss) from continuing operations before income taxes</b>                      | <b>7,291</b>    | <b>1,801</b>      | <b>(20,612)</b>    | <b>(2,095)</b>    | <b>(652)</b>    | <b>(375)</b>      |
| Benefit (provision) for income taxes (Note 15)   | (388)           | (1,309)           | (467)              | 862               | 582             | 374               |
| <b>Earnings (loss) from continuing operations</b>  | <b>6,904</b>    | <b>492</b>        | <b>(21,079)</b>    | <b>(1,232)</b>    | <b>(69)</b>     | <b>(1)</b>        |
| Earnings (loss) from discontinued operations, net of taxes (Note 2)                        | (35)            | (5,527)           | 307                | (90)              | 192             | (1,670)           |
| <b>Net earnings (loss)</b>   | <b>6,868</b>    | <b>(5,035)</b>    | <b>(20,772)</b>    | <b>(1,322)</b>    | <b>123</b>      | <b>(1,672)</b>    |
| Less net earnings (loss) attributable to noncontrolling interests                          | (161)           | 66                | (129)              | 3                 | 1               | 40                |
| <b>Net earnings (loss) attributable to the Company</b>                                     | <b>7,029</b>    | <b>(5,101)</b>    | <b>(20,643)</b>    | <b>(1,325)</b>    | <b>122</b>      | <b>(1,712)</b>    |
| Preferred stock dividends  | -               | -                 | -                  | (474)             | (460)           | (447)             |
| <b>Net earnings (loss) attributable to GE common shareholders</b>                          | <b>\$ 7,029</b> | <b>\$ (5,101)</b> | <b>\$ (20,643)</b> | <b>\$ (1,800)</b> | <b>\$ (338)</b> | <b>\$ (2,159)</b> |
| <b>Amounts attributable to GE common shareholders:</b>                                     |                 |                   |                    |                   |                 |                   |
| Earnings (loss) from continuing operations   | \$ 6,904        | \$ 492            | \$ (21,079)        | \$ (1,232)        | \$ (69)         | \$ (1)            |
| Less net earnings (loss) attributable to noncontrolling interests, continuing operations   | (161)           | 6                 | (130)              | 3                 | 1               | 40                |
| Earnings (loss) from continuing operations attributable to the Company                     | 7,065           | 486               | (20,949)           | (1,235)           | (70)            | (42)              |
| Preferred stock dividends  | -               | -                 | -                  | (474)             | (460)           | (447)             |
| Earnings (loss) from continuing operations attributable to GE common shareholders          | 7,065           | 486               | (20,949)           | (1,710)           | (530)           | (489)             |
| Earnings (loss) from discontinued operations, net of taxes                                 | (35)            | (5,527)           | 307                | (90)              | 192             | (1,670)           |
| Less net earnings (loss) attributable to noncontrolling interests, discontinued operations | -               | 60                | 1                  | -                 | -               | -                 |
| <b>Net earnings (loss) attributable to GE common shareholders</b>                          | <b>\$ 7,029</b> | <b>\$ (5,101)</b> | <b>\$ (20,643)</b> | <b>\$ (1,800)</b> | <b>\$ (338)</b> | <b>\$ (2,159)</b> |

**STATEMENT OF FINANCIAL POSITION**
*December 31 (In millions, except share amounts)*

|  | Consolidated      |                   |
|--|-------------------|-------------------|
|  | 2020              | 2019              |
| Cash, cash equivalents and restricted cash(a)  | \$ 36,630         | \$ 35,811         |
| Investment securities (Note 3)   | 7,319             | 9,888             |
| Current receivables (Note 4)   | 16,691            | 16,568            |
| Financing receivables - net (Note 5)   | 1,265             | 1,077             |
| Inventories, including deferred inventory costs (Note 6)   | 15,890            | 17,215            |
| Other GE Capital receivables   | 3,331             | 2,635             |
| Receivable from GE Capital   | -                 | -                 |
| Current contract assets (Note 9)   | 5,764             | 7,390             |
| All other current assets (Note 10)   | 1,522             | 3,362             |
| Assets of businesses held for sale (Note 2)  | -                 | 9,149             |
| <b>Current assets</b>  | <b>88,412</b>     | <b>103,096</b>    |
| Investment securities (Note 3)   | 42,549            | 38,632            |
| Financing receivables - net (Note 5)   | 1,771             | 2,057             |
| Other GE Capital receivables   | 4,661             | 4,509             |
| Property, plant and equipment - net (Note 7)   | 44,662            | 45,879            |
| Receivable from GE Capital   | -                 | -                 |
| Goodwill (Note 8)  | 25,524            | 26,734            |
| Other intangible assets - net (Note 8)   | 9,774             | 10,653            |
| Contract and other deferred assets (Note 9)  | 5,888             | 5,737             |
| All other assets (Note 10)   | 14,597            | 13,882            |
| Deferred income taxes (Note 15)  | 12,081            | 9,889             |
| Assets of discontinued operations (Note 2)   | 3,532             | 4,109             |
| <b>Total assets</b>  | <b>\$ 253,452</b> | <b>\$ 265,177</b> |
| Short-term borrowings (Note 11)  | \$ 4,778          | \$ 23,641         |
| Short-term borrowings assumed by GE (Note 11)  | -                 | -                 |
| Accounts payable and equipment project accruals  | 16,476            | 17,357            |
| Progress collections and deferred income (Note 9)  | 18,215            | 18,389            |
| All other current liabilities (Note 14)  | 16,600            | 17,821            |
| Liabilities of businesses held for sale (Note 2)   | -                 | 1,658             |
| <b>Current liabilities</b>   | <b>56,069</b>     | <b>78,865</b>     |
| Deferred income (Note 9)   | 1,801             | 1,555             |
| Long-term borrowings (Note 11)   | 70,288            | 67,241            |
| Long-term borrowings assumed by GE (Note 11)   | -                 | -                 |
| Insurance liabilities and annuity benefits (Note 12)   | 42,191            | 39,826            |
| Non-current compensation and benefits  | 29,752            | 31,687            |
| All other liabilities (Note 14)  | 16,077            | 15,938            |
| Liabilities of discontinued operations (Note 2)  | 200               | 203               |
| <b>Total liabilities</b>   | <b>216,378</b>    | <b>235,316</b>    |
| Preferred stock (5,939,875 shares outstanding at both December 31, 2020 and December 31, 2019)                             | 6                 | 6                 |
| Common stock (8,765,493,000 and 8,738,434,000 shares outstanding at December 31, 2020 and December 31, 2019, respectively) | 702               | 702               |
| Accumulated other comprehensive income (loss) - net attributable to GE   | (9,749)           | (11,732)          |
| Other capital  | 34,307            | 34,405            |
| Retained earnings  | 92,247            | 87,732            |
| Less common stock held in treasury   | (81,961)          | (82,797)          |
| Total GE shareholders' equity  | 35,552            | 28,316            |
| Noncontrolling interests (Note 16)   | 1,522             | 1,545             |
| <b>Total equity</b>  | <b>37,073</b>     | <b>29,861</b>     |
| <b>Total liabilities and equity</b>  | <b>\$ 253,452</b> | <b>\$ 265,177</b> |

(a) Excluded \$455 million and \$583 million at December 31, 2020 and 2019, respectively, in GE Capital insurance entities, which is subject to regulatory restrictions. This balance is included in All other assets. See Note 10 for further information.

**STATEMENT OF FINANCIAL POSITION (CONTINUED)**
*December 31 (In millions, except share amounts)*

|  | GE Industrial     |                   | GE Capital        |                   |
|--|-------------------|-------------------|-------------------|-------------------|
|  | 2020              | 2019              | 2020              | 2019              |
| Cash, cash equivalents and restricted cash   | \$ 23,209         | \$ 17,613         | \$ 13,421         | \$ 18,198         |
| Investment securities (Note 3)   | 7,319             | 9,888             | -                 | -                 |
| Current receivables (Note 4)   | 13,442            | 13,682            | -                 | -                 |
| Financing receivables - net (Note 5)   | -                 | -                 | 5,110             | 4,922             |
| Inventories, including deferred inventory costs (Note 6)   | 15,890            | 17,215            | -                 | -                 |
| Other GE Capital receivables   | -                 | -                 | 5,069             | 6,881             |
| Receivable from GE Capital   | 2,432             | 2,104             | -                 | -                 |
| Current contract assets (Note 9)   | 5,764             | 7,390             | -                 | -                 |
| All other current assets (Note 10)   | 835               | 852               | 1,021             | 2,936             |
| Assets of businesses held for sale (Note 2)  | -                 | 8,626             | -                 | 241               |
| <b>Current assets</b>  | <b>68,892</b>     | <b>77,371</b>     | <b>24,621</b>     | <b>33,177</b>     |
| Investment securities (Note 3)   | 36                | 120               | 42,515            | 38,514            |
| Financing receivables - net (Note 5)   | -                 | -                 | 1,771             | 2,057             |
| Other GE Capital receivables   | -                 | -                 | 5,076             | 4,886             |
| Property, plant and equipment - net (Note 7)   | 16,433            | 17,447            | 29,600            | 29,886            |
| Receivable from GE Capital   | 16,780            | 17,038            | -                 | -                 |
| Goodwill (Note 8)  | 25,524            | 25,895            | -                 | 839               |
| Other intangible assets - net (Note 8)   | 9,632             | 10,461            | 143               | 192               |
| Contract and other deferred assets (Note 9)  | 5,921             | 5,769             | -                 | -                 |
| All other assets (Note 10)   | 7,948             | 7,748             | 7,068             | 6,294             |
| Deferred income taxes (Note 15)  | 9,350             | 8,189             | 2,731             | 1,700             |
| Assets of discontinued operations (Note 2)   | 144               | 202               | 3,388             | 3,907             |
| <b>Total assets</b>  | <b>\$ 160,658</b> | <b>\$ 170,238</b> | <b>\$ 116,914</b> | <b>\$ 121,454</b> |
| Short-term borrowings (Note 11)  | \$ 918            | \$ 5,606          | \$ 2,028          | \$ 13,598         |
| Short-term borrowings assumed by GE (Note 11)  | 2,432             | 5,473             | 2,432             | 2,104             |
| Accounts payable and equipment project accruals  | 16,380            | 19,134            | 947               | 886               |
| Progress collections and deferred income (Note 9)  | 18,371            | 18,575            | -                 | -                 |
| All other current liabilities (Note 14)  | 14,131            | 15,251            | 3,890             | 4,052             |
| Liabilities of businesses held for sale (Note 2)   | -                 | 1,620             | -                 | 52                |
| <b>Current liabilities</b>   | <b>52,232</b>     | <b>65,660</b>     | <b>9,297</b>      | <b>20,691</b>     |
| Deferred income (Note 9)   | 1,801             | 1,555             | -                 | -                 |
| Long-term borrowings (Note 11)   | 19,428            | 15,085            | 30,902            | 26,261            |
| Long-term borrowings assumed by GE (Note 11)   | 19,957            | 25,895            | 16,780            | 17,038            |
| Insurance liabilities and annuity benefits (Note 12)   | -                 | -                 | 42,565            | 40,232            |
| Non-current compensation and benefits  | 29,291            | 31,208            | 453               | 472               |
| All other liabilities (Note 14)  | 16,440            | 16,306            | 1,151             | 1,226             |
| Liabilities of discontinued operations (Note 2)  | 139               | 106               | 61                | 97                |
| <b>Total liabilities</b>   | <b>139,289</b>    | <b>155,815</b>    | <b>101,210</b>    | <b>106,016</b>    |
| Preferred stock (5,939,875 shares outstanding at both December 31, 2020 and December 31, 2019)                             | 6                 | 6                 | 6                 | 6                 |
| Common stock (8,765,493,000 and 8,738,434,000 shares outstanding at December 31, 2020 and December 31, 2019, respectively) | 702               | 702               | -                 | -                 |
| Accumulated other comprehensive income (loss) - net attributable to GE   | (8,945)           | (10,881)          | (804)             | (852)             |
| Other capital  | 15,294            | 17,398            | 19,007            | 17,001            |
| Retained earnings  | 94,910            | 88,589            | (2,663)           | (857)             |
| Less common stock held in treasury   | (81,961)          | (82,797)          | -                 | -                 |
| Total GE shareholders' equity  | 20,006            | 13,017            | 15,545            | 15,299            |
| Noncontrolling interests (Note 16)   | 1,363             | 1,406             | 159               | 139               |
| <b>Total equity</b>  | <b>21,369</b>     | <b>14,423</b>     | <b>15,704</b>     | <b>15,438</b>     |
| <b>Total liabilities and equity</b>  | <b>\$ 160,658</b> | <b>\$ 170,238</b> | <b>\$ 116,914</b> | <b>\$ 121,454</b> |

# STATEMENT OF CASH FLOWS

For the years ended December 31 (In millions)

|   | Consolidated    |                 |                 |
|---|-----------------|-----------------|-----------------|
|   | 2020            | 2019            | 2018            |
| Net earnings (loss)   | \$ 5,546        | \$ (4,912)      | \$ (22,443)     |
| (Earnings) loss from discontinued operations  | 125             | 5,335           | 1,363           |
| Adjustments to reconcile net earnings (loss) to cash provided from operating activities:  |                 |                 |                 |
| Depreciation and amortization of property, plant and equipment (Note 7)                   | 4,636           | 4,026           | 4,419           |
| Amortization of intangible assets (Note 8)  | 1,382           | 1,569           | 2,163           |
| Goodwill impairments (Note 8)   | 1,717           | 1,486           | 22,136          |
| (Gains) losses on purchases and sales of business interests (Note 19)                     | (12,526)        | (53)            | (1,522)         |
| (Gains) losses on equity securities (Note 19)   | 2,105           | (693)           | (166)           |
| Principal pension plans cost (Note 13)  | 3,559           | 3,878           | 4,226           |
| Principal pension plans employer contributions (Note 13)                                  | (2,806)         | (298)           | (6,283)         |
| Other postretirement benefit plans (net) (Note 13)  | (893)           | (1,228)         | (1,033)         |
| Provision (benefit) for income taxes (Note 15)  | (474)           | 726             | 93              |
| Cash recovered (paid) during the year for income taxes (Note 15)                          | (1,441)         | (1,950)         | (1,404)         |
| Changes in operating working capital:   |                 |                 |                 |
| Decrease (increase) in current receivables  | (1,319)         | (2,851)         | (358)           |
| Decrease (increase) in inventories, including deferred inventory costs                    | 1,105           | (1,581)         | (573)           |
| Decrease (increase) in current contract assets  | 1,631           | 891             | 751             |
| Increase (decrease) in accounts payable and equipment project accruals                    | (575)           | 2,674           | 666             |
| Increase (decrease) in progress collections and current deferred income                   | (216)           | 1,531           | (563)           |
| All other operating activities  | 2,040           | 1,869           | 1,739           |
| <b>Cash from (used for) operating activities - continuing operations</b>                  | <b>3,597</b>    | <b>10,419</b>   | <b>3,210</b>    |
| Cash from (used for) operating activities - discontinued operations                       | -               | (1,647)         | 1,768           |
| <b>Cash from (used for) operating activities</b>  | <b>3,597</b>    | <b>8,772</b>    | <b>4,978</b>    |
| Additions to property, plant and equipment  | (3,252)         | (5,813)         | (6,627)         |
| Dispositions of property, plant and equipment   | 1,644           | 3,718           | 4,093           |
| Additions to internal-use software  | (151)           | (282)           | (320)           |
| Net decrease (increase) in GE Capital financing receivables                               | (20)            | 1,117           | 1,796           |
| Proceeds from sale of discontinued operations   | -               | 5,864           | 29              |
| Proceeds from principal business dispositions   | 20,596          | 4,683           | 8,425           |
| Net cash from (payments for) principal businesses purchased                               | (85)            | (68)            | (1)             |
| Capital contribution from GE Industrial to GE Capital                                     | -               | -               | -               |
| Sales of retained ownership interests   | 417             | 3,383           | -               |
| Net (purchases) dispositions of GE Capital investment securities (Note 3)                 | (1,352)         | (1,616)         | 2,534           |
| All other investing activities  | (1,019)         | (301)           | 8,995           |
| <b>Cash from (used for) investing activities - continuing operations</b>                  | <b>16,778</b>   | <b>10,684</b>   | <b>18,925</b>   |
| Cash from (used for) investing activities - discontinued operations                       | (136)           | (1,745)         | (645)           |
| <b>Cash from (used for) investing activities</b>  | <b>16,642</b>   | <b>8,939</b>    | <b>18,280</b>   |
| Net increase (decrease) in borrowings (maturities of 90 days or less)                     | (4,168)         | 280             | (4,343)         |
| Newly issued debt (maturities longer than 90 days)  | 15,028          | 2,185           | 3,120           |
| Repayments and other reductions (maturities longer than 90 days)                          | (29,876)        | (16,567)        | (20,319)        |
| Capital contribution from GE Industrial to GE Capital                                     | -               | -               | -               |
| Dividends paid to shareholders  | (648)           | (649)           | (4,474)         |
| All other financing activities  | (188)           | (1,013)         | (1,328)         |
| <b>Cash from (used for) financing activities - continuing operations</b>                  | <b>(19,853)</b> | <b>(15,764)</b> | <b>(27,345)</b> |
| Cash from (used for) financing activities - discontinued operations                       | 1               | (368)           | (4,462)         |
| <b>Cash from (used for) financing activities</b>  | <b>(19,852)</b> | <b>(16,133)</b> | <b>(31,806)</b> |
| Effect of currency exchange rate changes on cash, cash equivalents and restricted cash    | 145             | (50)            | (628)           |
| <b>Increase (decrease) in cash, cash equivalents and restricted cash</b>                  | <b>531</b>      | <b>1,529</b>    | <b>(9,176)</b>  |
| Cash, cash equivalents and restricted cash at beginning of year                           | 37,077          | 35,548          | 44,724          |
| Cash, cash equivalents and restricted cash at end of year                                 | 37,608          | 37,077          | 35,548          |
| Less cash, cash equivalents and restricted cash of discontinued operations at end of year | 524             | 638             | 4,424           |
| Cash, cash equivalents and restricted cash of continuing operations at end of year        | \$ 37,085       | \$ 36,439       | \$ 31,124       |
| <b>Supplemental disclosure of cash flows information</b>                                  |                 |                 |                 |
| Cash paid during the year for interest  | \$ (2,976)      | \$ (4,101)      | \$ (4,508)      |

**STATEMENT OF CASH FLOWS (CONTINUED)**
*For the years ended December 31 (In millions)*

|   | GE Industrial   |                |                | GE Capital      |                |                 |
|---|-----------------|----------------|----------------|-----------------|----------------|-----------------|
|   | 2020            | 2019           | 2018           | 2020            | 2019           | 2018            |
| Net earnings (loss)   | \$ 6,868        | \$ (5,035)     | \$ (20,772)    | \$ (1,322)      | \$ 123         | \$ (1,672)      |
| (Earnings) loss from discontinued operations  | 35              | 5,527          | (307)          | 90              | (192)          | 1,670           |
| Adjustments to reconcile net earnings (loss) to cash provided from operating activities:  |                 |                |                |                 |                |                 |
| Depreciation and amortization of property, plant and equipment (Note 7)                   | 2,130           | 2,001          | 2,290          | 2,534           | 2,026          | 2,110           |
| Amortization of intangible assets (Note 8)  | 1,325           | 1,512          | 2,109          | 57              | 57             | 53              |
| Goodwill impairments (Note 8)   | 877             | 1,486          | 22,136         | 839             | -              | -               |
| (Gains) losses on purchases and sales of business interests (Note 19)                     | (12,468)        | (3)            | (1,234)        | (58)            | (50)           | (288)           |
| (Gains) losses on equity securities (Note 19)   | 2,080           | (688)          | (185)          | 25              | (6)            | 21              |
| Principal pension plans cost (Note 13)  | 3,559           | 3,878          | 4,226          | -               | -              | -               |
| Principal pension plans employer contributions (Note 13)                                  | (2,806)         | (298)          | (6,283)        | -               | -              | -               |
| Other postretirement benefit plans (net) (Note 13)  | (846)           | (1,213)        | (1,015)        | (47)            | (15)           | (18)            |
| Provision (benefit) for income taxes (Note 15)  | 388             | 1,309          | 467            | (862)           | (582)          | (374)           |
| Cash recovered (paid) during the year for income taxes (Note 15)                          | (2,447)         | (1,904)        | (1,343)        | 1,007           | (46)           | (61)            |
| Changes in operating working capital:   |                 |                |                |                 |                |                 |
| Decrease (increase) in current receivables  | (558)           | (3,904)        | (966)          | -               | -              | -               |
| Decrease (increase) in inventories, including deferred inventory costs                    | 1,188           | (1,349)        | (581)          | -               | -              | -               |
| Decrease (increase) in current contract assets  | 1,631           | 891            | 751            | -               | -              | -               |
| Increase (decrease) in accounts payable and equipment project accruals                    | (2,556)         | 381            | 716            | (29)            | (44)           | 2               |
| Increase (decrease) in progress collections and current deferred income                   | (247)           | 1,476          | (424)          | -               | -              | -               |
| All other operating activities  | 591             | 548            | 1,117          | 1,261           | 610            | 138             |
| <b>Cash from (used for) operating activities - continuing operations</b>                  | <b>(1,254)</b>  | <b>4,614</b>   | <b>701</b>     | <b>3,495</b>    | <b>1,881</b>   | <b>1,582</b>    |
| Cash from (used for) operating activities - discontinued operations                       | 32              | (49)           | 2,051          | (32)            | (1,917)        | (415)           |
| <b>Cash from (used for) operating activities</b>  | <b>(1,223)</b>  | <b>4,565</b>   | <b>2,752</b>   | <b>3,463</b>    | <b>(35)</b>    | <b>1,166</b>    |
| Additions to property, plant and equipment  | (1,579)         | (2,216)        | (2,234)        | (1,765)         | (3,830)        | (4,569)         |
| Dispositions of property, plant and equipment   | 202             | 371            | 271            | 1,450           | 3,348          | 3,853           |
| Additions to internal-use software  | (143)           | (274)          | (306)          | (7)             | (8)            | (14)            |
| Net decrease (increase) in GE Capital financing receivables (Note 5)                      | -               | -              | -              | 199             | 3,389          | 9,986           |
| Proceeds from sale of discontinued operations   | -               | 5,864          | -              | -               | -              | 29              |
| Proceeds from principal business dispositions   | 20,394          | 1,083          | 6,047          | 34              | 3,938          | 2,011           |
| Net cash from (payments for) principal businesses purchased                               | (85)            | (447)          | (1)            | -               | -              | -               |
| Capital contribution from GE Industrial to GE Capital                                     | (2,000)         | (4,000)        | -              | -               | -              | -               |
| Sales of retained ownership interests   | 417             | 3,383          | -              | -               | -              | -               |
| Net (purchases) dispositions of GE Capital investment securities (Note 3)                 | -               | -              | -              | (1,352)         | (1,616)        | 2,534           |
| All other investing activities  | 523             | 292            | (640)          | 9,673           | 4,233          | (2,052)         |
| <b>Cash from (used for) investing activities - continuing operations</b>                  | <b>17,729</b>   | <b>4,056</b>   | <b>3,138</b>   | <b>8,231</b>    | <b>9,453</b>   | <b>11,777</b>   |
| Cash from (used for) investing activities - discontinued operations                       | (36)            | (3,449)        | (698)          | (100)           | 2,023          | 186             |
| <b>Cash from (used for) investing activities</b>  | <b>17,693</b>   | <b>607</b>     | <b>2,439</b>   | <b>8,131</b>    | <b>11,476</b>  | <b>11,964</b>   |
| Net increase (decrease) in borrowings (maturities of 90 days or less)                     | (4,234)         | (595)          | (987)          | (525)           | (256)          | (4,308)         |
| Newly issued debt (maturities longer than 90 days)  | 7,462           | 31             | 6,570          | 7,566           | 2,154          | 3,045           |
| Repayments and other reductions (maturities longer than 90 days)                          | (13,673)        | (6,458)        | (1,023)        | (25,252)        | (11,632)       | (19,836)        |
| Capital contribution from GE Industrial to GE Capital                                     | -               | -              | -              | 2,000           | 4,000          | -               |
| Dividends paid to shareholders  | (354)           | (352)          | (4,179)        | (469)           | (455)          | (371)           |
| All other financing activities  | (141)           | (283)          | 1,090          | (58)            | (819)          | (2,408)         |
| <b>Cash from (used for) financing activities - continuing operations</b>                  | <b>(10,941)</b> | <b>(7,658)</b> | <b>1,470</b>   | <b>(16,738)</b> | <b>(7,007)</b> | <b>(23,878)</b> |
| Cash from (used for) financing activities - discontinued operations                       | 1               | (368)          | (4,462)        | -               | (1)            | -               |
| <b>Cash from (used for) financing activities</b>  | <b>(10,940)</b> | <b>(8,026)</b> | <b>(2,992)</b> | <b>(16,738)</b> | <b>(7,008)</b> | <b>(23,878)</b> |
| Effect of currency exchange rate changes on cash, cash equivalents and restricted cash    | 61              | (56)           | (494)          | 84              | 6              | (134)           |
| <b>Increase (decrease) in cash, cash equivalents and restricted cash</b>                  | <b>5,591</b>    | <b>(2,911)</b> | <b>1,706</b>   | <b>(5,060)</b>  | <b>4,439</b>   | <b>(10,882)</b> |
| Cash, cash equivalents and restricted cash at beginning of year                           | 17,617          | 20,528         | 18,822         | 19,460          | 15,020         | 25,902          |
| Cash, cash equivalents and restricted cash at end of year                                 | 23,209          | 17,617         | 20,528         | 14,400          | 19,460         | 15,020          |
| Less cash, cash equivalents and restricted cash of discontinued operations at end of year | -               | 4              | 3,896          | 524             | 633            | 528             |
| Cash, cash equivalents and restricted cash of continuing operations at end of year        | \$ 23,209       | \$ 17,613      | \$ 16,632      | \$ 13,876       | \$ 18,826      | \$ 14,492       |
| <b>Supplemental disclosure of cash flows information</b>                                  |                 |                |                |                 |                |                 |
| Cash paid during the year for interest  | \$ (1,276)      | \$ (1,975)     | \$ (2,201)     | \$ (1,957)      | \$ (2,632)     | \$ (2,883)      |

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)***For the years ended December 31 (In millions)*

|   |    | 2020     | 2019       | 2018     |
|---|----|----------|------------|----------|
| <b>Net earnings (loss)</b>  | \$ | 5,546 \$ | (4,912) \$ | (22,443) |
| Less net earnings (loss) attributable to noncontrolling interests               |    | (158)    | 66         | (89)     |
| <b>Net earnings (loss) attributable to the Company</b>                          | \$ | 5,704 \$ | (4,979) \$ | (22,355) |
| Investment securities   | \$ | (1) \$   | 100 \$     | 64       |
| Currency translation adjustments  |    | 435      | 1,275      | (1,664)  |
| Cash flow hedges  |    | (77)     | 36         | (51)     |
| Benefit plans   |    | 1,632    | 1,229      | 1,416    |
| <b>Other comprehensive income (loss)</b>  |    | 1,989    | 2,641      | (235)    |
| Less other comprehensive income (loss) attributable to noncontrolling interests |    | 6        | (40)       | (225)    |
| <b>Other comprehensive income (loss) attributable to the Company</b>            | \$ | 1,984 \$ | 2,681 \$   | (10)     |
| <b>Comprehensive income (loss)</b>  | \$ | 7,536 \$ | (2,272) \$ | (22,678) |
| Less comprehensive income (loss) attributable to noncontrolling interests       |    | (152)    | 26         | (314)    |
| <b>Comprehensive income (loss) attributable to the Company</b>                  | \$ | 7,688 \$ | (2,297) \$ | (22,364) |

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY***For the years ended December 31 (In millions)*

|   |    | 2020        | 2019        | 2018     |
|---|----|-------------|-------------|----------|
| Preferred stock issued  | \$ | 6 \$        | 6 \$        | 6        |
| Common stock issued   | \$ | 702 \$      | 702 \$      | 702      |
| Beginning balance   |    | (11,732)    | (14,414)    | (14,404) |
| Investment securities   |    | (1)         | 100         | 63       |
| Currency translation adjustments                                    |    | 433         | 1,315       | (1,472)  |
| Cash flow hedges  |    | (77)        | 35          | (49)     |
| Benefit plans   |    | 1,628       | 1,231       | 1,448    |
| <b>Accumulated other comprehensive income (loss) ending balance</b> | \$ | (9,749) \$  | (11,732) \$ | (14,414) |
| Beginning balance   |    | 34,405      | 35,504      | 37,384   |
| Gains (losses) on treasury stock dispositions                       |    | (703)       | (925)       | (759)    |
| Stock-based compensation  |    | 429         | 475         | 413      |
| Other changes   |    | 176         | (649)       | (1,534)  |
| <b>Other capital ending balance</b>                                 | \$ | 34,307 \$   | 34,405 \$   | 35,504   |
| Beginning balance   |    | 87,732      | 93,109      | 117,245  |
| Net earnings (loss) attributable to the Company                     |    | 5,704       | (4,979)     | (22,355) |
| Dividends and other transactions with shareholders                  |    | (1,014)     | (766)       | (4,042)  |
| Changes in accounting (Note 1)                                      |    | (175)       | 368         | 2,261    |
| <b>Retained earnings ending balance</b>                             | \$ | 92,247 \$   | 87,732 \$   | 93,109   |
| Beginning balance   |    | (82,797)    | (83,925)    | (84,902) |
| Purchases   |    | (28)        | (57)        | (268)    |
| Dispositions  |    | 864         | 1,186       | 1,244    |
| <b>Common stock held in treasury ending balance</b>                 | \$ | (81,961) \$ | (82,797) \$ | (83,925) |
| GE shareholders' equity balance                                     |    | 35,552      | 28,316      | 30,981   |
| Noncontrolling interests balance (Note 16)                          |    | 1,522       | 1,545       | 20,500   |
| <b>Total equity balance at December 31(a)</b>                       | \$ | 37,073 \$   | 29,861 \$   | 51,481   |

(a) Total equity balance decreased by \$(14,408) million from December 31, 2018, primarily due to reduction of noncontrolling interest balance of \$(19,239) million attributable to Baker Hughes Class A shareholders at December 31, 2018, after-tax loss of \$(8,238) million in discontinued operations due to deconsolidation of Baker Hughes in 2019, and after-tax net realized and unrealized loss on our remaining interest in Baker Hughes of \$(936) million in 2019 and 2020, partially offset by after-tax gain of \$11,213 million due to the sale of our BioPharma business within our Healthcare segment, and after-tax gain of \$2,508 million in discontinued operations due to spin-off and subsequent merger of our Transportation business with Wabtec in 2019.



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

**FINANCIAL STATEMENT PRESENTATION.** 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 supplemental information to our consolidated financial statements. To the extent that we have transactions between GE Industrial and GE Capital, these transactions are made on arms-length terms, are reported in the respective columns of our financial statements and are eliminated in consolidation. See Note 24 for further information.

Effective December 31, 2020, in order to enhance our financial statement presentation, we voluntarily made the following reporting changes for all periods presented:

- changed our presentation of GE Industrial restructuring program costs. Previously these costs were recorded within Corporate Items and Eliminations. Now these costs are recorded within segment profit, except for significant, higher-cost programs that continue to be recorded within Corporate Items and Eliminations;
- changed the presentation of our Statement of Financial Position to reflect the classification of assets and liabilities into current and non-current and revised the definition of operating working capital in our Statement of Cash Flows. For the classification of certain current assets and liabilities, we use the duration of our operating cycle, which may be longer than one year;
- began presenting research and development expenses separately as part of costs and expenses in our consolidated Statement of Earnings (Loss). These costs were previously reported in costs of goods and services sold; and
- ceased reporting GE Capital as an equity method investment within the GE Industrial column. This change has no impact on the GE Capital or Consolidated columns. Consistent with our historical practice, all commercial transactions between GE Industrial and GE Capital continue to be reported on arms-length terms and are eliminated upon consolidation.

Our financial statements are prepared in conformity with U.S. generally accepted accounting principles (GAAP), which requires us to make estimates based on assumptions about current, and for some estimates, future, economic and market conditions which affect reported amounts and related disclosures in our financial statements. Although our current estimates contemplate current and expected future conditions, as applicable, it is reasonably possible that actual conditions could differ from our expectations, which could materially affect our results of operations and financial position. In particular, a number of estimates have been and will continue to be affected by the ongoing Coronavirus Disease 2019 (COVID-19) pandemic. The severity, magnitude and duration, as well as the economic consequences of the COVID-19 pandemic, are uncertain, rapidly changing and difficult to predict. As a result, our accounting estimates and assumptions may change over time in response to COVID-19. Such changes could result in future impairments of goodwill, intangibles, long-lived assets and investment securities, revisions to estimated profitability on long-term product service agreements, incremental credit losses on receivables and debt securities, a decrease in the carrying amount of our tax assets, or an increase in our insurance liabilities and pension obligations as of the time of a relevant measurement event.

In preparing our Statement of Cash Flows, we make certain adjustments to reflect cash flows that cannot otherwise be calculated by changes in our Statement of Financial Position. These adjustments may include, but are not limited to, the effects of currency exchange, acquisitions and dispositions of businesses, businesses classified as held for sale, the timing of settlements to suppliers for property, plant and equipment, non-cash gains/losses and other balance sheet reclassifications.

We have reclassified certain prior-year amounts to conform to the current-year's presentation. Unless otherwise noted, tables are presented in U.S. dollars in millions. Certain columns and rows may not add due to the use of rounded numbers. Percentages presented are calculated from the underlying numbers in millions. Earnings per share amounts are computed independently for earnings from continuing operations, earnings from discontinued operations and net earnings. As a result, the sum of per-share amounts may not equal the total. Unless otherwise indicated, information in these notes to consolidated financial statements relates to continuing operations. Certain of our operations have been presented as discontinued. We present businesses whose disposal represents a strategic shift that has, or will have, a major effect on our operations and financial results as discontinued operations when the components meet the criteria for held for sale, are sold, or spun-off. See Note 2 for further information.

**CONSOLIDATION.** Our financial statements consolidate all of our affiliates, entities where we have a controlling financial interest, most often because we hold a majority voting interest, or where we are required to apply the variable interest entity (VIE) model because we have the power to direct the most economically significant activities of entities. We reevaluate whether we have a controlling financial interest in all entities when our rights and interests change.

**REVENUES FROM THE SALE OF EQUIPMENT. Performance Obligations Satisfied Over Time.** We recognize revenue on agreements for the sale of customized goods including power generation equipment, long-term construction projects and military development contracts on an over-time basis as we customize the customer's equipment during the manufacturing or integration process and obtain right to payment for work performed.

We recognize revenue as we perform under the arrangements using the percentage of completion method which is based on our costs incurred to date relative to our estimate of total expected costs. Our estimate of costs to be incurred to fulfill our promise to a customer is based on our history of manufacturing or constructing similar assets for customers and is updated routinely to reflect changes in quantity or pricing of the inputs. We provide for potential losses on these agreements when it is probable that we will incur the loss.

Our billing terms for these over-time contracts are generally based on achieving specified milestones. The differences between the timing of our revenue recognized (based on costs incurred) and customer billings (based on contractual terms) results in changes to our contract asset or contract liability positions. See Note 9 for further information.

**Performance Obligations Satisfied at a Point in Time.** We recognize revenue on agreements for non-customized equipment including commercial aircraft engines, healthcare equipment and other goods we manufacture on a standardized basis for sale to the market at the point in time that the customer obtains control of the good, which is generally no earlier than when the customer has physical possession of the product. We use proof of delivery for certain large equipment with more complex logistics, whereas the delivery of other equipment is estimated based on historical averages of in-transit periods (i.e., time between shipment and delivery).

Where arrangements include customer acceptance provisions based on seller or customer-specified objective criteria, we recognize revenue when we have concluded that the customer has control of the goods and that acceptance is likely to occur. We do not provide for anticipated losses on point-in-time transactions prior to transferring control of the equipment to the customer.

Our billing terms for these point-in-time equipment contracts generally coincide with delivery to the customer; however, within certain businesses, we receive progress collections from customers for large equipment purchases, to generally reserve production slots.

**REVENUES FROM THE SALE OF SERVICES.** Consistent with our Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) discussion and the way we manage our businesses, we refer to sales under service agreements, which includes both goods (such as spare parts and equipment upgrades) and related services (such as monitoring, maintenance and repairs) as sales of "services," which is an important part of our operations. We sometimes offer our customers financing discounts for the purchase of certain GE Industrial products when sold in contemplation of long-term service agreements. These sales are accounted for as financing arrangements when payments for the products are collected through higher usage-based fees from servicing the equipment. See Note 9 for further information.

**Performance Obligations Satisfied Over Time.** We enter into long-term service agreements with our customers primarily within our Aviation and Power segments. These agreements require us to provide preventative maintenance, overhauls, and standby "warranty-type" services that include certain levels of assurance regarding asset performance and uptime throughout the contract periods, which generally range from 5 to 25 years. We account for items that are integral to the maintenance of the equipment as part of our performance obligation, unless the customer has a substantive right to make a separate purchasing decision (e.g., equipment upgrade). We recognize revenue as we perform under the arrangements using the percentage of completion method which is based on our costs incurred to date relative to our estimate of total expected costs. Throughout the life of a contract, this measure of progress captures the nature, timing and extent of our underlying performance activities as our stand-ready services often fluctuate between routine inspections and maintenance, unscheduled service events and major overhauls at pre-determined usage intervals. We provide for potential losses on these agreements when it is probable that we will incur the loss.

Our billing terms for these arrangements are generally based on the utilization of the asset (e.g., per hour of usage) or upon the occurrence of a major maintenance event within the contract, such as an overhaul. The differences between the timing of our revenue recognized (based on costs incurred) and customer billings (based on contractual terms) results in changes to our contract asset or contract liability positions. See Note 9 for further information.

We also enter into long-term services agreements in our Healthcare and Renewable Energy segments. Revenues are recognized for these arrangements on a straight-line basis consistent with the nature, timing and extent of our services, which primarily relate to routine maintenance and as needed product repairs. We generally invoice periodically as services are provided.

**Performance Obligations Satisfied at a Point in Time.** We sell certain tangible products, largely spare parts, through our services businesses. We recognize revenues and bill our customers at the point in time that the customer obtains control of the good, which is at the point in time we deliver the spare part to the customer.

**COLLABORATIVE ARRANGEMENTS.** Our Aviation business enters into collaborative arrangements and joint ventures with manufacturers and suppliers of components used to build and maintain certain engines. Under these arrangements, GE and its collaborative partners share in the risks and rewards of these programs through various revenue, cost and profit sharing payment structures. GE recognizes revenue and costs for these arrangements based on the scope of work GE is responsible for transferring to its customers. GE's payments to participants are primarily recorded as either cost of services sold (\$1,221 million, \$1,939 million and \$1,809 million for the years ended December 31, 2020, 2019 and 2018, respectively) or as cost of goods sold (\$2,279 million, \$2,974 million and \$3,097 million for the years ended December 31, 2020, 2019 and 2018, respectively). Our most significant collaborative arrangement is with Safran Aircraft engines, a subsidiary of Safran Group of France, which sells LEAP and CFM56 engines through CFM International, a jointly owned non-consolidated company. GE makes substantial sales of parts and services to CFM International based on arms-length terms.

**GE CAPITAL REVENUES FROM SERVICES.** We recognize operating lease income on a straight-line basis over the terms of underlying leases, and we use the interest method to recognize income on loans and finance leases. We stop accruing interest on loans at the earlier of the time at which collection of an account becomes doubtful or the account becomes 90 days past due. Estimated unguaranteed residual values for finance leases are based upon management's best estimates of the value of the leased asset at the end of the lease term. We use various sources of data in determining these estimates, including information obtained from third parties, which is adjusted for the attributes of the specific asset under lease. Guarantees of residual values by unrelated third parties are included within minimum lease payments.

For traditional long-duration insurance contracts, we report premiums as revenue when due. Premiums received on non-traditional long-duration insurance contracts and investment contracts, including annuities without significant mortality risk, are not reported as revenues but rather as deposit liabilities. We recognize revenues for charges and assessments on these contracts, mostly for mortality, contract initiation, administration and surrender. Amounts credited to policyholder accounts are charged to expense.

**CASH, CASH EQUIVALENTS AND RESTRICTED CASH.** Debt securities and money market instruments with original maturities of three months or less are included in cash, cash equivalents and restricted cash unless classified as available-for-sale investment securities. Restricted cash primarily comprised collateral for receivables sold and funds restricted in connection with certain ongoing litigation matters and amounted to \$411 million and \$589 million at December 31, 2020 and December 31, 2019, respectively.

**INVESTMENT SECURITIES.** We report investments in available-for-sale debt securities and certain equity securities at fair value. Unrealized gains and losses on available-for-sale debt securities are recorded to other comprehensive income, net of applicable taxes and adjustments related to our insurance liabilities. Unrealized gains and losses on equity securities with readily determinable fair values are recorded to earnings.

Although we generally do not have the intent to sell any specific debt securities in the ordinary course of managing our portfolio, we may sell debt 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.

We regularly review investment securities for impairment. For debt securities, if we do not intend to sell the security or it is not more likely than not that we will be required to sell the security before recovery of our amortized cost, we evaluate qualitative criteria, such as the financial health of and specific prospects for the issuer, to determine whether we do not expect to recover the amortized cost basis of the security. We also evaluate quantitative criteria including determining whether there has been an adverse change in expected future cash flows. If we do not expect to recover the entire amortized cost basis of the security, we consider the security to contain an expected credit loss, and we record the difference between the security's amortized cost basis and its recoverable amount in earnings as an allowance for credit loss and the difference between the security's recoverable amount and fair value in other comprehensive income. If we intend to sell the security or it is more likely than not we will be required to sell the security before recovery of its amortized cost basis, the security is considered impaired, and we recognize the entire difference between the security's amortized cost basis and its fair value in earnings. See Note 3 for further information.

**CURRENT RECEIVABLES.** Amounts due from customers arising from the sales of products and services are recorded at the outstanding amount, less allowance for losses. We regularly monitor the recoverability of our receivables. See Note 4 for further information.

**ALLOWANCE FOR CREDIT LOSSES.** When we record customer receivables, contract assets and financing receivables arising from revenue transactions, as well as commercial mortgage loans and reinsurance recoverables in GE Capital's run-off insurance operations, financial guarantees and certain commitments, we record an allowance for credit losses for the current expected credit losses (CECL) inherent in the asset over its expected life. The allowance for credit losses is a valuation account deducted from the amortized cost basis of the assets to present their net carrying value at the amount expected to be collected. Each period the allowance for credit losses is adjusted through earnings to reflect expected credit losses over the remaining lives of the assets. We evaluate debt securities with unrealized losses to determine whether any of the losses arise from concerns about the issuer's credit or the underlying collateral and record an allowance for credit losses, if required.

We estimate expected credit losses based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. When measuring expected credit losses, we pool assets with similar country risk and credit risk characteristics. Changes in the relevant information may significantly affect the estimates of expected credit losses.

**FINANCING RECEIVABLES.** Our financing receivables portfolio consists of a variety of loans and leases, including both larger-balance, non-homogeneous loans and leases and smaller-balance homogeneous loans and leases. We routinely evaluate our entire portfolio for potential specific credit or collection issues that might indicate an impairment. See Note 5 for further information.

**INVENTORIES.** All inventories are stated at lower of cost or realizable values. Cost of inventories is primarily determined on a first-in, first-out (FIFO) basis. See Note 6 for further information.

**PROPERTY, PLANT AND EQUIPMENT.** The cost of GE Industrial property, plant and equipment is generally depreciated on a straight-line basis over its estimated economic life. The cost of GE Capital equipment leased to others on operating leases is depreciated on a straight-line basis to estimated residual value over the lease term or over the estimated economic life of the equipment. See Note 7 for further information.

**LEASE ACCOUNTING. Lessee Arrangements.** At lease commencement, we record a lease liability and corresponding right-of-use (ROU) asset. Options to extend the lease are included as part of the ROU lease asset and liability when it is reasonably certain the Company will exercise the option. We have elected to include lease and non-lease components in determining our lease liability for all leased assets except our vehicle leases. Non-lease components are generally services that the lessor performs for the Company associated with the leased asset. The present value of our lease liability is determined using our incremental collateralized borrowing rate at lease inception. For leases with an initial term of 12 months or less, an ROU asset and lease liability is not recognized and lease expense is recognized on a straight-line basis over the lease term. We test ROU assets whenever events or changes in circumstance indicate that the asset may be impaired.

**Lessor Arrangements.** Equipment leased to others under operating leases are included in Property, plant and equipment, and leases classified as finance leases are included in Financing receivables on our Statement of Financial Position. See Notes 5 and 7 for further information.

**GOODWILL AND OTHER INTANGIBLE ASSETS.** We test goodwill at least annually for impairment at the reporting unit level. We recognize an impairment charge if the carrying amount of a reporting unit exceeds its fair value. When a portion of a reporting unit is disposed, goodwill is allocated to the gain or loss on disposition based on the relative fair values of the business or businesses disposed and the portion of the reporting unit that will be retained.

For other intangible assets that are not deemed indefinite-lived, cost is generally amortized on a straight-line basis over the asset's estimated economic life, except for individually significant customer-related intangible assets that are amortized in relation to total related sales. Amortizable intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. In these circumstances, they are tested for impairment based on undiscounted cash flows and, if impaired, written down to estimated fair value based on either discounted cash flows or appraised values. See Note 8 for further information.

**DERIVATIVES AND HEDGING.** We use derivatives to manage a variety of risks, including risks related to interest rates, foreign exchange, certain equity investments and commodity prices. Accounting for derivatives as hedges requires that, at inception and over the term of the arrangement, the hedged item and related derivative meet the requirements for hedge accounting. In evaluating whether a particular relationship qualifies for hedge accounting, we test effectiveness at inception and each reporting period thereafter by determining whether changes in the fair value of the derivative offset, within a specified range, changes in the fair value of the hedged item. If fair value changes fail this test, we discontinue applying hedge accounting to that relationship prospectively. Fair values of both the derivative instrument and the hedged item are calculated using internal valuation models incorporating market-based assumptions, subject to third-party confirmation, as applicable. See Note 21 for further information.

**DEFERRED INCOME TAXES.** Deferred income tax balances reflect the effects of temporary differences between the carrying amounts of assets and liabilities and their tax bases, as well as from net operating loss and tax credit carryforwards, and are stated at enacted tax rates expected to be in effect when those taxes are paid or recovered. Deferred income tax assets represent amounts available to reduce income taxes payable on taxable income in future years. We evaluate the recoverability of these future tax deductions and credits by assessing the adequacy of future expected taxable income from all sources, including reversal of taxable temporary differences, forecasted operating earnings and available tax planning strategies. To the extent we consider it more likely than not that a deferred tax asset will not be recovered, a valuation allowance is established. Deferred taxes, as needed, are provided for our investment in affiliates and associated companies when we plan to remit those earnings. See Note 15 for further information.

**INSURANCE LIABILITIES AND ANNUITY BENEFITS.** Our run-off insurance operations include providing insurance and reinsurance for life and health risks and providing certain annuity products. Primary product types include long-term care, structured settlement annuities, life and disability insurance contracts and investment contracts. Insurance contracts are contracts with significant mortality and/or morbidity risks, while investment contracts are contracts without such risks.

Liabilities for traditional long-duration insurance contracts include both future policy benefit reserves and claims reserves. Future policy benefit reserves represent the present value of future policy benefits less the present value of future gross premiums based on actuarial assumptions. Liabilities for investment contracts equal the account value, that is, the amount that accrues to the benefit of the contract or policyholder including credited interest and assessments through the financial statement date.

Claim reserves are established when a claim is incurred or is estimated to have been incurred and represent our best estimate of the present value of the ultimate obligations for future claim payments and claim adjustments expenses.

To the extent that unrealized gains on specific investment securities supporting our insurance contracts would result in a premium deficiency, should those gains be realized, an increase in future policy benefit reserves is recorded, with an offsetting after-tax reduction to net unrealized gains recorded in other comprehensive income.

Reinsurance recoverables are recorded when we cede insurance risk to third parties but are not relieved from our primary obligation to policyholders and cedents. When losses on ceded risks give rise to claims for recovery, we establish allowances for probable losses on such receivables from reinsurers as required. See Note 12 for further information.

**POSTRETIREMENT BENEFIT PLANS.** We sponsor a number of pension and retiree health and life insurance benefit plans that we present in three categories, principal pension plans, other pension plans and principal retiree benefit plans. We use a December 31 measurement date for these plans. On our consolidated Statement of Financial Position, we measure our plan assets at fair value and the obligations at the present value of the estimated payments to plan participants. Participants earn benefits based on their service and pay. Those estimated future payment amounts are determined based on assumptions. Differences between our actual results and what we assumed are recorded in a separate component of equity each period. These differences are amortized into earnings over the remaining average future service of active employees or the expected life of inactive participants, as applicable, who participate in the plan. See Note 13 for further information.

**LOSS CONTINGENCIES.** Loss contingencies are uncertain and unresolved matters that arise in the ordinary course of business and result from events or actions by others that have the potential to result in a future loss. Such contingencies include, but are not limited to environmental obligations, litigation, regulatory investigations and proceedings, product quality and losses resulting from other events and developments. When a loss is considered probable and reasonably estimable, we record a liability in the amount of our best estimate for the ultimate loss. When there appears to be a range of possible costs with equal likelihood, liabilities are based on the low-end of such range. Disclosure is provided for material loss contingencies when a loss is probable but a reasonable estimate cannot be made, and when it is reasonably possible that a loss will be incurred or the amount of a loss will exceed the recorded provision. We regularly review contingencies to determine whether the likelihood of loss has changed and to assess whether a reasonable estimate of the loss or range of loss can be made. See Note 23 for further information.

**SUPPLY CHAIN FINANCE PROGRAMS.** We evaluate supply chain finance programs to ensure where we use a third-party intermediary to settle our trade payables, their involvement does not change the nature, existence, amount, or timing of our trade payables and does not provide the Company with any direct economic benefit. If any characteristics of the trade payables change or we receive a direct economic benefit, we reclassify the trade payables as borrowings.

**FAIR VALUE MEASUREMENTS.** The following sections describe the valuation methodologies we use to measure financial and non-financial instruments accounted for at fair value including certain assets within our pension plans and retiree benefit plans. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect our market assumptions. These inputs establish a fair value hierarchy:

Level 1 - Quoted prices for identical instruments in active markets.

Level 2 - Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 - Significant inputs to the valuation model are unobservable.

**RECURRING FAIR VALUE MEASUREMENTS.** For financial assets and liabilities measured at fair value on a recurring basis, primarily investment securities and derivatives, fair value is the price we would receive to sell an asset or pay to transfer a liability in an orderly transaction with a market participant at the measurement date. In the absence of active markets for the identical assets or liabilities, such measurements involve developing assumptions based on market observable data and, in the absence of such data, internal information that is consistent with what market participants would use in a hypothetical transaction that occurs at the measurement date. See Note 20 for further information.

**Debt Securities.** When available, we use quoted market prices to determine the fair value of debt securities which are included in Level 1. For our remaining debt securities, we obtain pricing information from an independent pricing vendor. The inputs and assumptions to the pricing vendor's models are derived from market observable sources including benchmark yields, reported trades, broker/dealer quotes, issuer spreads, benchmark securities, bids, offers and other market-related data. These investments are included in Level 2. Our pricing vendors may also provide us with valuations that are based on significant unobservable inputs, and in those circumstances, we classify the investment securities in Level 3.

Annually, we conduct reviews of our primary pricing vendor to validate that the inputs used in that vendor's pricing process are deemed to be market observable as defined in the standard. We believe that the prices received from our pricing vendor are representative of prices that would be received to sell the assets at the measurement date (exit prices) and are classified appropriately in the hierarchy.

We use non-binding broker quotes and other third-party pricing services as our primary basis for valuation when there is limited, or no, relevant market activity for a specific instrument or for other instruments that share similar characteristics. Debt securities priced in this manner are included in Level 3.

**Equity securities with readily determinable fair values.** These publicly traded equity securities are valued using quoted prices and are included in Level 1.

**Derivatives.** The majority of our derivatives are valued using internal models. The models maximize the use of market observable inputs including interest rate curves and both forward and spot prices for currencies and commodities. Derivative assets and liabilities included in Level 2 primarily represent interest rate swaps, cross-currency swaps and foreign currency and commodity forward and option contracts. Derivative assets and liabilities included in Level 3 primarily represent equity derivatives and interest rate products that contain embedded optionality or prepayment features.

**Investments in private equity, real estate and collective funds held within our pension plans.** These investments are generally valued using the net asset value (NAV) per share as a practical expedient for fair value provided certain criteria are met. The NAVs are determined based on the fair values of the underlying investments in the funds. Investments that are measured at fair value using the NAV practical expedient are not required to be classified in the fair value hierarchy. See Note 13 for further information.

**NONRECURRING FAIR VALUE MEASUREMENTS.** Certain assets are measured at fair value on a nonrecurring basis. These assets may include loans and long-lived assets reduced to fair value upon classification as held for sale, impaired loans based on the fair value of the underlying collateral, impaired equity securities without readily determinable fair value, equity method investments and long-lived assets, and remeasured retained investments in formerly consolidated subsidiaries upon a change in control that results in the deconsolidation of that subsidiary and retention of a noncontrolling stake in the entity. Assets written down to fair value when impaired and retained investments are not subsequently adjusted to fair value unless further impairment occurs.

**Equity investments without readily determinable fair value and Associated companies.** Equity investments without readily determinable fair value and associated companies are valued using market observable data such as transaction prices when available. When market observable data is unavailable, investments are valued using either a discounted cash flow model, comparative market multiples, third-party pricing sources or a combination of these approaches as appropriate. These investments are generally included in Level 3.

**Long-lived Assets.** Fair values of long-lived assets, including aircraft, are primarily derived internally and are based on observed sales transactions for similar assets. In other instances for which we do not have comparable observed sales transaction data, collateral values are developed internally and corroborated by external appraisal information. Adjustments to third-party valuations may be performed in circumstances where market comparables are not specific to the attributes of the specific collateral or appraisal information may not be reflective of current market conditions due to the passage of time and the occurrence of market events since receipt of the information.

**ACCOUNTING CHANGES.** On January 1, 2020, we adopted ASU No. 2016-13, *Financial Instruments - Credit Losses*. ASU 2016-13 requires us to prospectively record an allowance for credit losses for the current expected credit losses inherent in the asset over its expected life, replacing the incurred loss model that recognized losses only when they became probable and estimable. We recorded a \$221 million increase in our allowance for credit losses and a \$175 million decrease to retained earnings, net of tax, reflecting the cumulative effect on retained earnings.

On January 1, 2020 we adopted ASU 2017-04, *Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*. The ASU eliminates Step 2 of the goodwill impairment test and the qualitative assessment for any reporting unit with a zero or negative carrying amount. The ASU also requires an entity to disclose the amount of goodwill allocated to each reporting unit with a zero or negative carrying amount. The adoption did not have an impact on our financial statements.

In March 2020, the Financial Accounting Standards Board issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. On October 1, 2020, we adopted the new standard, which provides optional expedients and exceptions for applying generally accepted accounting principles to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. We will apply the accounting relief as relevant contract and hedge accounting relationship modifications are made during the reference rate reform transition period. We do not expect the standard to have a material impact on our consolidated financial statements.

## **NOTE 2. BUSINESSES HELD FOR SALE AND DISCONTINUED OPERATIONS**

**ASSETS AND LIABILITIES OF BUSINESSES HELD FOR SALE.** On March 31, 2020, we completed the sale of our BioPharma business within our Healthcare segment for total consideration of \$21,112 million (after certain working capital adjustments). The consideration consisted of \$20,695 million in cash and \$417 million of pension liabilities that were assumed by Danaher. In addition, we incurred \$185 million of cash payments directly associated with the transaction. As a result, we recognized a pre-tax gain of \$12,362 million (\$11,213 million after-tax) in our consolidated Statement of Earnings (Loss).

In the first half of 2020, we sold all our remaining businesses classified as held for sale, including the remaining Lighting business within Corporate and the remaining PK AirFinance business within our Capital segment.

**DISCONTINUED OPERATIONS.** Discontinued operations primarily include certain businesses in our GE Capital segment (our mortgage portfolio in Poland and trailing liabilities associated with the sale of our GE Capital businesses) and our Baker Hughes and Transportation segments. Results of operations, financial position and cash flows for these businesses are reported as discontinued operations for all periods presented.

In September 2019, we reduced our ownership interest in Baker Hughes from 50.2% to 36.8%. As a result, we deconsolidated our Baker Hughes segment and reclassified its results to discontinued operations for all periods presented and recognized a loss of \$8,715 million (\$8,238 million after-tax).

We have continuing involvement with Baker Hughes (BKR) primarily through our remaining interest, ongoing purchases and sales of products and services, transition services that we provide to BKR, as well as an aeroderivative joint venture (JV) we formed with BKR in the fourth quarter of 2019.

The JV is jointly controlled by GE and BKR and is consolidated by GE due to the significance of our investment in BKR. Our Aviation segment sells products and services to the JV. In turn, the JV sells products and services primarily to BKR and our Power segment.



Transactions between the JV and GE businesses are eliminated in consolidation. During 2020, we had sales of \$563 million to BKR for products and services from the JV, and we collected cash of \$603 million from Baker Hughes. If our investment in BKR is reduced to below 20%, we would no longer have significant influence in BKR and, as a result, we would not consolidate the JV. A potential deconsolidation of the JV is not expected to have a material impact on GE Industrial free cash flows.

For the year ended December 31, 2020, we had sales of \$839 million and purchases of \$216 million with BKR for products and services outside of the JV. We collected net cash of \$855 million from BKR related to sales, purchases and transition services. In addition, we received \$204 million of repayments on the promissory note receivable from BKR and dividends of \$267 million on our investment.

In February 2019, we completed the spin-off and subsequent merger of our Transportation business with Wabtec. As a result, we recorded a gain of \$3,471 million (\$2,508 million after-tax) in discontinued operations.

#### RESULTS OF DISCONTINUED OPERATIONS

##### For the year ended December 31, 2020

|   | Baker Hughes   | Transportation<br>and Other | GE Capital     | Total           |
|---|----------------|-----------------------------|----------------|-----------------|
| Sales of goods and services                                       | \$ -           | \$ -                        | \$ -           | \$ -            |
| GE Capital revenues and other income (loss)                       | -              | -                           | 55             | 55              |
| Cost of goods and services sold                                   | -              | -                           | -              | -               |
| Other income, costs and expenses                                  | 2              | -                           | (252)          | (249)           |
| Earnings (loss) of discontinued operations before income taxes    | 2              | -                           | (197)          | (195)           |
| Benefit (provision) for income taxes                              | (13)           | 9                           | 105            | 101             |
| Earnings (loss) of discontinued operations, net of taxes(a)       | (10)           | 9                           | (92)           | (93)            |
| Gain (loss) on disposal before income taxes                       | (23)           | (12)                        | 3              | (31)            |
| Benefit (provision) for income taxes                              | -              | -                           | (1)            | (1)             |
| Gain (loss) on disposal, net of taxes                             | (23)           | (12)                        | 2              | (32)            |
| <b>Earnings (loss) from discontinued operations, net of taxes</b> | <b>\$ (33)</b> | <b>\$ (3)</b>               | <b>\$ (90)</b> | <b>\$ (125)</b> |

##### For the year ended December 31, 2019

|   |                   |                 |               |                   |
|---|-------------------|-----------------|---------------|-------------------|
| Sales of goods and services                                       | \$ 16,047         | \$ 550          | \$ -          | \$ 16,598         |
| GE Capital revenues and other income (loss)                       | -                 | -               | 33            | 33                |
| Cost of goods and services sold                                   | (13,317)          | (478)           | -             | (13,795)          |
| Other income, costs and expenses                                  | (2,390)           | (19)            | (240)         | (2,650)           |
| Earnings (loss) of discontinued operations before income taxes    | 340               | 53              | (207)         | 186               |
| Benefit (provision) for income taxes                              | (176)             | (15)            | 344           | 153               |
| Earnings (loss) of discontinued operations, net of taxes(a)       | 165               | 39              | 136           | 339               |
| Gain (loss) on disposal before income taxes                       | (8,715)           | 3,471           | 61            | (5,183)           |
| Benefit (provision) for income taxes                              | 477               | (963)           | (5)           | (491)             |
| Gain (loss) on disposal, net of taxes                             | (8,238)           | 2,508           | 56            | (5,675)           |
| <b>Earnings (loss) from discontinued operations, net of taxes</b> | <b>\$ (8,074)</b> | <b>\$ 2,547</b> | <b>\$ 192</b> | <b>\$ (5,335)</b> |

##### For the year ended December 31, 2018

|   |                |               |                   |                   |
|---|----------------|---------------|-------------------|-------------------|
| Sales of goods and services                                       | \$ 22,859      | \$ 3,898      | \$ -              | \$ 26,757         |
| GE Capital revenues and other income (loss)                       | -              | -             | (1,347)           | (1,347)           |
| Cost of goods and services sold                                   | (19,198)       | (2,809)       | -                 | (22,007)          |
| Other income, costs and expenses                                  | (3,346)        | (607)         | (407)             | (4,360)           |
| Earnings (loss) of discontinued operations before income taxes    | 315            | 482           | (1,755)           | (958)             |
| Benefit (provision) for income taxes                              | (347)          | (143)         | 82                | (408)             |
| Earnings (loss) of discontinued operations, net of taxes(a)       | (33)           | 339           | (1,673)           | (1,366)           |
| Gain (loss) on disposal before income taxes                       | -              | -             | 4                 | 4                 |
| Benefit (provision) for income taxes                              | -              | -             | (1)               | (1)               |
| Gain (loss) on disposal, net of taxes                             | -              | -             | 3                 | 3                 |
| <b>Earnings (loss) from discontinued operations, net of taxes</b> | <b>\$ (33)</b> | <b>\$ 339</b> | <b>\$ (1,670)</b> | <b>\$ (1,363)</b> |

(a) Earnings (loss) of discontinued operations attributable to the Company after income taxes was \$(94) million, \$279 million and \$(1,367) million for the years ended December 31, 2020, 2019 and 2018, respectively.

| December 31   | 2020            | 2019            |
|---|-----------------|-----------------|
| Cash, cash equivalents and restricted cash                      | \$ 524          | \$ 638          |
| Investment securities   | -               | 202             |
| Current receivables   | 61              | 81              |
| Financing receivables held for sale (Polish mortgage portfolio) | 2,437           | 2,485           |
| Property, plant and equipment - net                             | 109             | 123             |
| Deferred income taxes   | 199             | 264             |
| All other assets  | 202             | 317             |
| <b>Assets of discontinued operations(a)</b>                     | <b>\$ 3,532</b> | <b>\$ 4,109</b> |
| Accounts payable & Progress collections and deferred income     | \$ 20           | \$ 40           |
| All other liabilities   | 180             | 163             |
| <b>Liabilities of discontinued operations(a)(b)</b>             | <b>\$ 200</b>   | <b>\$ 203</b>   |

(a) Assets and liabilities of discontinued operations included \$3,388 million and \$61 million related to GE Capital as of December 31, 2020.

(b) Included within All other liabilities of discontinued operations at December 31, 2020 and December 31, 2019 are intercompany tax receivables in the amount of \$704 million and \$839 million, respectively, primarily related to the financial services businesses that were part of the GE Capital Exit Plan, which are eliminated upon consolidation.

### NOTE 3. INVESTMENT SECURITIES

All of our debt securities are classified as available-for-sale and substantially all are investment-grade supporting obligations to annuitants and policyholders in our run-off insurance operations. Changes in their fair value are recorded in Other comprehensive income. Equity securities with readily determinable fair values are also included within this caption and changes in their fair value are recorded in Other income within continuing operations. Where we adopt the fair value option for our investment in an associated company, our investment in and any advances to are recorded as Equity securities with readily determinable fair values. We classify investment securities as current or non-current based on our intent regarding the usage of proceeds from those investments. Investment securities held within insurance entities are classified as non-current as they support the long-duration insurance liabilities.

| December 31                              | 2020             |                        |                         |                      | 2019             |                        |                         |                      |
|--|------------------|------------------------|-------------------------|----------------------|------------------|------------------------|-------------------------|----------------------|
|  | Amortized cost   | Gross unrealized gains | Gross unrealized losses | Estimated fair value | Amortized cost   | Gross unrealized gains | Gross unrealized losses | Estimated fair value |
| Equity (Baker Hughes)                    | \$ 7,319         | \$ -                   | \$ -                    | \$ 7,319             | \$ 9,888         | \$ -                   | \$ -                    | \$ 9,888             |
| <b>Current investment securities</b>     | <b>\$ 7,319</b>  | <b>\$ -</b>            | <b>\$ -</b>             | <b>\$ 7,319</b>      | <b>\$ 9,888</b>  | <b>\$ -</b>            | <b>\$ -</b>             | <b>\$ 9,888</b>      |
| Debt                                     |                  |                        |                         |                      |                  |                        |                         |                      |
| U.S. corporate                           | \$ 23,604        | \$ 6,651               | \$ (26)                 | \$ 30,230            | \$ 23,037        | \$ 4,636               | \$ (11)                 | \$ 27,661            |
| Non-U.S. corporate                       | 2,283            | 458                    | (1)                     | 2,740                | 2,161            | 260                    | (1)                     | 2,420                |
| State and municipal                      | 3,387            | 878                    | (9)                     | 4,256                | 3,086            | 598                    | (15)                    | 3,669                |
| Mortgage and asset-backed                | 3,652            | 171                    | (71)                    | 3,752                | 3,117            | 116                    | (4)                     | 3,229                |
| Government and agencies                  | 1,169            | 184                    | -                       | 1,353                | 1,391            | 126                    | -                       | 1,516                |
| Other equity                             | 218              | -                      | -                       | 218                  | 136              | -                      | -                       | 136                  |
| <b>Non-current investment securities</b> | <b>\$ 34,313</b> | <b>\$ 8,342</b>        | <b>\$ (106)</b>         | <b>\$ 42,549</b>     | <b>\$ 32,928</b> | <b>\$ 5,736</b>        | <b>\$ (31)</b>          | <b>\$ 38,632</b>     |
| <b>Total</b>                             | <b>\$ 41,632</b> | <b>\$ 8,342</b>        | <b>\$ (106)</b>         | <b>\$ 49,868</b>     | <b>\$ 42,816</b> | <b>\$ 5,736</b>        | <b>\$ (31)</b>          | <b>\$ 48,521</b>     |

The amortized cost of debt securities as of December 31, 2020 excludes accrued interest of \$414 million, which is reported in Other GE Capital receivables.

The estimated fair values of investment securities increased since December 31, 2019, primarily due to a decrease in market yields and new investments in our insurance business, partially offset by the mark-to-market effects on our remaining interest in BKR.

Total estimated fair value of debt securities in an unrealized loss position were \$1,765 million and \$999 million, of which \$165 million and \$274 million had gross unrealized losses of \$(20) million and \$(20) million and had been in a loss position for 12 months or more at December 31, 2020 and 2019, respectively. Gross unrealized losses of \$(106) million at December 31, 2020 included \$(26) million related to U.S. corporate securities, primarily in the energy industry, and \$(70) million related to commercial mortgage-backed securities (CMBS). Substantially all of our CMBS in an unrealized loss position have received investment-grade credit ratings from the major rating agencies and are collateralized by pools of commercial mortgage loans on real estate.

Net unrealized gains (losses) for equity securities with readily determinable fair values were \$(1,670) million, \$800 million and an insignificant amount for the years ended December 31, 2020, 2019 and 2018, respectively.

Proceeds from debt and equity securities sales, early redemptions by issuers and principal payments on the BKR promissory note totaled \$5,060 million, \$7,967 million and \$3,222 million for the years ended December 31, 2020, 2019, and 2018, respectively. Gross realized gains on investment securities were \$177 million, \$115 million and \$249 million, and gross realized losses and impairments were \$(364) million, \$(203) million and \$(41) million for the years ended December 31, 2020, 2019 and 2018, respectively.

GE Capital cash flows associated with purchases, dispositions and maturities of investment securities are as follows:

| For the years ended December 31   | 2020              | 2019              |
|---|-------------------|-------------------|
| Purchases of investment securities                                      | \$ (6,031)        | \$ (6,205)        |
| Dispositions and maturities of investment securities                    | 4,679             | 4,589             |
| <b>Net (purchases) dispositions of GE Capital investment securities</b> | <b>\$ (1,352)</b> | <b>\$ (1,616)</b> |

Contractual maturities of our debt securities (excluding mortgage and asset-backed securities) at December 31, 2020 are as follows:

|                                    | Amortized cost | Estimated fair value |
|------------------------------------|----------------|----------------------|
| Due                                |                |                      |
| Within one year                    | \$ 494         | \$ 501               |
| After one year through five years  | 2,781          | 3,070                |
| After five years through ten years | 6,390          | 7,687                |
| After ten years                    | 20,778         | 27,321               |

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

In addition to the equity securities described above, we hold \$285 million and \$517 million of equity securities without readily determinable fair value at December 31, 2020 and December 31, 2019, respectively, that are classified within All other assets in our consolidated Statement of Financial Position. Fair value adjustments, including impairments, recorded in earnings were \$(161) million for the year ended December 31, 2020 and insignificant amounts for both years ended December 31, 2019 and 2018.

#### NOTE 4. CURRENT AND LONG-TERM RECEIVABLES

| December 31                      | Consolidated     |                  | GE Industrial    |                  |
|----------------------------------|------------------|------------------|------------------|------------------|
|                                  | 2020             | 2019             | 2020             | 2019             |
| Power                            | \$ 3,995         | \$ 4,689         | \$ 2,656         | \$ 3,289         |
| Renewable Energy                 | 2,401            | 2,306            | 1,903            | 1,749            |
| Aviation(a)                      | 4,417            | 3,249            | 3,490            | 2,867            |
| Healthcare                       | 2,336            | 2,105            | 1,498            | 1,379            |
| Corporate                        | 310              | 246              | 293              | 223              |
| <b>Customer receivables</b>      | <b>13,459</b>    | <b>12,594</b>    | <b>9,841</b>     | <b>9,507</b>     |
| Sundry receivables(b)(c)         | 4,395            | 4,848            | 4,763            | 5,047            |
| Allowance for losses(d)          | (1,164)          | (874)            | (1,161)          | (872)            |
| <b>Total current receivables</b> | <b>\$ 16,691</b> | <b>\$ 16,568</b> | <b>\$ 13,442</b> | <b>\$ 13,682</b> |

(a) Includes Aviation receivables from CFM due to 737 MAX temporary fleet grounding of \$448 million and \$1,397 million as of December 31, 2020 and 2019, respectively. During 2020, CFM and Boeing reached an agreement to secure payment terms for engines delivered in 2019 and 2020, net of progress collections. Based on the agreement, the receivable is expected to be collected from Boeing through the first quarter of 2021.

(b) Includes supplier advances, revenue sharing programs receivables in our Aviation business, other non-income based tax receivables, primarily value-added tax related to our operations in various countries outside of the U.S., receivables from disposed businesses, including receivables for transactional agreements and certain intercompany balances that eliminate upon consolidation. Revenue sharing programs receivables in Aviation are amounts due from third parties who participate in engine programs by developing and supplying certain engine components through the life of the program. The participants share in program revenues, receive a share of customer progress payments and share costs related to discounts and warranties.

(c) Consolidated current receivables include deferred purchase price which represents our retained risk with respect to current customer receivables sold to third parties through one of the receivable facilities. The balance of the deferred purchase price held by GE Capital at December 31, 2020 and 2019, was \$413 million and \$421 million, respectively.

(d) GE Industrial allowance for credit losses primarily increased due to net provisions of \$274 million, offset by write-offs and foreign currency impact.

**Sales of GE Industrial current customer receivables.** When GE Industrial sells customer receivables to GE Capital or third parties, it accelerates the receipt of cash that would have otherwise been collected from customers. In any given period, the amount of cash received from sales of customer receivables compared to the cash GE Industrial would have otherwise collected had those customer receivables not been sold represents the cash generated or used in the period relating to this activity. GE Industrial sales of customer receivables to GE Capital or third parties are made on arms-length terms and any discount related to time value of money is recognized by GE Industrial when the customer receivables are sold. In our Statement of Cash Flows, receivables purchased and retained by GE Capital are reflected as cash from operating activities at GE Industrial, primarily as cash used for investing activities at GE Capital and are eliminated in consolidation. Collections on receivables purchased by GE Capital are reflected primarily as cash from investing activities at GE Capital and are reclassified to cash from operating activities in consolidation. As of December 31, 2020 and 2019, GE Industrial sold approximately 40% and 51%, respectively, of its gross customer receivables to GE Capital or third parties. Any difference between the carrying value of receivables sold and total cash collected is recognized as financing costs by GE Industrial in Interest and other financial charges in our consolidated Statement of Earnings (Loss). Costs of \$264 million and \$515 million were recognized during the years ended December 31, 2020 and 2019, respectively. The decrease in costs from prior year was driven by lower sales of receivables as well as lower benchmark interest rates. Activity related to customer receivables sold by GE Industrial is as follows:

|  | GE Capital          | Third Parties   | GE Capital          | Third Parties   |
|--|---------------------|-----------------|---------------------|-----------------|
|  | 2020                |                 | 2019                |                 |
| Balance at January 1                                 | \$ 3,087            | \$ 6,757        | \$ 4,386            | \$ 7,880        |
| GE Industrial sales to GE Capital                    | 32,869              | -               | 40,988              | -               |
| GE Industrial sales to third parties                 | -                   | 863             | -                   | 5,286           |
| GE Capital sales to third parties                    | (18,654)            | 18,654          | (28,073)            | 28,073          |
| Collections and other                                | (14,004)            | (23,283)        | (14,621)            | (34,482)        |
| Reclassification from long-term customer receivables | 321                 | -               | 407                 | -               |
| <b>Balance at December 31</b>                        | <b>\$ 3,618 (a)</b> | <b>\$ 2,992</b> | <b>\$ 3,087 (a)</b> | <b>\$ 6,757</b> |

(a) At December 31, 2020 and 2019, \$505 million and \$539 million, respectively, of the current receivables purchased and retained by GE Capital, had been sold by GE Industrial to GE Capital with recourse (i.e., GE Industrial retains all or some risk of default). The effect on GE Industrial cash flows from operating activities (CFOA) of claims by GE Capital on receivables sold with recourse was insignificant for the years ended December 31, 2020 and 2019.

#### LONG-TERM RECEIVABLES

|                                    | Consolidated    |                 | GE Industrial   |                 |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|
| December 31                        | 2020            | 2019            | 2020            | 2019            |
| Long-term customer receivables(a)  | \$ 585          | \$ 906          | \$ 474          | \$ 506          |
| Long-term sundry receivables(b)    | 1,748           | 1,705           | 2,097           | 2,035           |
| Allowance for losses               | (142)           | (128)           | (142)           | (128)           |
| <b>Total long-term receivables</b> | <b>\$ 2,191</b> | <b>\$ 2,483</b> | <b>\$ 2,430</b> | <b>\$ 2,413</b> |

(a) As of December 31, 2020 and 2019, GE Capital held \$111 million and \$400 million, respectively, of GE Industrial long-term customer receivables, of which \$98 million and \$312 million had been purchased with recourse (i.e., GE Industrial retains all or some risk of default). GE Industrial sold an insignificant amount of long-term customer receivables during the years ended December 31, 2020 and 2019.

(b) Includes supplier advances, revenue sharing programs receivables, other non-income based tax receivables and certain intercompany balances that eliminate upon consolidation.

**UNCONSOLIDATED RECEIVABLES FACILITIES.** GE Capital has two revolving receivables facilities, under which customer receivables purchased from GE Industrial are sold to third parties. In the first facility, which has a program size of \$2,000 million, upon the sale of receivables, we receive proceeds of cash and deferred purchase price and the Company's remaining risk with respect to the sold receivables is limited to the balance of the deferred purchase price. The program size of the first facility at December 31, 2019 was \$3,100 million. Under the second facility, upon the sale of receivables, we receive the proceeds of cash only and therefore the Company has no remaining risk with respect to the sold receivables. In December 2020, GE Capital did not renew the second facility. The program size of the second facility at December 31, 2019 was \$1,200 million.

Activity related to these facilities is included in GE Capital sales to third parties line in the sales of GE Industrial current customer receivables table above and is as follows:

| For the years ended December 31                               | 2020      | 2019      |
|---|-----------|-----------|
| Customer receivables sold to receivables facilities           | \$ 13,591 | \$ 21,695 |
| Total cash purchase price for customer receivables            | 13,031    | 21,202    |
| Cash collections re-invested to purchase customer receivables | 11,567    | 18,012    |
| Non-cash increases to deferred purchase price                 | \$ 481    | \$ 257    |
| Cash payments received on deferred purchase price             | 489       | 303       |

Cash payments received on deferred purchase price are reflected as cash from investing activities in both the GE Capital and consolidated columns within our Statement of Cash Flows.

**CONSOLIDATED SECURITIZATION ENTITIES.** GE Capital consolidates three variable interest entities (VIEs) that purchased customer receivables and long-term customer receivables from GE Industrial. At December 31, 2020 and 2019, these VIEs held current customer receivables of \$1,489 million and \$2,080 million and long-term customer receivables of \$93 million and \$375 million, respectively. At December 31, 2020 and 2019, the outstanding debt under their respective debt facilities was \$892 million and \$1,655 million, respectively.

#### NOTE 5. FINANCING RECEIVABLES AND ALLOWANCES

| December 31  | Consolidated    |                 | GE Capital      |                 |
|--|-----------------|-----------------|-----------------|-----------------|
|  | 2020            | 2019            | 2020            | 2019            |
| Loans, net of deferred income                          | \$ 1,300        | \$ 1,098        | \$ 5,124        | \$ 4,927        |
| Allowance for losses                                   | (36)            | (21)            | (13)            | (5)             |
| <b>Current financing receivables - net</b>             | <b>1,265</b>    | <b>1,077</b>    | <b>5,110</b>    | <b>4,922</b>    |
| Investment in financing leases, net of deferred income | 1,805           | 2,070           | 1,805           | 2,070           |
| Allowance for losses                                   | (34)            | (12)            | (34)            | (12)            |
| <b>Non-current financing receivables - net</b>         | <b>1,771</b>    | <b>2,057</b>    | <b>1,771</b>    | <b>2,057</b>    |
| <b>Total financing receivables - net</b>               | <b>\$ 3,036</b> | <b>\$ 3,134</b> | <b>\$ 6,882</b> | <b>\$ 6,979</b> |

Cash flows associated with GE Capital financing receivables are as follows:

| For the years ended December 31                                    | 2020          | 2019            |
|--|---------------|-----------------|
| Increase in loans to customers                                     | \$ (15,155)   | \$ (15,022)     |
| Principal collections from customers - loans                       | 15,311        | 18,083          |
| Sales of financing receivables and other                           | 42            | 328             |
| <b>Net decrease (increase) in GE Capital financing receivables</b> | <b>\$ 199</b> | <b>\$ 3,389</b> |

Consolidated finance lease income was \$144 million, \$173 million and \$275 million for the years ended December 31, 2020, 2019 and 2018, respectively.

| December 31  | Total financing leases |                 | Direct financing and sales type leases(a) |                 | Leveraged leases |               |
|--|------------------------|-----------------|---|-----------------|------------------|---------------|
|  | 2020                   | 2019            | 2020                                      | 2019            | 2020             | 2019          |
| Total minimum lease payments receivable  | \$ 1,202               | \$ 1,628        | \$ 654                                    | \$ 799          | \$ 548           | \$ 829        |
| Less principal and interest on third-party non-recourse debt                   | (83)                   | (216)           | -   | -               | (83)             | (216)         |
| Net minimum lease payments receivable  | 1,119                  | 1,412           | 654                                       | 799             | 465              | 613           |
| Less deferred income   | (133)                  | (178)           | (99)                                      | (139)           | (34)             | (39)          |
| Discounted lease receivable  | 986                    | 1,234           | 556                                       | 660             | 431              | 574           |
| Estimated unguaranteed residual value of leased assets, net of deferred income | 819                    | 835             | 472                                       | 412             | 347              | 423           |
| <b>Investment in financing leases, net of deferred income(b)</b>               | <b>\$ 1,805</b>        | <b>\$ 2,070</b> | <b>\$ 1,028</b>                           | <b>\$ 1,072</b> | <b>\$ 777</b>    | <b>\$ 997</b> |

(a) Included \$506 million of investment in sales type leases at both December 31, 2020 and 2019.

(b) See Note 15 for deferred tax amounts related to financing leases.

| CONTRACTUAL MATURITIES, DUE IN        | 2021     | 2022   | 2023   | 2024   | 2025   | Thereafter | Total    |
|---------------------------------------|----------|--------|--------|--------|--------|------------|----------|
| Total loans                           | \$ 4,199 | \$ 261 | \$ 142 | \$ 134 | \$ 318 | \$ 68      | \$ 5,124 |
| Net minimum lease payments receivable | 294      | 200    | 281    | 193    | 68     | 83         | 1,119    |

We expect actual maturities to differ from contractual maturities, primarily as a result of prepayments.

We manage our GE Capital financing receivables portfolio using delinquency and nonaccrual data as key performance indicators. At December 31, 2020, 5.7%, 5.0% and 5.3% of financing receivables were over 30 days past due, over 90 days past due and on nonaccrual, respectively, with the vast majority of nonaccrual financing receivables secured by collateral. At December 31, 2019, 4.2%, 2.9% and 6.1% of financing receivables were over 30 days past due, over 90 days past due and on nonaccrual, respectively.

GE Capital financing receivables that comprise receivables purchased from GE Industrial are reclassified to either Current receivables or All other assets in the consolidated Statement of Financial Position. To the extent these receivables are purchased with full or limited recourse, they are excluded from the delinquency and nonaccrual data above. See Note 4 for further information.

**NOTE 6. INVENTORIES, INCLUDING DEFERRED INVENTORY COSTS**

| December 31  |           | 2020             | 2019          |
|--|-----------|------------------|---------------|
| Raw materials and work in process                      | \$        | 7,937 \$         | 8,771         |
| Finished goods   |           | 5,654            | 5,333         |
| Deferred inventory costs(a)                            |           | 2,299            | 3,111         |
| <b>Inventories, including deferred inventory costs</b> | <b>\$</b> | <b>15,890 \$</b> | <b>17,215</b> |

(a) Represents cost deferral for shipped goods (such as components for wind turbine assemblies within our Renewable Energy segment) and labor and overhead costs on time and material service contracts (primarily originating in Power and Aviation) and other costs for which the criteria for revenue recognition has not yet been met. This was previously recorded in Contract and other deferred assets.

**NOTE 7. PROPERTY, PLANT AND EQUIPMENT AND OPERATING LEASES**

| December 31  | Depreciable lives<br>(in years) | Original Cost       |                  | Net Carrying Value |               |
|--|---------------------------------|---------------------|------------------|--------------------|---------------|
|  |                                 | 2020                | 2019             | 2020               | 2019          |
| Land and improvements  | 8 \$                            | 599 \$              | 608 \$           | 589 \$             | 596           |
| Buildings, structures and related equipment                        | 8 - 40                          | 8,210               | 7,824            | 3,828              | 3,875         |
| Machinery and equipment  | 4 - 20                          | 20,915              | 20,082           | 7,869              | 8,360         |
| Leasehold costs and manufacturing plant under construction         | 1 - 10                          | 2,028               | 2,165            | 1,350              | 1,539         |
| ROU operating lease assets   |                                 |                     |                  | 2,798              | 3,077         |
| <b>GE Industrial</b>   |                                 | <b>\$ 31,751 \$</b> | <b>30,680 \$</b> | <b>16,433 \$</b>   | <b>17,447</b> |
| Land and improvements, buildings, structures and related equipment | 1 - 40 \$                       | 144 \$              | 149 \$           | 23 \$              | 29            |
| Equipment leased to others (ELTO)(a)                               |                                 |                     |                  |                    |               |
| Aircraft   | 15 - 20                         | 34,372              | 35,507           | 20,931             | 21,414        |
| Engines  | 15 - 20                         | 4,957               | 4,113            | 3,540              | 3,283         |
| Helicopters  | 15 - 20                         | 5,750               | 5,474            | 4,724              | 4,709         |
| All other  | 15 - 35                         | 235                 | 237              | 194                | 214           |
| ROU operating lease assets   |                                 |                     |                  | 189                | 237           |
| <b>GE Capital</b>  |                                 | <b>\$ 45,458 \$</b> | <b>45,480 \$</b> | <b>29,600 \$</b>   | <b>29,886</b> |
| Eliminations   |                                 | (1,282)             | (1,279)          | (1,372)            | (1,453)       |
| <b>Property, plant and equipment - net</b>                         |                                 | <b>\$ 75,927 \$</b> | <b>74,880 \$</b> | <b>44,662 \$</b>   | <b>45,879</b> |

(a) Included \$1,475 million and \$1,539 million of original cost of assets leased to GE Industrial with accumulated amortization of \$(306) million and \$(251) million at December 31, 2020 and 2019, respectively.

Consolidated depreciation and amortization related to property, plant and equipment was \$4,636 million, \$4,026 million and \$4,419 million for the years ended December 31, 2020, 2019 and 2018, respectively. Amortization of GE Capital ELTO was \$2,527 million, \$2,019 million and \$2,089 million for the years ended December 31, 2020, 2019 and 2018, respectively.

In the third quarter of 2020, we recognized a non-cash pre-tax impairment charge of \$316 million related to property, plant and equipment at our Steam business within our Power segment due to our recent announcement to exit the new build coal power market. We determined the fair value of these assets using an income approach. This charge was recorded by Corporate in Selling, general, and administrative expenses in our consolidated Statement of Earnings (Loss).

During 2020, our GE Capital Aviation Services (GECAS) business recognized pre-tax impairments of \$542 million, primarily on its fixed-wing aircraft operating lease portfolio. Pre-tax impairments were \$74 million for 2019. We determined the fair values of these assets using primarily the income approach. These charges are included in costs of services sold within the Statement of Earnings (Loss) and within our Capital segment.

Noncancellable future rentals due from customers for equipment on operating leases at December 31, 2020, are as follows:

|    | 2021     | 2022     | 2023     | 2024     | 2025     | Thereafter | Total  |
|----|----------|----------|----------|----------|----------|------------|--------|
| \$ | 2,833 \$ | 2,451 \$ | 2,072 \$ | 1,970 \$ | 1,658 \$ | 5,316 \$   | 16,300 |

Income on our operating lease portfolio, primarily from our GECAS business, was \$3,342 million, \$3,804 million, and \$4,075 million for the years ended December 31, 2020, 2019, and 2018, respectively, and comprises fixed lease income of \$2,834 million, \$3,045 million and \$3,243 million and variable lease income of \$508 million, \$759 million and \$832 million, respectively.

**Operating Lease Liabilities.** Our consolidated operating lease liabilities, included within All other liabilities in our Statement of Financial Position, were \$2,973 million and \$3,162 million as of December 31, 2020 and 2019, respectively, which included GE Industrial operating lease liabilities of \$3,133 million and \$3,369 million, respectively. Substantially all of our operating leases have remaining lease terms of 11 years or less, some of which may include options to extend.



| OPERATING LEASE EXPENSE              |    | 2020            | 2019            | 2018         |
|--------------------------------------|----|-----------------|-----------------|--------------|
| Long-term (fixed)                    | \$ | 745 \$          | 834 \$          | 966          |
| Long-term (variable)                 |    | 118             | 136             | 177          |
| Short-term                           |    | 209             | 206             | 133          |
| <b>Total operating lease expense</b> | \$ | <b>1,072 \$</b> | <b>1,176 \$</b> | <b>1,276</b> |

| MATURITY OF LEASE LIABILITIES                        |    | 2021   | 2022   | 2023   | 2024   | 2025   | Thereafter | Total        |
|--|----|--------|--------|--------|--------|--------|------------|--------------|
| Undiscounted lease payments                          | \$ | 727 \$ | 648 \$ | 549 \$ | 437 \$ | 267 \$ | 805 \$     | 3,433        |
| Less: imputed interest                               |    |        |        |        |        |        |            | (460)        |
| <b>Total lease liability as of December 31, 2020</b> |    |        |        |        |        |        | \$         | <b>2,973</b> |

| SUPPLEMENTAL INFORMATION RELATED TO OPERATING LEASES               |    | 2020      | 2019      |
|--|----|-----------|-----------|
| Operating cash flows used for operating leases                     | \$ | 766 \$    | 888       |
| Right-of-use assets obtained in exchange for new lease liabilities | \$ | 600 \$    | 746       |
| Weighted-average remaining lease term                              |    | 6.6 years | 6.9 years |
| Weighted-average discount rate                                     |    | 4.5%      | 4.9%      |

## NOTE 8. GOODWILL AND OTHER INTANGIBLE ASSETS

### CHANGES IN GOODWILL BALANCES

|                     | 2019                               |                   |                   |                                   | 2020                               |              |                   |                                   |
|---------------------|------------------------------------|-------------------|-------------------|-----------------------------------|------------------------------------|--------------|-------------------|-----------------------------------|
|                     | Balance at<br>December 31,<br>2018 | Dispositions      | Impairments       | Currency<br>exchange<br>and other | Balance at<br>December 31,<br>2019 | Acquisitions | Impairments       | Currency<br>exchange<br>and other |
| Power               | \$ 139                             | \$ -              | \$ -              | \$ 6                              | \$ 145                             | \$ -         | \$ -              | \$ -                              |
| Renewable<br>Energy | 4,730                              | -                 | (1,486)           | 46                                | 3,290                              | -            | -                 | 111                               |
| Aviation            | 9,839                              | -                 | -                 | 20                                | 9,859                              | -            | (877)             | 266                               |
| Healthcare          | 17,226                             | (5,558)           | -                 | 60                                | 11,728                             | 89           | -                 | 37                                |
| Capital             | 904                                | (39)              | -                 | (26)                              | 839                                | -            | (839)             | -                                 |
| Corporate(a)        | 1,136                              | -                 | -                 | (262)                             | 873                                | -            | -                 | 2                                 |
| <b>Total</b>        | <b>\$ 33,974</b>                   | <b>\$ (5,597)</b> | <b>\$ (1,486)</b> | <b>\$ (156)</b>                   | <b>\$ 26,734</b>                   | <b>\$ 90</b> | <b>\$ (1,717)</b> | <b>\$ 417</b>                     |

(a) Corporate balance at December 31, 2020 and 2019 is our Digital business.

In the fourth quarter of 2020, we performed our annual impairment test. Based on the results of this test, the fair values of each of our reporting units exceeded their carrying values.

We continue to monitor the operating results and cash flow forecasts of our Additive reporting unit in our Aviation segment as the fair value of this reporting unit was not significantly in excess of its carrying value. At December 31, 2020, our Additive reporting unit had goodwill of \$243 million.

In the second quarter of 2020 we performed an interim impairment test at our Additive reporting unit within our Aviation segment and GECAS reporting unit within our Capital segment, both of which incorporated a combination of income and market valuation approaches. The results of the analysis indicated that carrying values of both reporting units were in excess of their respective fair values. Therefore, we recorded non-cash impairment losses of \$877 million and \$839 million for the Additive and GECAS reporting units, respectively, in the caption Goodwill impairments in our consolidated Statement of Earnings (Loss). All of the goodwill in Additive was the result of the Arcam AB and Concept Laser GmbH acquisitions in 2016. Of the \$839 million of goodwill for GECAS, \$729 million arose from the acquisition of Milestone Aviation, our helicopter leasing business, in 2015. After the impairment charges, there was no goodwill remaining in our GECAS reporting unit.

In 2019, goodwill decreased by \$7,240 million, primarily as a result of transferring goodwill in our BioPharma business within our Healthcare segment to held for sale in the amount of \$5,548 million, and recognizing a total non-cash goodwill impairment loss in our Grid Solutions equipment and services and Hydro reporting units in our Renewable Energy segment of \$744 million and \$742 million, respectively. After the impairment charges, the Grid Solutions equipment and services and Hydro reporting units have no remaining goodwill.

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

| INTANGIBLE ASSETS SUBJECT TO AMORTIZATION December 31 | Useful lives (in years) | 2020                  |                          |                 | 2019                  |                          |                  |
|---|-------------------------|-----------------------|--------------------------|-----------------|-----------------------|--------------------------|------------------|
|   |                         | Gross carrying amount | Accumulated amortization | Net             | Gross carrying amount | Accumulated amortization | Net              |
| Customer-related(a)                                   | 3 - 30                  | \$ 6,862              | \$ (3,432)               | \$ 3,430        | \$ 6,770              | \$ (3,070)               | \$ 3,701         |
| Patents and technology                                | 2 - 25                  | 8,191                 | (4,135)                  | 4,056           | 8,180                 | (3,730)                  | 4,450            |
| Capitalized software                                  | 3 - 10                  | 5,826                 | (3,840)                  | 1,986           | 5,822                 | (3,651)                  | 2,171            |
| Trademarks & other                                    | 3 - 50                  | 778                   | (477)                    | 301             | 737                   | (406)                    | 332              |
| <b>Total</b>  |                         | <b>\$ 21,657</b>      | <b>\$ (11,883)</b>       | <b>\$ 9,774</b> | <b>\$ 21,510</b>      | <b>\$ (10,857)</b>       | <b>\$ 10,653</b> |

(a) Balance includes payments made to our customers, primarily within our Aviation business.

Intangible assets decreased in 2020, primarily as a result of amortization. Consolidated amortization expense was \$1,382 million, \$1,569 million and \$2,163 million for the years ended December 31, 2020, 2019 and 2018, respectively. Included within amortization expense for the years ended December 31, 2020, 2019 and 2018 were non-cash pre-tax impairment charges of \$113 million, \$103 million, and \$428 million respectively.

In the third quarter of 2020, we recognized a non-cash pre-tax impairment charge of \$113 million related to intangible assets at our Steam business within our Power segment due to our recent announcement to exit the new build coal power market. We determined the fair value of these intangible assets using an income approach. This charge was recorded by Corporate in Selling, general, and administrative expenses in our consolidated Statement of Earnings (Loss).

Estimated consolidated annual pre-tax amortization for intangible assets over the next five calendar years are as follows:

| ESTIMATED 5 YEAR CONSOLIDATED AMORTIZATION | 2021     | 2022     | 2023   | 2024   | 2025   |
|--|----------|----------|--------|--------|--------|
| Estimated annual pre-tax amortization      | \$ 1,162 | \$ 1,085 | \$ 992 | \$ 889 | \$ 817 |

During 2020, we recorded additions to intangible assets subject to amortization of \$420 million with a weighted-average amortizable period of 5.9 years, including capitalized software of \$360 million, with a weighted-average amortizable period of 5.2 years.

#### NOTE 9. CONTRACT AND OTHER DEFERRED ASSETS & PROGRESS COLLECTIONS AND DEFERRED INCOME

**Contract and other deferred assets** decreased \$1,474 million in 2020. Our long-term service agreements decreased primarily due to billings of \$9,571 million and a net unfavorable change in estimated profitability of \$229 million at Power and \$1,100 million at Aviation, offset by revenues recognized of \$8,971 million. The decrease in long-term service agreements included a \$587 million pre-tax charge, at Aviation, to reflect the cumulative COVID-19 pandemic-related impacts of changes to billing and cost assumptions for certain long-term service agreements, reflecting lower engine utilization, anticipated customer fleet restructuring and contract modifications. Additional adjustments could occur in future periods and could be material for certain long-term service agreements if actual customer operating behavior differs significantly from Aviation's current estimates.

| December 31, 2020                                     | Power           | Aviation          | Renewable Energy | Healthcare    | Other          | Total            |
|---|-----------------|-------------------|------------------|---------------|----------------|------------------|
| Revenues in excess of billings                        | \$ 5,282        | \$ 3,072          | \$ -             | \$ -          | \$ -           | \$ 8,354         |
| Billings in excess of revenues                        | (1,640)         | (5,375)           | -                | -             | -              | (7,015)          |
| <b>Long-term service agreements</b>                   | <b>\$ 3,642</b> | <b>\$ (2,304)</b> | <b>\$ -</b>      | <b>\$ -</b>   | <b>\$ -</b>    | <b>\$ 1,338</b>  |
| Short-term and other service agreements               | 129             | 282               | 106              | 173           | 29             | 719              |
| Equipment contract revenues                           | 2,015           | 59                | 1,127            | 306           | 201            | 3,707            |
| <b>Current contract assets</b>                        | <b>\$ 5,786</b> | <b>\$ (1,963)</b> | <b>\$ 1,233</b>  | <b>\$ 479</b> | <b>\$ 229</b>  | <b>\$ 5,764</b>  |
| Nonrecurring engineering costs(a)                     | 16              | 2,409             | 34               | 31            | -              | 2,490            |
| Customer advances and other(b)                        | 822             | 2,481             | -                | 128           | (32)           | 3,398            |
| <b>Non-current contract and other deferred assets</b> | <b>\$ 838</b>   | <b>\$ 4,889</b>   | <b>\$ 34</b>     | <b>\$ 159</b> | <b>\$ (32)</b> | <b>\$ 5,888</b>  |
| <b>Total contract and other deferred assets</b>       | <b>\$ 6,623</b> | <b>\$ 2,927</b>   | <b>\$ 1,268</b>  | <b>\$ 638</b> | <b>\$ 197</b>  | <b>\$ 11,653</b> |

| December 31, 2019                                     | Power    | Aviation | Renewable<br>Energy | Healthcare | Other   | Total     |
|---|----------|----------|---------------------|------------|---------|-----------|
| Revenues in excess of billings                        | \$ 5,342 | \$ 4,480 | \$ -                | \$ -       | \$ -    | 9,822     |
| Billings in excess of revenues                        | (1,561)  | (4,914)  | -                   | -          | -       | (6,476)   |
| <b>Long-term service agreements</b>                   | \$ 3,781 | \$ (435) | \$ -                | \$ -       | \$ -    | 3,346     |
| Short-term and other service agreements               | 190      | 316      | 43                  | 169        | -       | 717       |
| Equipment contract revenues                           | 1,599    | 82       | 1,217               | 324        | 106     | 3,327     |
| <b>Current contract assets</b>                        | \$ 5,569 | \$ (37)  | \$ 1,260            | \$ 492     | \$ 106  | \$ 7,390  |
| Nonrecurring engineering costs(a)                     | \$ 44    | \$ 2,257 | \$ 47               | \$ 35      | \$ 8    | 2,391     |
| Customer advances and other(b)                        | 909      | 2,313    | -                   | 156        | (32)    | 3,346     |
| <b>Non-current contract and other deferred assets</b> | \$ 953   | \$ 4,570 | \$ 47               | \$ 190     | \$ (24) | \$ 5,737  |
| <b>Total contract and other deferred assets</b>       | \$ 6,522 | \$ 4,533 | \$ 1,307            | \$ 683     | \$ 82   | \$ 13,127 |

(a)Included costs incurred prior to production (such as requisition engineering) for equipment production contracts, primarily within our Aviation segment, which are allocated ratably to each unit produced.

(b)Included amounts due from customers at Aviation for the sales of engines, spare parts and services, and at Power, for the sale of services upgrades, which we collect through incremental fixed or usage-based fees from servicing the equipment under long-term service agreements. We have reclassified certain prior-year amounts from the long-term service agreements and equipment contract revenues line items in the table above to conform with the current year's presentation.

**PROGRESS COLLECTIONS & DEFERRED INCOME.** Progress collections represent cash received from customers under ordinary commercial payment terms in advance of delivery. Progress collections on equipment contracts primarily comprise milestone payments received from customers prior to the manufacture and delivery of customized equipment orders. Other progress collections primarily comprise down payments from customers to reserve production slots for standardized inventory orders such as advance payments from customers when they place orders for wind turbines and blades within our Renewable Energy segment and payments from airframers and airlines for install and spare engines, respectively, within our Aviation segment.

Progress collections and deferred income increased \$72 million in 2020 primarily due to the timing of new collections received in excess of revenue recognition, primarily at Renewable Energy, Healthcare and Aviation. These increases were partially offset by revenue recognized in excess of new collections at Power. Our Aviation Military equipment business received new collections of \$708 million in the second quarter 2020 as part of the U.S. Department of Defense's efforts to support vendors in its supply chain during the pandemic.

Revenues recognized for contracts included in a liability position at the beginning of the year were \$12,314 million and \$11,020 million for the years ended December 31, 2020 and 2019, respectively.

| December 31, 2020                                     | Power    | Aviation | Renewable<br>Energy | Healthcare | Other  | Total     |
|---|----------|----------|---------------------|------------|--------|-----------|
| Progress collections on equipment contracts           | \$ 4,918 | \$ 214   | \$ 1,229            | \$ -       | \$ -   | 6,362     |
| Other progress collections                            | 458      | 4,623    | 4,604               | 414        | (4)    | 10,096    |
| <b>Total progress collections</b>                     | \$ 5,376 | \$ 4,837 | \$ 5,834            | \$ 414     | \$ (4) | \$ 16,458 |
| Current deferred income                               | 17       | 132      | 194                 | 1,309      | 105    | 1,757     |
| <b>Progress collections and deferred income</b>       | \$ 5,393 | \$ 4,969 | \$ 6,028            | \$ 1,724   | \$ 102 | \$ 18,215 |
| Non-current deferred income                           | 116      | 898      | 214                 | 564        | 10     | 1,801     |
| <b>Total progress collections and deferred income</b> | \$ 5,509 | \$ 5,867 | \$ 6,241            | \$ 2,288   | \$ 112 | \$ 20,016 |

| December 31, 2019                                     | Power    | Aviation | Renewable<br>Energy | Healthcare | Other  | Total     |
|---|----------|----------|---------------------|------------|--------|-----------|
| Progress collections on equipment contracts           | \$ 5,857 | \$ 115   | \$ 1,268            | \$ -       | \$ -   | 7,240     |
| Other progress collections                            | 413      | 4,748    | 4,193               | 305        | 2      | 9,662     |
| <b>Total progress collections</b>                     | \$ 6,270 | \$ 4,863 | \$ 5,461            | \$ 305     | \$ 2   | \$ 16,902 |
| Current deferred income                               | 18       | 90       | 140                 | 1,180      | 59     | 1,487     |
| <b>Progress collections and deferred income</b>       | \$ 6,288 | \$ 4,953 | \$ 5,602            | \$ 1,485   | \$ 61  | \$ 18,389 |
| Non-current deferred income                           | 31       | 874      | 144                 | 467        | 39     | 1,555     |
| <b>Total progress collections and deferred income</b> | \$ 6,319 | \$ 5,827 | \$ 5,745            | \$ 1,952   | \$ 100 | \$ 19,944 |

## NOTE 10. ALL OTHER ASSETS

| December 31                                       | 2020             | 2019             |
|---|------------------|------------------|
| Prepaid taxes and deferred charges                | \$ 368           | \$ 610           |
| Derivative instruments (Note 21)                  | 440              | 211              |
| Other   | 27               | 31               |
| <b>GE Industrial All other current assets</b>     | <b>\$ 835</b>    | <b>\$ 852</b>    |
| Assets held for sale                              | \$ 871           | \$ 2,294         |
| Derivative instruments (Note 21)                  | 42               | 529              |
| Other   | 108              | 113              |
| <b>GE Capital All other current assets</b>        | <b>\$ 1,021</b>  | <b>\$ 2,936</b>  |
| Eliminations                                      | (334)            | (426)            |
| <b>Consolidated All other current assets</b>      | <b>\$ 1,522</b>  | <b>\$ 3,362</b>  |
| Equity method and other investments               | \$ 3,827         | \$ 4,015         |
| Long-term receivables (Note 4)                    | 2,430            | 2,413            |
| Prepaid taxes and deferred charges                | 817              | 870              |
| Other   | 874              | 449              |
| <b>GE Industrial All other non-current assets</b> | <b>\$ 7,948</b>  | <b>\$ 7,748</b>  |
| Equity method and other investments               | \$ 3,199         | \$ 2,227         |
| GECAS pre-delivery payments (Note 23)             | 2,871            | 2,934            |
| Insurance cash and cash equivalents(a)            | 455              | 583              |
| Other   | 543              | 551              |
| <b>GE Capital All other non-current assets</b>    | <b>\$ 7,068</b>  | <b>\$ 6,294</b>  |
| Eliminations                                      | (419)            | (160)            |
| <b>Consolidated All other non-current assets</b>  | <b>\$ 14,597</b> | <b>\$ 13,882</b> |
| <b>Total All other assets</b>                     | <b>\$ 16,119</b> | <b>\$ 17,244</b> |

(a) Cash and cash equivalents in GE Capital insurance entities is subject to regulatory restrictions and used for operations of those entities. Therefore, the balance is included in All other assets.

**Equity method investments.** Unconsolidated entities over which we have significant influence are accounted for as equity method investments and presented on a one-line basis in All other assets on our consolidated Statement of Financial Position. Equity method income includes our share of the results of unconsolidated entities, gains (loss) from sales and impairments of investments, which is included in Other income for GE Industrial and in Revenues from services for GE Capital in our consolidated Statement of Earnings (Loss). See Note 1 for further information.

| December 31                      | Equity method investment balance |                 | Equity method income (loss) |               |                 |
|----------------------------------|----------------------------------|-----------------|-----------------------------|---------------|-----------------|
|                                  | 2020                             | 2019            | 2020                        | 2019          | 2018            |
| Power                            | \$ 576                           | \$ 565          | \$ 43                       | \$ (4)        | \$ (20)         |
| Renewable Energy                 | 724                              | 630             | 13                          | (2)           | (1)             |
| Aviation                         | 2,032                            | 2,073           | (41)                        | 204           | 126             |
| Healthcare                       | 251                              | 245             | 7                           | 19            | 16              |
| Capital(a)                       | 3,110                            | 2,159           | 77                          | 217           | (254)           |
| Corporate items and eliminations | 31                               | 28              | 5                           | (11)          | (99)            |
| <b>Total consolidated</b>        | <b>\$ 6,724</b>                  | <b>\$ 5,700</b> | <b>\$ 104</b>               | <b>\$ 423</b> | <b>\$ (233)</b> |

(a) Equity method investments in GE Capital increased \$951 million driven primarily by an increase in renewable energy tax equity investments at Energy Financial Services (EFS) and an increase in investments in our run-off insurance operations.

## NOTE 11. BORROWINGS

| December 31  | 2020              |               | 2019                |               |                     |
|--|-------------------|---------------|---------------------|---------------|---------------------|
|  | Amount            | Average Rate  | Amount              | Average Rate  |                     |
| Commercial paper   | \$ -              | -%            | \$ 3,008            | 1.62%         |                     |
| Current portion of long-term borrowings                          | 36                | 5.03          | 766                 | 0.36          |                     |
| Current portion of long-term borrowings assumed by GE Industrial | 2,432             | 3.49          | 5,473               | 3.71          |                     |
| Other  | 882               |               | 1,832               |               |                     |
| <b>Total GE Industrial short-term borrowings</b>                 | <b>\$ 3,350</b>   |               | <b>\$ 11,079</b>    |               |                     |
| Current portion of long-term borrowings                          | \$ 853            | 1.72%         | \$ 11,226           | 3.01%         |                     |
| Intercompany payable to GE Industrial                            | 2,432             |               | 2,104               |               |                     |
| Non-recourse borrowings of consolidated securitization entities  | 892               | 0.81          | 1,569               | 1.26          |                     |
| Other  | 283               |               | 804                 |               |                     |
| <b>Total GE Capital short-term borrowings</b>                    | <b>\$ 4,461</b>   |               | <b>\$ 15,702</b>    |               |                     |
| Eliminations   | (3,033)           |               | (3,140)             |               |                     |
| <b>Total short-term borrowings</b>                               | <b>\$ 4,778</b>   |               | <b>\$ 23,641</b>    |               |                     |
|  | <b>Maturities</b> | <b>Amount</b> | <b>Average Rate</b> | <b>Amount</b> | <b>Average Rate</b> |
| Senior notes   | 2022-2050         | \$ 18,994     | 2.90%               | \$ 14,762     | 2.11%               |
| Senior notes assumed by GE Industrial                            | 2022-2055         | 18,178        | 3.25                | 23,024        | 4.17                |
| Subordinated notes assumed by GE Industrial                      | 2035-2037         | 1,779         | 3.28                | 2,871         | 3.68                |
| Other  |                   | 435           |                     | 324           |                     |
| <b>Total GE Industrial long-term borrowings</b>                  | <b>\$ 39,386</b>  |               | <b>\$ 40,980</b>    |               |                     |
| Senior notes   | 2022-2042         | \$ 30,132     | 3.41%               | \$ 25,371     | 3.66%               |
| Subordinated notes   |                   | 189           |                     | 178           |                     |
| Intercompany payable to GE Industrial                            |                   | 16,780        |                     | 17,038        |                     |
| Non-recourse borrowings of consolidated securitization entities  |                   | -             |                     | 86            | 2.82                |
| Other  |                   | 582           |                     | 626           |                     |
| <b>Total GE Capital long-term borrowings</b>                     | <b>\$ 47,683</b>  |               | <b>\$ 43,299</b>    |               |                     |
| Eliminations   |                   | (16,780)      |                     | (17,038)      |                     |
| <b>Total long-term borrowings</b>                                | <b>\$ 70,288</b>  |               | <b>\$ 67,241</b>    |               |                     |
| <b>Total borrowings</b>  | <b>\$ 75,067</b>  |               | <b>\$ 90,882</b>    |               |                     |

At December 31, 2020, the outstanding GE Capital borrowings that had been assumed by GE Industrial as part of the GE Capital Exit Plan was \$22,390 million (\$2,432 million short term and \$19,957 million long term), for which GE Industrial has an offsetting receivable from GE Capital of \$19,213 million. The difference of \$3,177 million (zero in short-term borrowings and \$3,177 million in long-term borrowings) represents the amount of borrowings GE Capital had funded with available cash to GE Industrial via intercompany loans in lieu of GE Industrial issuing borrowings externally. GE Industrial repaid a total of \$9,049 million of intercompany loans from GE Capital in 2020.

At December 31, 2020, total GE Industrial borrowings of \$23,523 million comprised GE Industrial-issued borrowings of \$20,346 million and intercompany loans from GE Capital to GE Industrial of \$3,177 million as described above.

GE Industrial has provided a full and unconditional guarantee on the payment of the principal and interest on all tradable senior and subordinated outstanding long-term debt securities issued or guaranteed by GE Capital. This Guarantee applied to \$28,503 million and \$34,683 million of GE Capital debt at December 31, 2020 and December 31, 2019, respectively.

In the second quarter of 2020, GE Industrial issued a total of \$7,500 million in aggregate principal amount of senior unsecured debt, comprising \$1,000 million of 3.450% Notes due 2027, \$1,250 million of 3.625% Notes due 2030, \$1,500 million of 4.250% Notes due 2040, and \$3,750 million of 4.350% Notes due 2050, and used these proceeds in addition to a portion of the proceeds from the BioPharma sale to repay a total of \$7,500 million of intercompany loans to GE Capital and to complete a tender offer to purchase \$4,237 million in aggregate principal amount of certain GE Industrial unsecured debt, comprising \$2,046 million of 2.700% Notes due 2022, €934 million (\$1,011 million equivalent) of 0.375% Notes due 2022, €425 million (\$460 million equivalent) of 1.250% Notes due 2023, €376 million (\$407 million equivalent) of floating-rate Notes due 2020, and \$312 million of 3.375% Notes due 2024. The total cash consideration paid for these purchases was \$4,282 million and the total carrying amount of the purchased notes was \$4,228 million, resulting in a loss of \$63 million (including \$9 million of fees and other costs associated with the tender) which was recorded in Interest and other financial charges in the GE Industrial Statement of Earnings (Loss). In addition to the purchase price, GE Industrial paid any accrued and unpaid interest on the purchased notes through the date of purchase.

In the second quarter of 2020, GE Capital issued a total of \$6,000 million in aggregate principal amount of senior unsecured debt with maturities ranging from 2025 to 2032, and used these proceeds in addition to the proceeds received from repayments of intercompany loans from GE Industrial to complete tender offers to purchase a total of \$9,787 million in aggregate principal amount of certain senior unsecured debt. The total cash consideration paid for these purchases was \$9,950 million and the total carrying amount of the purchased notes was \$9,827 million, resulting in a total loss of \$143 million (including \$20 million of fees and other costs associated with the tender) which was recorded in Interest and other financial charges in the GE Capital Statement of Earnings (Loss). In addition to the purchase price, GE Capital paid any accrued and unpaid interest on the purchased notes through the date of purchase.

In the fourth quarter of 2020, GE Capital completed a tender offer to purchase a total of \$2,157 million in aggregate principal amount of certain senior unsecured debt. The total cash consideration paid for these purchases was \$2,255 million and the carrying amount of the purchased notes was \$2,166 million, resulting in a total loss of \$95 million (including \$6 million of fees and other costs associated with the tender) which was recorded in Interest and other financial charges in the GE Capital Statement of Earnings (Loss). In addition to the purchase price, GE Capital paid any accrued and unpaid interest on the purchased notes through the date of purchase.

See Notes 4 and 22 for further information about non-recourse borrowings of consolidated securitization entities. See Note 21 for further information about borrowings and associated interest rate swaps.

Long-term debt maturities over the next five years follow.

|  | 2021    | 2022     | 2023   | 2024   | 2025  |
|--|---------|----------|--------|--------|-------|
| GE Industrial excluding assumed debt     | \$ 36   | \$ 2,016 | \$ 977 | \$ 477 | 2,440 |
| GE Capital debt assumed by GE Industrial | 2,432   | 1,483    | 1,977  | 918    | 237   |
| GE Capital other debt                    | 853 (a) | 1,469    | 1,771  | 142    | 3,477 |

(a) Fixed and floating rate notes of \$340 million contain put options with exercise dates in 2021, which have final maturity beyond 2025.

The total interest payments on consolidated borrowings are estimated to be \$2,326 million, \$2,210 million, \$2,072 million, \$2,006 million and \$1,932 million for 2021, 2022, 2023, 2024 and 2025, respectively.

**NOTE 12. INSURANCE LIABILITIES AND ANNUITY BENEFITS.** Insurance liabilities and annuity benefits comprise substantially all obligations to annuitants and insureds in our run-off insurance operations.

| December 31, 2020              | Long-term care insurance contracts | Structured settlement annuities & life insurance contracts | Other contracts | Other adjustments(a) | Total         |
|--------------------------------|------------------------------------|--|-----------------|----------------------|---------------|
| Future policy benefit reserves | \$ 16,934                          | \$ 9,207   | \$ 181          | \$ 8,160             | 34,482        |
| Claim reserves(b)              | 4,393                              | 275  | 1,068           | -                    | 5,736         |
| Investment contracts           | -                                  | 1,034  | 1,016           | -                    | 2,049         |
| Unearned premiums and other    | 19                                 | 189  | 89              | -                    | 298           |
|                                | 21,346                             | 10,705   | 2,354           | 8,160                | 42,565        |
| Eliminations                   | -                                  | -  | (374)           | -                    | (374)         |
| <b>Total</b>                   | <b>\$ 21,346</b>                   | <b>\$ 10,705</b>   | <b>\$ 1,980</b> | <b>\$ 8,160</b>      | <b>42,191</b> |

#### December 31, 2019

|                                |                  |                  |                 |                 |               |
|--------------------------------|------------------|------------------|-----------------|-----------------|---------------|
| Future policy benefit reserves | \$ 16,755        | \$ 9,511         | \$ 183          | \$ 5,655        | 32,104        |
| Claim reserves(b)              | 4,238            | 252              | 1,125           | -               | 5,615         |
| Investment contracts           | -                | 1,136            | 1,055           | -               | 2,191         |
| Unearned premiums and other    | 30               | 196              | 96              | -               | 322           |
|                                | 21,023           | 11,095           | 2,459           | 5,655           | 40,232        |
| Eliminations                   | -                | -                | (406)           | -               | (406)         |
| <b>Total</b>                   | <b>\$ 21,023</b> | <b>\$ 11,095</b> | <b>\$ 2,053</b> | <b>\$ 5,655</b> | <b>39,826</b> |

(a) To the extent that unrealized gains on specific investment securities supporting our insurance contracts would result in a premium deficiency should those gains be realized, an increase in future policy benefit reserves is recorded, with an after-tax reduction of net unrealized gains recognized through Other comprehensive income in our consolidated Statement of Earnings (Loss).

(b) Other contracts included claim reserves of \$316 million and \$342 million related to short-duration contracts at Electric Insurance Company, net of eliminations, at December 31, 2020 and 2019, respectively.

The increase in insurance liabilities and annuity benefits of \$2,365 million from December 31, 2019 to December 31, 2020 is primarily due to an adjustment of \$2,505 million resulting from an increase in unrealized gains on investment securities that would result in a premium deficiency should those gains be realized.



Claim reserve activity included incurred claims of \$1,801 million, \$1,873 million and \$2,106 million, of which \$(1) million, \$(36) million and \$(46) million related to the recognition of adjustments to prior year claim reserves arising from our periodic reserve evaluation in the years ended December 31, 2020, 2019 and 2018, respectively. Paid claims were \$1,728 million, \$1,626 million and \$1,937 million in the years ended December 31, 2020, 2019 and 2018, respectively.

Reinsurance recoveries are recorded as a reduction of insurance losses and annuity benefits in our consolidated Statement of Earnings (Loss) and amounted to \$350 million, \$362 million and \$324 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Reinsurance recoverables, net of allowances of \$1,510 million and \$1,355 million, are included in non-current Other GE Capital receivables in our consolidated Statement of Financial Position, and amounted to \$2,552 million and \$2,416 million at December 31, 2020 and 2019, respectively. The vast majority of our remaining net reinsurance recoverables are secured by assets held in a trust for which we are the beneficiary.

**2020 Premium Deficiency Testing.** We completed our annual premium deficiency testing in the aggregate across our run-off insurance portfolio in the third quarter of 2020. The results of our testing indicated there was a positive margin of less than 2% of the recorded future policy benefit reserves, excluding Other adjustments, at September 30, 2020. As a result, the assumptions updated in connection with the premium deficiency recognized in 2019 remain locked-in and will remain so unless another premium deficiency occurs in the future.

We also noted our projections as of third quarter 2020 indicate the present value of projected earnings in each future year to be positive, and therefore, no further adjustments to our future policy benefit reserves were required at this time.

Considering the results of the 2020 premium deficiency test which resulted in a small margin, any future net adverse changes in our assumptions may reduce the margin or result in a premium deficiency requiring an increase to future policy benefit reserves. Any future net favorable changes to these assumptions could result in a lower projected present value of future cash flows and additional margin in our premium deficiency test and higher income over the remaining duration of the portfolio, including higher investment income.

Statutory accounting practices, not GAAP, determine the required statutory capital levels of our insurance legal entities and, therefore, may affect the amount or timing of capital contributions that may be required from GE Capital to its insurance legal entities. Statutory accounting practices are set forth by the National Association of Insurance Commissioners (NAIC) as well as state laws, regulation and general administrative rules and differ in certain respects from GAAP. The 2020 premium deficiency testing described above was performed on a GAAP basis. The adverse impact on our statutory additional actuarial reserves (AAR) arising from our revised assumptions in 2017, including the collectability of reinsurance recoverables, is expected to require GE Capital to contribute approximately \$14,500 million additional capital to its run-off insurance operations in 2018-2024. For statutory accounting purposes, the Kansas Insurance Department (KID) approved our request for a permitted accounting practice to recognize the 2017 AAR increase over a seven-year period. GE Capital provided capital contributions to its insurance subsidiaries of \$2,000 million, \$1,900 million and \$3,500 million in the first quarters of 2020, 2019 and 2018, respectively. GE Capital expects to provide further capital contributions of approximately \$7,000 million through 2024 (of which approximately \$2,000 million is expected to be contributed in the first quarter of 2021 pending completion of our December 31, 2020 statutory reporting process, which includes asset adequacy testing), subject to ongoing monitoring by KID. GE is a party to capital maintenance agreements with its run-off insurance subsidiaries under which GE is required to maintain their statutory capital levels at 300% of their year-end Authorized Control Level risk-based capital requirements as defined from time to time by the NAIC.

# NOTE 13. POSTRETIREMENT BENEFIT PLANS

**PENSION BENEFITS AND RETIREE HEALTH AND LIFE BENEFITS.** We sponsor a number of pension and retiree health and life insurance benefit plans that we present in three categories, principal pension plans, other pension plans and principal retiree benefit plans. Smaller pension plans with pension assets or obligations less than \$50 million and other retiree benefit plans are not presented. We use a December 31 measurement date for these plans.

## DESCRIPTION OF OUR PLANS

|                                 | Plan Category   | Participants   | Funding  | Other   |
|---------------------------------|---|--|--|---|
| Principal Pension Plans         | GE Pension Plan   | Covers U.S. participants. ~176,500 retirees and beneficiaries, ~93,000 vested former employees and ~26,500 active employees. | Our funding policy is to contribute amounts sufficient to meet minimum funding requirements under employee benefit and tax laws. We may decide to contribute additional amounts beyond this level. | This plan has been closed to new participants since 2012. Benefits for ~20,000 employees with salaried benefits were frozen effective January 1, 2021, and thereafter these employees will receive increased company contributions in the company sponsored defined contribution plan in lieu of participation in a defined benefit plan (announced 10/2019). |
|                                 | GE Supplementary Pension Plan   | Provides supplementary benefits to higher-level, longer-service U.S. employees   | This plan is unfunded. We pay benefits from company cash.  | The annuity benefit has been closed to new participants since 2011 and has been replaced by an installment benefit. Benefits for ~700 employees who became executives before 2011 were frozen effective January 1, 2021, and thereafter these employees will accrue the installment benefit offered to new executives since 2011.                             |
| Other Pension Plans             | 44 U.S. and non-U.S. pension plans with pension assets or obligations greater than \$50 million | Covers ~56,500 retirees and beneficiaries, ~49,500 vested former employees and ~20,000 active employees                      | Our funding policy is to contribute amounts sufficient to meet minimum funding requirements under employee benefit and tax laws in each country. We pay benefits for some plans from company cash. | In certain countries, benefit accruals have ceased and/or have been closed to new hires as of various dates.  |
| Principal Retiree Benefit Plans | Provides health and life insurance benefits to certain eligible participants                    | Covers U.S participants. ~170,000 retirees and dependents  | We fund retiree health benefits on a pay-as-you-go basis and the retiree life insurance trust at our discretion.   | Participants share in the cost of the healthcare benefits.  |

## FUNDING STATUS BY PLAN TYPE

|   | Benefit Obligation |                  | Fair Value of Assets |                  | Deficit/(Surplus) |                  |
|---|--------------------|------------------|----------------------|------------------|-------------------|------------------|
|   | 2020               | 2019             | 2020                 | 2019             | 2020              | 2019             |
| <b>Principal Pension Plans:</b>                                     |                    |                  |                      |                  |                   |                  |
| GE Pension Plan (subject to regulatory funding)                     | \$ 68,945          | \$ 65,065        | \$ 58,843            | \$ 52,633        | \$ 10,102         | \$ 12,432        |
| GE Supplementary Pension Plan (not subject to regulatory funding)   | 7,353              | 6,691            | -                    | -                | 7,353             | 6,691            |
|   | 76,298             | 71,756           | 58,843               | 52,633           | 17,455            | 19,123           |
| <b>Other Pension Plans:</b>   |                    |                  |                      |                  |                   |                  |
| Subject to regulatory funding                                       | 21,793             | 19,907           | 21,283               | 18,906           | 510               | 1,001            |
| Not subject to regulatory funding                                   | 2,865              | 3,014            | 223                  | 236              | 2,642             | 2,778            |
| Principal retiree benefit plans (not subject to regulatory funding) | 5,019              | 5,160            | 134                  | 289              | 4,885             | 4,871            |
| Total plans subject to regulatory funding                           | 90,738             | 84,972           | 80,126               | 71,539           | 10,612            | 13,433           |
| Total plans not subject to regulatory funding                       | 15,237             | 14,865           | 357                  | 525              | 14,880            | 14,340           |
| <b>Total plans</b>  | <b>\$ 105,975</b>  | <b>\$ 99,837</b> | <b>\$ 80,483</b>     | <b>\$ 72,064</b> | <b>\$ 25,492</b>  | <b>\$ 27,773</b> |

**FUNDING.** The Employee Retirement Income Security Act (ERISA) determines minimum pension funding requirements in the U.S. In December 2020, we made a discretionary contribution of \$2,500 million to the GE Pension Plan and, based on our current assumptions, we do not anticipate additional required contributions to the plan through 2023. We made a contribution to the GE Pension Plan in 2018 which was sufficient to satisfy our minimum ERISA funding requirements for 2019 and 2020.

On an ERISA basis, our preliminary estimate is that the GE Pension Plan was approximately 94% and 93% funded at January 1, 2021 and 2020 respectively. The ERISA funded status is higher than the GAAP funded status (85% and 81% funded for 2020 and 2019 respectively) primarily because the ERISA prescribed interest rate for determining liabilities is calculated using a long-term average interest rate. As a result, the ERISA interest rate is higher than the year-end GAAP discount rate. The higher ERISA interest rate lowers pension liabilities for ERISA funding purposes.

We expect to pay approximately \$325 million for benefit payments under our GE Supplementary Pension Plan and administrative expenses of our principal pension plans and expect to contribute approximately \$460 million to other pension plans in 2021. We fund retiree health benefits on a pay-as-you-go basis and the retiree life insurance trust at our discretion. We expect to contribute approximately \$335 million in 2021 to fund such benefits.

**ACTIONS.** In December 2020, we transferred obligations of \$1,706 million from the GE Pension Plan, representing the benefits of approximately 70,000 of GE's retirees and beneficiaries, to a third-party insurance company by irrevocably committing to purchase group annuity contracts. The transaction was funded directly by the assets of the plan and is reflected as a settlement.

In 2019, we offered approximately 100,000 former U.S. employees with a vested benefit in the GE Pension Plan a limited-time option to take a lump sum distribution in lieu of future monthly payments. In December 2019, lump sum distributions of \$2,657 million were made from the assets of the plan and this event is reflected as a settlement.

| COST OF OUR BENEFITS PLANS<br>AND ASSUMPTIONS                                     | 2020                 |                  |                                 | 2019                 |                  |                                 | 2018                 |                  |                                 |
|---|----------------------|------------------|---------------------------------|----------------------|------------------|---------------------------------|----------------------|------------------|---------------------------------|
|   | Principal<br>pension | Other<br>pension | Principal<br>retiree<br>benefit | Principal<br>pension | Other<br>pension | Principal<br>retiree<br>benefit | Principal<br>pension | Other<br>pension | Principal<br>retiree<br>benefit |
| <b>Components of expense<br/>(income)</b>   |                      |                  |                                 |                      |                  |                                 |                      |                  |                                 |
| Service cost - operating  | \$ 657               | \$ 243           | \$ 59                           | \$ 654               | \$ 246           | \$ 58                           | \$ 888               | \$ 323           | \$ 63                           |
| Interest cost   | 2,350                | 422              | 150                             | 2,780                | 542              | 202                             | 2,658                | 548              | 196                             |
| Expected return on plan assets  | (2,993)              | (1,082)          | (11)                            | (3,428)              | (1,144)          | (21)                            | (3,248)              | (1,285)          | (29)                            |
| Amortization of net actuarial loss<br>(gain)                                      | 3,399                | 434              | (82)                            | 3,439                | 319              | (118)                           | 3,785                | 312              | (79)                            |
| Amortization of prior service cost<br>(credit)                                    | 146                  | 1                | (234)                           | 135                  | 3                | (232)                           | 143                  | (9)              | (230)                           |
| Curtailment / settlement loss<br>(gain)(a)  | -                    | 12               | -                               | 349                  | 13               | (38)                            | 34                   | 1                | -                               |
| <b>Non-operating</b>  | \$ 2,902             | \$ (213)         | \$ (177)                        | \$ 3,275             | \$ (267)         | \$ (207)                        | \$ 3,372             | \$ (433)         | \$ (142)                        |
| <b>Net periodic expense (income)</b>  | \$ 3,559             | \$ 30            | \$ (118)                        | \$ 3,929             | \$ (21)          | \$ (149)                        | \$ 4,260             | \$ (110)         | \$ (79)                         |
| <b>Weighted-average assumptions<br/>used to determine benefit<br/>obligations</b> |                      |                  |                                 |                      |                  |                                 |                      |                  |                                 |
| Discount rate   | 2.61%                | 1.44%            | 2.15%                           | 3.36%                | 1.97%            | 3.05%                           | 4.34%                | 2.75%            | 4.12%                           |
| Compensation increases  | 2.95                 | 3.06             | 2.82                            | 2.95                 | 3.16             | 3.75                            | 3.60                 | 3.16             | 3.60                            |
| Initial healthcare trend rate(b)  | N/A                  | N/A              | 5.90                            | N/A                  | N/A              | 5.90                            | N/A                  | N/A              | 6.00                            |
| <b>Weighted-average assumptions<br/>used to determine benefit cost</b>            |                      |                  |                                 |                      |                  |                                 |                      |                  |                                 |
| Discount rate(c)  | 3.36                 | 1.97             | 3.05                            | 4.07                 | 2.75             | 4.12                            | 3.64                 | 2.41             | 3.43                            |
| Expected rate of return on plan<br>assets   | 6.25                 | 5.69             | 7.00                            | 6.75                 | 6.76             | 7.00                            | 6.75                 | 6.75             | 7.00                            |

(a) For 2019, the principal pension amount is a curtailment loss driven by freezing the GE Pension Plan benefits for certain participants.

(b) For 2020, ultimately declining to 5% for 2030 and thereafter.

(c) Weighted average 2019 discount rate for principal pension was 4.07%. Discount rate was 4.34% for January 1, 2019 through September 30, 2019 and then changed to 3.24% for the remainder of 2019 due to the remeasurement of the plans for the U.S. pension changes announced in October 2019.

We expect 2021 net periodic benefit costs for principal pension, other pension and principal retiree benefit plans to be about \$2,400 million, which is a decrease of approximately \$1,100 million from 2020. The decrease is primarily due to the freezing of benefits for certain participants under the GE Pension Plan and lower interest costs driven by the lower discount rate. The 2020 year-end discount rate increases the amortization of net actuarial loss, but this increase is offset by less amortization of net actuarial loss related to past years.

The components of net periodic benefit costs, other than the service cost component, are included in Non-operating benefit costs in our consolidated Statement of Earnings (Loss).

**PLAN FUNDED STATUS AND AMOUNTS RECORDED IN ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)**

|   | 2020                 |                   |                           | 2019                 |                   |                           |
|---|----------------------|-------------------|---------------------------|----------------------|-------------------|---------------------------|
|   | Principal pension    | Other pension     | Principal retiree benefit | Principal pension    | Other pension     | Principal retiree benefit |
| <b>Change in benefit obligations</b>  |                      |                   |                           |                      |                   |                           |
| Balance at January 1  | \$ 71,756            | \$ 22,921         | \$ 5,160                  | \$ 68,500            | \$ 21,091         | \$ 5,153                  |
| Service cost  | 657                  | 243               | 59                        | 654                  | 246               | 58                        |
| Interest cost   | 2,350                | 422               | 150                       | 2,780                | 542               | 202                       |
| Participant contributions   | 69                   | 28                | 63                        | 77                   | 29                | 61                        |
| Plan amendments   | -                    | 27                | (7)                       | (42) (c)             | (17)              | (23)                      |
| Actuarial loss (gain) - net   | 7,057 (a)            | 1,927 (a)         | 85 (a)                    | 7,073 (d)            | 2,422 (a)         | 275 (a)                   |
| Benefits paid   | (3,885)              | (1,062)           | (491)                     | (3,788)              | (1,043)           | (533)                     |
| Curtailments  | -                    | (69)              | -                         | (838)                | (32)              | (33)                      |
| Settlements   | (1,706) (b)          | -                 | -                         | (2,657) (e)          | -                 | -                         |
| Dispositions/ acquisitions / other - net                                    | -                    | (335)             | -                         | (3)                  | (1,030)           | -                         |
| Exchange rate adjustments   | -                    | 556               | -                         | -                    | 713               | -                         |
| <b>Balance at December 31</b>   | <b>\$ 76,298 (f)</b> | <b>\$ 24,658</b>  | <b>\$ 5,019 (g)</b>       | <b>\$ 71,756 (f)</b> | <b>\$ 22,921</b>  | <b>\$ 5,160 (g)</b>       |
| <b>Change in plan assets</b>  |                      |                   |                           |                      |                   |                           |
| Balance at January 1  | 52,633               | 19,142            | 289                       | 50,009               | 17,537            | 362                       |
| Actual gain (loss) on plan assets   | 8,926                | 2,542             | (22)                      | 8,694                | 2,229             | 57                        |
| Employer contributions  | 2,806                | 509               | 295                       | 298                  | 716               | 342                       |
| Participant contributions   | 69                   | 28                | 63                        | 77                   | 29                | 61                        |
| Benefits paid   | (3,885)              | (1,062)           | (491)                     | (3,788)              | (1,043)           | (533)                     |
| Settlements   | (1,706) (b)          | -                 | -                         | (2,657) (e)          | -                 | -                         |
| Dispositions/ acquisitions / other - net                                    | -                    | (59)              | -                         | -                    | (1,030)           | -                         |
| Exchange rate adjustments   | -                    | 406               | -                         | -                    | 704               | -                         |
| <b>Balance at December 31</b>   | <b>\$ 58,843</b>     | <b>\$ 21,506</b>  | <b>\$ 134</b>             | <b>\$ 52,633</b>     | <b>\$ 19,142</b>  | <b>\$ 289</b>             |
| <b>Funded status - deficit</b>  | <b>\$ 17,455</b>     | <b>\$ 3,152</b>   | <b>\$ 4,885</b>           | <b>\$ 19,123</b>     | <b>\$ 3,779</b>   | <b>\$ 4,871</b>           |
| <b>Amounts recorded in the consolidated Statement of Financial Position</b> |                      |                   |                           |                      |                   |                           |
| Non-current assets - other  | -                    | 845               | -                         | -                    | 475               | -                         |
| Current liabilities - other   | (315)                | (106)             | (330)                     | (296)                | (123)             | (355)                     |
| Non-current liabilities - compensation and benefits                         | (17,140)             | (3,891)           | (4,555)                   | (18,827)             | (4,131)           | (4,516)                   |
| <b>Net amount recorded</b>  | <b>\$ (17,455)</b>   | <b>\$ (3,152)</b> | <b>\$ (4,885)</b>         | <b>\$ (19,123)</b>   | <b>\$ (3,779)</b> | <b>\$ (4,871)</b>         |
| <b>Amounts recorded in Accumulated other comprehensive income (loss)</b>    |                      |                   |                           |                      |                   |                           |
| Prior service cost (credit)   | (80)                 | 19                | (2,148)                   | 67                   | (16)              | (2,376)                   |
| Actuarial loss (gain)   | 5,687                | 4,582             | (633)                     | 7,961                | 4,665             | (833)                     |
| <b>Total recorded in Accumulated other comprehensive income (loss)</b>      | <b>\$ 5,607</b>      | <b>\$ 4,601</b>   | <b>\$ (2,781)</b>         | <b>\$ 8,028</b>      | <b>\$ 4,649</b>   | <b>\$ (3,209)</b>         |

(a) Principally associated with discount rate changes.

(b) Irrevocable commitment to purchase group annuity contracts from a third-party insurance company in December 2020.

(c) GE Supplementary Pension Plan amendment for the U.S. pension changes announced in October 2019 offset by other plan amendments adopted in 2019.

(d) Principally associated with discount rate changes offset by impact of the one-time lump sum payments under the GE Pension Plan.

(e) Payments made to former employees from the GE Pension Plan assets for the one-time lump sum payments.

(f) The benefit obligation for the GE Supplementary Pension Plan, which is an unfunded plan, was \$7,353 million and \$6,691 million at year-end 2020 and 2019, respectively.

(g) The benefit obligation for retiree health plans was \$3,094 million and \$3,306 million at December 31, 2020 and 2019, respectively.

**ASSUMPTIONS USED IN CALCULATIONS.** Our defined benefit pension plans are accounted for on an actuarial basis, which requires the selection of various assumptions, including a discount rate, an expected return on assets, mortality rates of participants and expectation of mortality improvement.

Projected benefit obligations are measured as the present value of expected benefit payments. We discount those cash payments using a discount rate. We determine the discount rate using the weighted-average yields on high-quality fixed-income securities with maturities that correspond to the payment of benefits. Lower discount rates increase present values and generally increase subsequent-year pension expense; higher discount rates decrease present values and generally reduce subsequent-year pension expense.

The compensation assumption is used to estimate the annual rate at which pay of plan participants will grow. If the rate of growth assumed increases, the size of the pension obligations will increase, as will the amount recorded in Accumulated other comprehensive income (loss) (AOCI) in our consolidated Statement of Financial Position and amortized into earnings in subsequent periods.

The expected return on plan assets is the estimated long-term rate of return that will be earned on the investments used to fund the benefit obligations. To determine the expected long-term rate of return on pension plan assets, we consider our asset allocation, as well as historical and expected returns on various categories of plan assets. In developing future long-term return expectations for our principal benefit plans' assets, we formulate views on the future economic environment, both in the U.S. and abroad. We evaluate general market trends and historical relationships among a number of key variables that impact asset class returns such as expected earnings growth, inflation, valuations, yields and spreads, using both internal and external sources. We also take into account expected volatility by asset class and diversification across classes to determine expected overall portfolio results given our asset allocation. Based on our analysis, we have assumed a 6.25% long-term expected return on our GE Pension Plan assets for cost recognition in 2020, as compared to 6.75% in 2019 and 2018.

The Society of Actuaries issued new mortality improvement tables in 2020 and new mortality base and improvement tables in 2019. We updated mortality assumptions in the U.S. accordingly. These changes in assumptions decreased the December 31, 2020 and 2019 U.S. pension and retiree benefit plans' obligations by \$180 million and \$529 million, respectively.

The healthcare trend assumptions apply to our pre-65 retiree medical plans. Our post-65 retiree plan has a fixed subsidy and therefore is not subject to healthcare inflation.

We evaluate these critical assumptions at least annually on a plan and country-specific basis. We periodically evaluate other assumptions involving demographics factors such as retirement age and turnover, and update them to reflect our actual experience and expectations for the future. Actual results in any given year will often differ from actuarial assumptions because of economic and other factors. Differences between our actual results and what we assumed are recorded in Accumulated other comprehensive income each period. These differences are amortized into earnings over the remaining average future service of active participating employees or the expected life of inactive participants, as applicable.

**SENSITIVITIES TO KEY ASSUMPTIONS.** Fluctuations in discount rates can significantly impact pension cost and obligations. A 25 basis point decrease in discount rate would increase principal pension plan cost in the following year by about \$220 million and would increase the principal pension projected benefit obligation at year-end by about \$2,400 million. The deficit sensitivity to the discount rate is lower than the projected benefit obligation sensitivity as a result of the liability hedging program incorporated in the plan's asset allocation. A 50 basis point decrease in the expected return on assets would increase principal pension plan cost in the following year by about \$250 million.

**THE COMPOSITION OF OUR PLAN ASSETS.** The fair value of our pension plans' investments is presented below. The inputs and valuation techniques used to measure the fair value of these assets are described in Note 1 and have been applied consistently.

|  | 2020              |                  | 2019              |                  |
|--|-------------------|------------------|-------------------|------------------|
|  | Principal pension | Other pension    | Principal pension | Other pension    |
| Global equities                                | \$ 5,552          | \$ 3,674         | \$ 6,826          | \$ 3,484         |
| Debt securities                                |                   |                  |                   |                  |
| Fixed income and cash investment funds         | 6,831             | 10,003           | 4,398             | 8,089            |
| U.S. corporate(a)                              | 8,512             | 410              | 8,025             | 365              |
| Other debt securities(b)                       | 5,505             | 440              | 6,076             | 424              |
| Real estate                                    | 2,274             | 81               | 2,309             | 140              |
| Private equities and other investments         | 490               | 499              | 23                | 452              |
| Total  | 29,164            | 15,107           | 27,657            | 12,954           |
| <b>Plan assets measured at net asset value</b> |                   |                  |                   |                  |
| Global equities                                | 16,259            | 1,415            | 14,616            | 1,450            |
| Debt securities                                | 5,445             | 1,268            | 3,744             | 914              |
| Real estate                                    | 1,324             | 1,978            | 1,167             | 1,930            |
| Private equities and other investments         | 6,651             | 1,738            | 5,449             | 1,894            |
| <b>Total plan assets at fair value</b>         | <b>\$ 58,843</b>  | <b>\$ 21,506</b> | <b>\$ 52,633</b>  | <b>\$ 19,142</b> |

(a) Primarily represented investment-grade bonds of U.S. issuers from diverse industries.

(b) Primarily represented investments in residential and commercial mortgage-backed securities, non-U.S. corporate and government bonds and U.S. government, federal agency, state and municipal debt.

GE Pension Plan investments with a fair value of \$2,721 million and \$2,838 million at December 31, 2020 and 2019, respectively, were classified within Level 3 and primarily relate to real estate. The remaining investments were substantially all considered Level 1 and 2. Other pension plans investments with a fair value of \$97 million and \$105 million at December 31, 2020 and 2019, respectively, were classified within Level 3. Principal retiree benefit plan investments with a fair value of \$134 million and \$289 million at December 31, 2020 and 2019, respectively, comprised equity and debt securities which are considered Level 1 and 2. There were no Level 3 principal retiree benefit plan investments held in 2020 and 2019. Plan assets that were measured at fair value using NAV as practical expedient were excluded from the fair value hierarchy.

**ASSET ALLOCATION OF PENSION PLANS**

|  | 2020 Target allocation |                                  | 2020 Actual allocation |                                  |
|--|------------------------|----------------------------------|------------------------|----------------------------------|
|  | Principal Pension      | Other Pension (weighted average) | Principal Pension      | Other Pension (weighted average) |
| Global equities                              | 30.0 - 47.0 %          | 22 %                             | 37 %                   | 25 %                             |
| Debt securities (including cash equivalents) | 21.0 - 65.0            | 52                               | 45                     | 56                               |
| Real estate                                  | 3.5 - 13.5             | 9                                | 6                      | 10                               |
| Private equities & other investments         | 6.0 - 16.0             | 17                               | 12                     | 9                                |

Plan fiduciaries of the GE Pension Plan set investment policies and strategies for the GE Pension Trust and oversee its investment allocation, which includes selecting investment managers and setting long-term strategic targets. The plan fiduciaries' primary strategic investment objectives are balancing investment risk and return and monitoring the plan's liquidity position in order to meet the plan's near-term benefit payment and other cash needs. The plan has incorporated de-risking objectives and liability hedging programs as part of its long-term investment strategy. The plan utilizes a combination of long dated corporate bonds, treasuries, strips and derivatives to implement its investment strategies as well as for hedging asset and liability risks. Target allocation percentages are established at an asset class level by plan fiduciaries. Target allocation ranges are guidelines, not limitations, and occasionally plan fiduciaries will approve allocations above or below a target range.

GE securities represented 0.6% of the GE Pension Trust assets at December 31, 2020 and 2019. The GE Pension Plan has a broadly diversified portfolio of investments in equities, fixed income, private equities and real estate; these investments are both U.S. and non-U.S. in nature. As of December 31, 2020, no sector concentration of assets exceeded 15% of total GE Pension Plan assets.

**ANNUALIZED RETURNS**

|                 | 1 year | 5 years | 10 years | 25 years |
|-----------------|--------|---------|----------|----------|
| GE Pension Plan | 17.6%  | 9.7%    | 8.0%     | 8.0%     |

**EXPECTED FUTURE BENEFIT PAYMENTS OF OUR BENEFIT PLANS**

|             | Principal pension | Other pension | Principal retiree benefit |
|-------------|-------------------|---------------|---------------------------|
| 2021        | \$ 3,725          | \$ 945        | \$ 460                    |
| 2022        | 3,785             | 945           | 440                       |
| 2023        | 3,820             | 955           | 420                       |
| 2024        | 3,845             | 970           | 395                       |
| 2025        | 3,865             | 995           | 380                       |
| 2026 - 2030 | 19,410            | 5,185         | 1,615                     |

**DEFINED CONTRIBUTION PLAN.** We have a defined contribution plan for eligible U.S. employees that provides employer contributions. Defined contribution costs were \$318 million, \$355 million and \$410 million for the years ended December 31, 2020, 2019, and 2018, respectively.

**COST OF POSTRETIREMENT BENEFIT PLANS AND CHANGES IN OTHER COMPREHENSIVE INCOME**

For the years ended December 31

|   | 2020              |               |                           | 2019              |               |                           | 2018              |               |                           |
|---|-------------------|---------------|---------------------------|-------------------|---------------|---------------------------|-------------------|---------------|---------------------------|
|   | Principal pension | Other pension | Principal retiree benefit | Principal pension | Other pension | Principal retiree benefit | Principal pension | Other pension | Principal retiree benefit |
| <i>(Pre-tax)</i>  |                   |               |                           |                   |               |                           |                   |               |                           |
| Cost (income) of postretirement benefit plans   | \$ 3,559          | \$ 30         | \$ (118)                  | \$ 3,929          | \$ (21)       | \$ (149)                  | \$ 4,260          | \$ (110)      | \$ (79)                   |
| <b>Changes in other comprehensive income</b>  |                   |               |                           |                   |               |                           |                   |               |                           |
| Prior service cost (credit) - current year  | -                 | 27            | (7)                       | (42)              | (17)          | (23)                      | -                 | 82            | -                         |
| Actuarial loss (gain) - current year  | 1,124             | 529           | 119                       | 971               | 1,592         | 240                       | (111)             | 464           | (543)                     |
| <b>Reclassifications out of AOCI</b>  |                   |               |                           |                   |               |                           |                   |               |                           |
| Curtailment / settlement gain (loss)  | -                 | (3)           | -                         | (353)             | (12)          | 4                         | (45)              | (2)           | -                         |
| Dispositions  | -                 | (166)         | -                         | -                 | (340)         | -                         | -                 | -             | -                         |
| Amortization of net actuarial gain (loss)   | (3,399)           | (434)         | 82                        | (3,439)           | (319)         | 118                       | (3,785)           | (312)         | 79                        |
| Amortization of prior service credit (cost)   | (146)             | (1)           | 234                       | (135)             | (3)           | 232                       | (143)             | 9             | 230                       |
| <b>Total changes in other comprehensive income</b>                                    | (2,421)           | (48)          | 428                       | (2,998)           | 901           | 571                       | (4,084)           | 241           | (234)                     |
| <b>Cost of postretirement benefit plans and changes in other comprehensive income</b> | \$ 1,138          | \$ (18)       | \$ 310                    | \$ 931            | \$ 880        | \$ 422                    | \$ 176            | \$ 131        | \$ (313)                  |



#### NOTE 14. CURRENT AND ALL OTHER LIABILITIES

| December 31   | 2020             | 2019             |
|---|------------------|------------------|
| Sales allowances, equipment projects and other commercial liabilities         | \$ 5,123         | \$ 4,277         |
| Product warranties (Note 23)  | 1,197            | 1,371            |
| Employee compensation and benefit liabilities                                 | 4,763            | 5,114            |
| Taxes payable   | 413              | 429              |
| Environmental, health and safety liabilities (Note 23)                        | 359              | 330              |
| Due to GE Capital   | 984              | 1,080            |
| Derivative instruments (Note 21)  | 250              | 171              |
| Other   | 1,044            | 2,479            |
| <b>GE Industrial All other current liabilities</b>                            | <b>14,131</b>    | <b>15,251</b>    |
| Aircraft maintenance reserve, sales deposits and other commercial liabilities | 1,465            | 2,336            |
| Interest payable  | 1,064            | 1,189            |
| Derivative instruments (Note 21)  | 117              | 31               |
| Other   | 1,244            | 495              |
| <b>GE Capital All other current liabilities</b>                               | <b>3,890</b>     | <b>4,052</b>     |
| Eliminations  | (1,422)          | (1,483)          |
| <b>Consolidated All other current liabilities</b>                             | <b>\$ 16,600</b> | <b>\$ 17,821</b> |
| Sales allowances, equipment projects and other commercial liabilities         | 3,917            | 3,923            |
| Product warranties (Note 23)  | 857              | 793              |
| Operating lease liabilities (Note 7)  | 3,133            | 3,369            |
| Uncertain and other income taxes and related liabilities                      | 3,652            | 3,410            |
| Alstom legacy legal matters (Note 23)   | 858              | 875              |
| Environmental, health and safety liabilities (Note 23)                        | 2,210            | 2,154            |
| Redeemable noncontrolling interests (Note 16)                                 | 487              | 439              |
| Other   | 1,326            | 1,342            |
| <b>GE Industrial All other non-current liabilities</b>                        | <b>16,440</b>    | <b>16,306</b>    |
| Other commercial liabilities  | 455              | 573              |
| Operating lease liabilities (Note 7)  | 221              | 238              |
| Uncertain and other income taxes and related liabilities                      | 475              | 415              |
| <b>GE Capital All other non-current liabilities</b>                           | <b>1,151</b>     | <b>1,226</b>     |
| Eliminations  | (1,514)          | (1,593)          |
| <b>Consolidated All other non-current liabilities</b>                         | <b>\$ 16,077</b> | <b>\$ 15,938</b> |
| <b>Total</b>  | <b>\$ 32,677</b> | <b>\$ 33,759</b> |

We have reclassified certain prior-year amounts, including equipment project costs accruals of \$1,432 million from GE Industrial All other current liabilities to Accounts payable and equipment project accruals to conform with the current year's presentation.

**NOTE 15. INCOME TAXES.** GE Industrial and GE Capital file a consolidated U.S. federal income tax return. This enables GE Industrial and GE Capital to use tax deductions and credits of one member of the group to reduce the tax that otherwise would have been payable by another member of the group. The effective tax rate reflects the benefit of these tax reductions in the consolidated return. GE Industrial makes cash payments to GE Capital for tax reductions and GE Capital pays for tax increases at the time GE Industrial's tax payments are due.

Our businesses are subject to regulation under a wide variety of U.S. federal, state and foreign tax laws, regulations and policies. Changes to these laws or regulations may affect our tax liability, return on investments and business operations.

| (BENEFIT) PROVISION FOR INCOME TAXES                      | 2020            | 2019          | 2018         |
|---|-----------------|---------------|--------------|
| Current tax expense (benefit)                             | \$ 2,123        | \$ 2,551      | \$ 1,743     |
| Deferred tax expense (benefit) from temporary differences | (1,735)         | (1,242)       | (1,276)      |
| <b>Total GE Industrial</b>                                | <b>388</b>      | <b>1,309</b>  | <b>467</b>   |
| Current tax expense (benefit)                             | 329             | (720)         | 596          |
| Deferred tax expense (benefit) from temporary differences | (1,191)         | 138           | (970)        |
| <b>Total GE Capital</b>                                   | <b>(862)</b>    | <b>(582)</b>  | <b>(374)</b> |
| Current tax expense (benefit)                             | 2,452           | 1,831         | 2,339        |
| Deferred tax expense (benefit) from temporary differences | (2,926)         | (1,104)       | (2,245)      |
| <b>Total consolidated</b>                                 | <b>\$ (474)</b> | <b>\$ 726</b> | <b>\$ 93</b> |

**CONSOLIDATED EARNINGS (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES**

|                          | 2020            | 2019            | 2018               |
|--------------------------|-----------------|-----------------|--------------------|
| U.S. earnings (loss)     | \$ (5,325)      | \$ 506          | \$ (9,861)         |
| Non-U.S. earnings (loss) | 10,522          | 643             | (11,126)           |
| <b>Total</b>             | <b>\$ 5,197</b> | <b>\$ 1,149</b> | <b>\$ (20,987)</b> |

**CONSOLIDATED (BENEFIT) PROVISION FOR INCOME TAXES**

|                     | 2020            | 2019          | 2018         |
|---------------------|-----------------|---------------|--------------|
| <b>U.S. Federal</b> |                 |               |              |
| Current             | \$ 939          | \$ 146        | \$ 1,019     |
| Deferred            | (2,032)         | (1,266)       | (3,144)      |
| <b>Non - U.S.</b>   |                 |               |              |
| Current             | 1,331           | 2,008         | 1,132        |
| Deferred            | (793)           | 106           | 1,197        |
| <b>Other</b>        | <b>80</b>       | <b>(267)</b>  | <b>(111)</b> |
| <b>Total</b>        | <b>\$ (474)</b> | <b>\$ 726</b> | <b>\$ 93</b> |

**INCOME TAXES PAID (RECOVERED)**

|                 | 2020            | 2019            | 2018            |
|-----------------|-----------------|-----------------|-----------------|
| GE Industrial   | \$ 2,399        | \$ 2,183        | \$ 1,803        |
| GE Capital      | (1,108)         | 45              | 65              |
| <b>Total(a)</b> | <b>\$ 1,291</b> | <b>\$ 2,228</b> | <b>\$ 1,868</b> |

(a) Includes tax payments reported in discontinued operations.

**RECONCILIATION OF U.S. FEDERAL STATUTORY INCOME TAX RATE TO ACTUAL INCOME TAX RATE**

|   | Consolidated  |              |               | GE Industrial |              |               | GE Capital   |              |              |
|---|---------------|--------------|---------------|---------------|--------------|---------------|--------------|--------------|--------------|
|   | 2020          | 2019         | 2018          | 2020          | 2019         | 2018          | 2020         | 2019         | 2018         |
| U.S. federal statutory income tax rate        | 21.0%         | 21.0%        | 21.0%         | 21.0%         | 21.0%        | 21.0%         | 21.0%        | 21.0%        | 21.0%        |
| Tax on global activities including exports(a) | (28.5)        | 91.0         | (5.0)         | (16.3)        | 61.0         | (5.1)         | 13.8         | 8.1          | 3.2          |
| U.S. business credits(b)                      | (3.3)         | (22.5)       | 2.6           | (1.0)         | (6.4)        | 0.4           | 4.7          | 21.9         | 120.0        |
| Goodwill impairments                          | 6.9           | 26.0         | (21.5)        | 2.5           | 16.6         | (21.9)        | (8.3)        | -            | -            |
| Tax Cuts and Jobs Act enactment               | 0.9           | 0.2          | (0.2)         | 0.7           | 5.6          | 0.5           | 0.1          | 15.2         | (36.5)       |
| All other - net(c)(d)(e)                      | (6.1)         | (52.5)       | 2.7           | (1.6)         | (25.1)       | 2.8           | 9.8          | 23.1         | (8.0)        |
|   | (30.1)        | 42.2         | (21.4)        | (15.7)        | 51.7         | (23.3)        | 20.1         | 68.3         | 78.7         |
| <b>Actual income tax rate</b>                 | <b>(9.1)%</b> | <b>63.2%</b> | <b>(0.4)%</b> | <b>5.3%</b>   | <b>72.7%</b> | <b>(2.3)%</b> | <b>41.1%</b> | <b>89.3%</b> | <b>99.7%</b> |

(a) For the year ended December 31, 2020, included (27.8)%, (18.5)% and 4.6% in consolidated, GE Industrial and GE Capital, respectively, related to the sale of our Biopharma business. For the year ended December 31, 2019, included 55.1% and 35.1% in consolidated and GE Industrial, respectively related to the sale of our BioPharma business.

(b) U.S. general business credits, primarily the credit for energy produced from renewable sources and the credit for research performed in the U.S.

(c) For the year ended December 31, 2020, included (2.7)%, (0.9)% and 3.6% in consolidated, GE Industrial and GE Capital, respectively for the resolution of the IRS audit of our consolidated U.S. income tax returns for 2014-2015. For the year ended December 31, 2019, included (32.9)%, (19.7)% and 3.5% in consolidated, GE Industrial and GE Capital, respectively for the resolution of the IRS audit of our consolidated U.S. income tax returns for 2012-2013.

(d) For the year ended December 31, 2020, included (3.9)%, (2.1)% and 2.2% in consolidated, GE Industrial and GE Capital, respectively, related to deductible stock losses. For the year ended December 31, 2019, included (12.5)% and (8.0)% in consolidated and GE Industrial, respectively, related to the disposition of the Digital ServiceMax business. For the year ended December 31, 2018, included 2.8% and 2.8% in consolidated and GE Industrial, respectively, related to deductible stock losses.

(e) Included for each period, the expense or benefit for Other taxes reported above in the consolidated (benefit) provision for income taxes, net of 21.0% federal effect.

**U.S. TAX REFORM.** On December 22, 2017, the U.S. enacted legislation commonly known as the Tax Cuts and Jobs Act (U.S. tax reform) that lowered the statutory tax rate on U.S. earnings to 21%, taxes historic foreign earnings at a reduced rate of tax, establishes a territorial tax system and enacts new taxes associated with global operations.

The impact of enactment of U.S. tax reform was recorded in 2017 on a provisional basis as the legislation provided for additional guidance to be issued by the U.S. Department of the Treasury on several provisions including the computation of the transition tax. This amount was adjusted in both 2018 and 2019 based on guidance issued during each of these years. Additional guidance may be issued after 2020 and any resulting effects will be recorded in the quarter of issuance. Additionally, as part of U.S. tax reform, the U.S. has enacted a minimum tax on foreign earnings (global intangible low tax income). We have not made an accrual for the deferred tax aspects of this provision.

For the year ended December 31, 2018, we finalized our provisional estimate of the enactment of U.S. tax reform and recorded an additional tax expense of \$41 million. For the year ended December 31, 2019, we recorded an additional tax expense of \$2 million based on the issuance in January 2019 of final regulations on the transition tax on historic foreign earnings. The cash impact of the transition tax on historic foreign earnings was largely offset by accelerated use of deductions and tax credits and was substantially incurred with the filing of the 2017 tax return with no amount subject to the deferred payment provision provided under law. For the year ended December 31, 2020, we recorded an additional tax expense of \$49 million to reflect the impact of voluntary adjustments we provided the government reflecting finalization of amounts reported on the 2017 tax return. There could be further adjustment to the transition tax as a result of the current audit of the 2017 and 2018 tax years.

**UNRECOGNIZED TAX POSITIONS.** Annually, we file over 3,600 income tax returns in almost 300 global taxing jurisdictions. We are under examination or engaged in tax litigation in many of these jurisdictions. The IRS is currently auditing our consolidated U.S. income tax returns for 2016-2018. In December 2020, the IRS completed the audit of our consolidated U.S. income tax returns for 2014-2015. The Company recognized a continuing operations benefit of \$140 million plus an additional net interest benefit of \$96 million. In addition, GE Capital recorded a benefit in discontinued operations of \$130 million of tax benefits and \$25 million of net interest benefits. In June 2019, the IRS completed the audit of our consolidated U.S. income tax returns for 2012-2013. The Company recognized a continuing operations tax benefit of \$378 million plus an additional net interest benefit of \$107 million. GE Capital recorded an additional non-cash benefit in discontinued operations of \$332 million of tax benefits and \$46 million of net interest benefits. See Note 2 for further information. The United Kingdom tax authorities disallowed interest deductions claimed by GE Capital for the years 2004-2015 that could result in a potential impact of approximately \$1.1 billion, which includes a possible assessment of tax and reduction of deferred tax assets, not including interest and penalties. We are contesting the disallowance. We comply with all applicable tax laws and judicial doctrines of the United Kingdom and believe that the entire benefit is more likely than not to be sustained on its technical merits. We believe that there are no other jurisdictions in which the outcome of unresolved issues or claims is likely to be material to our results of operations, financial position or cash flows. We further believe that we have made adequate provision for all income tax uncertainties.

The balance of unrecognized tax benefits, the amount of related interest and penalties we have provided and what we believe to be the range of reasonably possible changes in the next 12 months were:

| <b>UNRECOGNIZED TAX BENEFITS December 31</b>  | <b>2020</b> | <b>2019</b> | <b>2018</b> |
|---|-------------|-------------|-------------|
| Unrecognized tax benefits   | \$ 4,191    | \$ 4,169    | \$ 5,563    |
| Portion that, if recognized, would reduce tax expense and effective tax rate(a)                   | 2,986       | 2,701       | 4,265       |
| Accrued interest on unrecognized tax benefits   | 628         | 722         | 934         |
| Accrued penalties on unrecognized tax benefits  | 179         | 195         | 182         |
| Reasonably possible reduction to the balance of unrecognized tax benefits in succeeding 12 months | 0-350       | 0-700       | 0-1,300     |
| Portion that, if recognized, would reduce tax expense and effective tax rate(a)                   | 0-250       | 0-650       | 0-1,200     |

(a) Some portion of such reduction may be reported as discontinued operations.

| <b>UNRECOGNIZED TAX BENEFITS RECONCILIATION</b> | <b>2020</b>     | <b>2019</b>     | <b>2018</b>     |
|---|-----------------|-----------------|-----------------|
| Balance at January 1                            | \$ 4,169        | \$ 5,563        | \$ 5,449        |
| Additions for tax positions of the current year | 836             | 403             | 300             |
| Additions for tax positions of prior years      | 326             | 500             | 945             |
| Reductions for tax positions of prior years(a)  | (863)           | (1,927)         | (905)           |
| Settlements with tax authorities                | (127)           | (155)           | (64)            |
| Expiration of the statute of limitations        | (151)           | (214)           | (162)           |
| <b>Balance at December 31</b>                   | <b>\$ 4,191</b> | <b>\$ 4,169</b> | <b>\$ 5,563</b> |

(a) For 2019, reductions included \$710 million related to the completion of the 2012-2013 IRS audit and \$442 million related to the deconsolidation of Baker Hughes.

We classify interest on tax deficiencies as interest expense; we classify income tax penalties as provision for income taxes. For the years ended December 31, 2020, 2019 and 2018, \$(30) million, \$(93) million and \$127 million of interest expense (income), respectively, and \$(13) million, \$20 million and \$(7) million of tax expense (income) related to penalties, respectively, were recognized in our consolidated Statement of Earnings (Loss).

**DEFERRED INCOME TAXES.** We have not provided deferred taxes on cumulative net earnings of non-U.S. affiliates and associated companies of approximately \$42 billion that have been reinvested indefinitely. Given U.S. tax reform, substantially all of our prior unrepatriated net earnings were subject to U.S. tax and accordingly we expect to have the ability to repatriate available non-U.S. cash without additional federal tax cost, and any foreign withholding tax on a repatriation to the U.S. would potentially be partially offset by a U.S. foreign tax credit. However, because most of these earnings have been reinvested in active non-U.S. business operations, as of December 31, 2020, we have not decided to repatriate these earnings to the U.S. It is not practicable to determine the income tax liability that would be payable if such earnings were not reinvested indefinitely.

The following table presents our net deferred tax assets and net deferred tax liabilities attributable to different tax jurisdictions or different tax paying components.

| <b>DEFERRED INCOME TAXES December 31</b>         | <b>2020</b>      | <b>2019</b>     |
|--|------------------|-----------------|
| GE Industrial                                    | \$ 10,069        | \$ 8,888        |
| GE Capital                                       | 3,610            | 2,500           |
| <b>Total assets</b>                              | <b>13,679</b>    | <b>11,388</b>   |
| GE Industrial                                    | (719)            | (699)           |
| GE Capital                                       | (879)            | (800)           |
| <b>Total liabilities</b>                         | <b>(1,598)</b>   | <b>(1,499)</b>  |
| <b>Net deferred income tax asset (liability)</b> | <b>\$ 12,081</b> | <b>\$ 9,889</b> |

| <b>COMPONENTS OF THE NET DEFERRED INCOME TAX ASSET (LIABILITY) December 31</b> | <b>2020</b>      | <b>2019</b>     |
|--|------------------|-----------------|
| Principal pension plans  | \$ 3,666         | \$ 4,016        |
| Provision for expenses   | 2,258            | 1,990           |
| Other compensation and benefits  | 1,968            | 2,206           |
| Principal retiree benefit plans  | 1,026            | 1,023           |
| Capitalized expenditures   | 993              | 860             |
| Non-U.S. loss carryforwards(a)   | 814              | 602             |
| Intangible assets  | 486              | 1,315           |
| Baker Hughes investment  | (973)            | (1,256)         |
| Depreciation   | (676)            | (823)           |
| Contract assets  | (460)            | (1,232)         |
| Other - net(b)   | 248              | (512)           |
| <b>GE Industrial</b>   | <b>9,350</b>     | <b>8,189</b>    |
| Insurance company loss reserves  | 1,684            | 1,715           |
| Non-U.S. loss carryforwards(a)   | 1,194            | 1,274           |
| Capitalized expenditures   | 799              | 742             |
| Operating leases   | (1,900)          | (2,218)         |
| Financing leases   | (393)            | (477)           |
| Other - net(b)   | 1,347            | 664             |
| <b>GE Capital</b>  | <b>2,731</b>     | <b>1,700</b>    |
| <b>Net deferred income tax asset (liability)</b>                               | <b>\$ 12,081</b> | <b>\$ 9,889</b> |

(a) Net of valuation allowances of \$5,934 million and \$4,801 million for GE Industrial and \$265 million and \$201 million for GE Capital as of December 31, 2020 and 2019, respectively. Of the net deferred tax asset as of December 31, 2020 of \$2,008 million, \$19 million relates to net operating loss carryforwards that expire in various years ending from December 31, 2021 through December 31, 2023; \$112 million relates to net operating losses that expire in various years ending from December 31, 2024 through December 31, 2040 and \$1,957 million relates to net operating loss carryforwards that may be carried forward indefinitely.

(b) Included valuation allowances related to assets other than non-U.S. loss carryforwards of \$898 million and \$1,897 million for GE Industrial and \$221 million and \$248 million for GE Capital as of December 31, 2020 and 2019, respectively.

**NOTE 16. SHAREHOLDERS' EQUITY**

| <b>ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)</b>   | <b>2020</b>       | <b>2019</b>        | <b>2018</b>        |
|--|-------------------|--------------------|--------------------|
| Beginning balance  | \$ 61             | \$ (39)            | \$ (102)           |
| Other comprehensive income (loss) (OCI) before reclassifications - net of deferred taxes of \$10, \$32 and \$41(a) | 55                | 141                | 87                 |
| Reclassifications from OCI - net of deferred taxes of \$(14), \$(11) and \$(6)                                     | (56)              | (42)               | (23)               |
| Other comprehensive income (loss)  | (1)               | 100                | 64                 |
| Less OCI attributable to noncontrolling interests  | -                 | -                  | -                  |
| <b>Investment securities ending balance</b>  | <b>\$ 60</b>      | <b>\$ 61</b>       | <b>\$ (39)</b>     |
| Beginning balance  | \$ (4,818)        | \$ (6,134)         | \$ (4,661)         |
| OCI before reclassifications - net of deferred taxes of \$(25), \$(98) and \$29                                    | (255)             | 41                 | (2,076)            |
| Reclassifications from OCI - net of deferred taxes of \$0, \$(9) and \$89(b)(c)                                    | 691               | 1,234              | 412                |
| Other comprehensive income (loss)  | 435               | 1,275              | (1,664)            |
| Less OCI attributable to noncontrolling interests  | 2                 | (40)               | (192)              |
| <b>Currency translation adjustments ending balance</b>   | <b>\$ (4,386)</b> | <b>\$ (4,818)</b>  | <b>\$ (6,134)</b>  |
| Beginning balance  | \$ 49             | \$ 13              | \$ 62              |
| OCI before reclassifications - net of deferred taxes of \$11, \$6 and \$(26)                                       | (94)              | (21)               | (149)              |
| Reclassifications from OCI - net of deferred taxes of \$(11), \$2 and \$4(b)                                       | 17                | 58                 | 98                 |
| Other comprehensive income (loss)  | (77)              | 37                 | (51)               |
| Less OCI attributable to noncontrolling interests  | -                 | 2                  | (2)                |
| <b>Cash flow hedges ending balance</b>   | <b>\$ (28)</b>    | <b>\$ 49</b>       | <b>\$ 13</b>       |
| Beginning balance  | \$ (7,024)        | \$ (8,254)         | \$ (9,702)         |
| OCI before reclassifications - net of deferred taxes of \$(283), \$(418) and \$115                                 | (1,256)           | (2,097)            | 71                 |
| Reclassifications from OCI - net of deferred taxes of \$805, \$915 and \$2,610 (b)(c)                              | 2,888             | 3,325              | 1,345              |
| Other comprehensive income (loss)  | 1,632             | 1,228              | 1,416              |
| Less OCI attributable to noncontrolling interests  | 4                 | (2)                | (32)               |
| <b>Benefit plans ending balance</b>  | <b>\$ (5,395)</b> | <b>\$ (7,024)</b>  | <b>\$ (8,254)</b>  |
| <b>Accumulated other comprehensive income (loss) at December 31</b>  | <b>\$ (9,749)</b> | <b>\$ (11,732)</b> | <b>\$ (14,414)</b> |

(a) Included adjustments of \$(1,979) million, \$(2,693) million and \$1,825 million in 2020, 2019 and 2018, respectively, related to insurance liabilities and annuity benefits in our run-off insurance operations to reflect the effects that would have been recognized had the related unrealized investment security gains been realized. See Note 12 for further information.

(b) The total reclassification from AOCI included \$836 million, including currency translation of \$688 million, net of taxes, in 2020, related to the sale of our BioPharma business within our Healthcare segment.

(c) Currency translation and benefit plan gains and losses included \$1,343 million, including currency translation of \$1,066 million, net of taxes, in 2019 earnings (loss) from discontinued operations related to deconsolidation of Baker Hughes.

In 2016, we issued \$5,694 million of GE Series D preferred stock, in addition to \$245 million of existing GE Series A, B and C preferred stock, which are also outstanding. The total carrying value of GE Industrial preferred stock at December 31, 2020 was \$5,918 million and will increase to \$5,940 million by the respective call dates through periodic accretion. Dividends on GE Industrial preferred stock are payable semi-annually in June and December and accretion is recorded on a quarterly basis. Dividends on GE Industrial preferred stock totaled \$474 million, including cash dividends of \$295 million, \$460 million, including cash dividends of \$295 million, and \$447 million, including cash dividends of \$295 million, for the years ended December 31, 2020, 2019 and 2018, respectively. On January 21, 2021, the GE Series D preferred stock became callable and its dividends converted from 5% fixed rate to 3-month LIBOR plus 3.33%. As of the filing date of this Form 10-K for the year ended December 31, 2020, the GE Series D preferred stock has not been called.

In conjunction with the 2016 exchange of GE Capital preferred stock into GE preferred stock, GE Capital issued preferred stock to GE Industrial for which the amount and terms mirrored the GE Industrial external preferred stock. In 2018, GE Capital and GE Industrial exchanged the existing Series D preferred stock issued to GE Industrial for new Series D preferred stock, which is mandatorily convertible into GE Capital common stock on January 21, 2021. In the first quarter of 2021, GE Capital and GE Industrial also agreed to retire the Series A, B and C GE Capital preferred stock effective on the Series D conversion date of January 21, 2021. As a result of these actions, effective January 21, 2021, there is no remaining preferred stock between GE Industrial and GE Capital, and accordingly GE Capital will no longer pay preferred dividends to GE Industrial and all preferred stock dividend costs have become a GE Industrial obligation effective January 21, 2021. The exchange of GE Capital Series D preferred stock has no impact on the GE Series D preferred stock, which remains callable for \$5,694 million effective on January 21, 2021 or thereafter on dividend payment dates. Similarly, there were no changes to the GE Series A, B or C preferred stock, which become callable at various dates in 2022 and 2023.

GE has 50 million authorized shares of preferred stock (\$1.00 par value), of which 5,939,875 shares are outstanding as of December 31, 2020, 2019 and 2018. GE's authorized common stock consists of 13,200 million shares having a par value of \$0.06 each, with 11,694 million shares issued. To facilitate settlement of employee compensation programs, we repurchased shares of 0.5 million and 1.1 million, for a total of \$15.3 million and \$9.6 million for the years ended December 31, 2020 and 2019, respectively.

Noncontrolling interests in equity of consolidated affiliates amounted to \$1,522 million and \$1,545 million at December 31, 2020 and 2019, respectively. Net earnings (loss) attributable to noncontrolling interests were \$(33) million, \$33 million and \$203 million in 2020, 2019 and 2018, respectively. Dividends attributable to noncontrolling interests were \$(16) million, \$(331) million and \$(362) million in 2020, 2019 and 2018, respectively.

Redeemable noncontrolling interests presented in All other liabilities in our consolidated Statement of Financial Position include common shares issued by our affiliates that are redeemable at the option of the holder of those interests and amounted to \$487 million and \$439 million as of December 31, 2020 and 2019, respectively. Net earnings (loss) attributable to redeemable noncontrolling interests was \$(125) million, \$33 million and \$(291) million for the years ended December 31, 2020, 2019 and 2018, respectively.

**NOTE 17. SHARE-BASED COMPENSATION.** We grant stock options, restricted stock units and performance share units to employees under the 2007 Long-Term Incentive Plan. Grants made under all plans must be approved by the Management Development and Compensation Committee of GE's Board of Directors, which is composed entirely of independent directors. We record compensation expense for awards expected to vest over the vesting period. We estimate forfeitures based on experience and adjust expense to reflect actual forfeitures. When options are exercised and restricted stock units vest, we issue shares from treasury stock.

Stock options provide employees the opportunity to purchase GE shares in the future at the market price of our stock on the date the award is granted (the strike price). The options become exercisable over the vesting period (typically three or five years) and expire 10 years from the grant date if not exercised. Restricted stock units (RSU) provide an employee with the right to receive shares of GE stock when the restrictions lapse over the vesting period. Upon vesting, each RSU is converted into GE common stock on a one-for-one basis. Performance share units (PSU) and performance shares provide an employee with the right to receive shares of GE stock based upon achievement of certain performance or market metrics. Upon vesting (if applicable), each PSU is converted into GE common stock on a one-for-one basis. We value stock options using a Black-Scholes option pricing model, RSUs using market price on grant date, and PSUs and performance shares using both market price on grant date and a Monte Carlo simulation as needed based on performance metrics.

| <b>WEIGHTED AVERAGE GRANT DATE FAIR VALUE</b> | <b>2020</b> | <b>2019</b> | <b>2018</b> |
|---|-------------|-------------|-------------|
| Stock options                                 | \$ 3.58     | \$ 3.48     | \$ 3.00     |
| RSUs  | 7.91        | 10.12       | 13.96       |
| PSUs/Performance shares                       | 7.91        | 10.73       | 4.80        |

Key assumptions used in the Black-Scholes valuation for stock options include: risk free rates of 1.0%, 2.5%, and 2.8%, dividend yields of 0.4%, 0.4%, and 2.3%, expected volatility of 36%, 33%, and 32%, expected lives of 6.1 years, 6.0 years, and 5.9 years, and strike prices of \$10.56, \$10.00, and \$12.13 for 2020, 2019, and 2018, respectively.

| <b>STOCK-BASED COMPENSATION ACTIVITY</b> | <b>Stock options</b>        |  |   |                                      | <b>RSUs</b>                 |   |   |                                      |
|--|-----------------------------|--|---|--------------------------------------|-----------------------------|---|---|--------------------------------------|
|  | <b>Shares (in millions)</b> | <b>Weighted average exercise price</b> | <b>Weighted average contractual term (in years)</b> | <b>Intrinsic value (in millions)</b> | <b>Shares (in millions)</b> | <b>Weighted average grant date fair value</b> | <b>Weighted average contractual term (in years)</b> | <b>Intrinsic value (in millions)</b> |
| Outstanding at January 1, 2020           | 458                         | \$ 18.66                               |   |                                      | 28                          | \$ 13.29                                      |   |                                      |
| Granted                                  | 36                          | 10.56                                  |   |                                      | 46                          | 7.91  |   |                                      |
| Exercised                                | (1)                         | 7.48                                   |   |                                      | (10)                        | 14.44   |   |                                      |
| Forfeited                                | (15)                        | 11.12                                  |   |                                      | (4)                         | 11.80   |   |                                      |
| Expired                                  | (78)                        | 19.14                                  |   |                                      | N/A                         | N/A   |   |                                      |
| <b>Outstanding at December 31, 2020</b>  | <b>400</b>                  | <b>\$ 18.16</b>                        | <b>4.5</b>  | <b>\$ 156</b>                        | <b>60</b>                   | <b>\$ 9.04</b>                                | <b>2.1</b>  | <b>\$ 653</b>                        |
| <b>Exercisable at December 31, 2020</b>  | <b>305</b>                  | <b>\$ 20.28</b>                        | <b>3.3</b>  | <b>\$ 62</b>                         | <b>N/A</b>                  | <b>N/A</b>                                    | <b>N/A</b>  | <b>N/A</b>                           |
| <b>Expected to vest</b>                  | <b>90</b>                   | <b>\$ 11.50</b>                        | <b>8.2</b>  | <b>\$ 87</b>                         | <b>49</b>                   | <b>\$ 9.41</b>                                | <b>1.9</b>  | <b>\$ 533</b>                        |

Total outstanding PSUs and performance shares at December 31, 2020 were 21 million shares with a weighted average fair value of \$8.62. The intrinsic value and weighted average contractual term of PSUs and performance shares outstanding were \$232 million and 3.0 years, respectively.

|  | <b>2020</b> | <b>2019</b> | <b>2018</b> |
|--|-------------|-------------|-------------|
| Compensation expense (after-tax)(a)(b)                     | \$ 353      | \$ 400      | \$ 336      |
| Cash received from stock options exercised                 | 6           | 69          | 24          |
| Intrinsic value of stock options exercised and RSUs vested | 81          | 154         | 83          |

(a)Unrecognized compensation cost related to unvested equity awards as of December 31, 2020 was \$543 million, which will be amortized over a weighted average period of 1.3 years.

(b)Income tax benefit recognized in earnings was \$10 million, \$20 million and \$40 million in 2020, 2019, and 2018, respectively.



## NOTE 18. EARNINGS PER SHARE INFORMATION

| (Earnings for per-share calculation;<br>per-share amounts in dollars)          | 2020         |              | 2019         |              | 2018         |              |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
|  | Diluted      | Basic        | Diluted      | Basic        | Diluted      | Basic        |
| Earnings (loss) from continuing operations                                     | \$ 5,817     | \$ 5,817     | \$ 416       | \$ 416       | \$ (20,997)  | \$ (20,997)  |
| Preferred stock dividends  | (474)        | (474)        | (460)        | (460)        | (447)        | (447)        |
| Accretion of redeemable noncontrolling interests, net of tax(a)                | (151)        | (151)        | -            | -            | -            | -            |
| Earnings (loss) from continuing operations attributable to common shareholders | \$ 5,191     | \$ 5,191     | \$ (45)      | \$ (45)      | \$ (21,445)  | \$ (21,445)  |
| Earnings (loss) from discontinued operations                                   | (125)        | (125)        | (5,396)      | (5,396)      | (1,372)      | (1,372)      |
| Net earnings (loss) attributable to GE common shareholders                     | 5,066        | 5,066        | (5,440)      | (5,440)      | (22,809)     | (22,809)     |
| Shares of GE common stock outstanding  | 8,753        | 8,753        | 8,724        | 8,724        | 8,691        | 8,691        |
| Employee compensation-related shares (including stock options) and warrants(a) | 9            | -            | -            | -            | -            | -            |
| <b>Total average equivalent shares</b>   | <b>8,761</b> | <b>8,753</b> | <b>8,724</b> | <b>8,724</b> | <b>8,691</b> | <b>8,691</b> |
| Earnings (loss) per share from continuing operations                           | \$ 0.59      | \$ 0.59      | \$ (0.01)    | \$ (0.01)    | \$ (2.47)    | \$ (2.47)    |
| Earnings (loss) per share from discontinued operations                         | (0.01)       | (0.01)       | (0.62)       | (0.62)       | (0.16)       | (0.16)       |
| Net earnings (loss) per share  | 0.58         | 0.58         | (0.62)       | (0.62)       | (2.62)       | (2.62)       |
| <b>Potentially dilutive securities(b)</b>                                      | <b>444</b>   |              | <b>450</b>   |              | <b>420</b>   |              |

(a) Represents accretion adjustment of redeemable noncontrolling interests in our Additive business within our Aviation segment.

(b) Outstanding stock awards not included in the computation of diluted earnings per share because their effect was antidilutive.

Our unvested restricted stock unit awards that contain non-forfeitable rights to dividends or dividend equivalents are considered participating securities and, therefore, are included in the computation of earnings per share pursuant to the two-class method. For the year ended December 31, 2020, application of this treatment had an insignificant effect. For the years ended December 31, 2019 and 2018, as a result of excess dividends in respect to the current period earnings, losses were not allocated to the participating securities.

## NOTE 19. OTHER INCOME

|  | 2020             | 2019            | 2018            |
|--|------------------|-----------------|-----------------|
| Purchases and sales of business interests(a) | \$ 12,468        | \$ 3            | \$ 1,234        |
| Licensing and royalty income                 | 161              | 256             | 218             |
| Equity method income                         | 27               | 206             | 21              |
| Net interest and investment income(b)        | (1,546)          | 1,220           | 562             |
| Other items                                  | 334              | 515             | 282             |
| <b>GE Industrial</b>                         | <b>11,444</b>    | <b>2,200</b>    | <b>2,317</b>    |
| Eliminations                                 | (57)             | 22              | 4               |
| <b>Total</b>                                 | <b>\$ 11,387</b> | <b>\$ 2,222</b> | <b>\$ 2,321</b> |

(a) Included a pre-tax gain of \$12,362 million on the sale of BioPharma in 2020. Included a pre-tax gain of \$224 million on the sale of ServiceMax partially offset by charges to the valuation allowance on businesses classified as held for sale of \$245 million in 2019. Included pre-tax gains of \$737 million on the sale of Distributed Power, \$681 million on the sale of Value-Based Care and \$267 million on the sale of Industrial Solutions, partially offset by charges to the valuation allowance on businesses classified as held for sale of \$554 million in 2018. See Note 2 for further information.

(b) Included a realized and unrealized pre-tax loss of \$2,037 million and unrealized pre-tax gain of \$793 million related to our interest in Baker Hughes in 2020 and 2019, respectively. Included interest income associated with customer advances of \$146 million, \$143 million and \$136 million in 2020, 2019 and 2018, respectively. See Notes 3, 9 and 26.

**NOTE 20. FAIR VALUE MEASUREMENTS**

Our assets and liabilities measured at fair value on a recurring basis include debt securities mainly supporting obligations to annuitants and policyholders in our run-off insurance operations, our remaining equity interest in Baker Hughes and derivatives.

**ASSETS AND LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING BASIS**

| December 31              | Level 1         |                 | Level 2          |                  | Level 3(a)      |                 | Netting adjustment(d) |                   | Net balance(b)   |                  |
|--------------------------|-----------------|-----------------|------------------|------------------|-----------------|-----------------|-----------------------|-------------------|------------------|------------------|
|                          | 2020            | 2019            | 2020             | 2019             | 2020            | 2019            | 2020                  | 2019              | 2020             | 2019             |
| Investment securities    | \$ 7,319        | \$ 9,704        | \$ 36,684        | \$ 33,606        | \$ 5,866        | \$ 5,210        | \$ -                  | \$ -              | \$ 49,868        | \$ 48,521        |
| Derivatives              | -               | -               | 3,057            | 2,561            | 8               | 11              | (2,582)               | (1,832)           | 483              | 740              |
| <b>Total assets</b>      | <b>\$ 7,319</b> | <b>\$ 9,704</b> | <b>\$ 39,741</b> | <b>\$ 36,167</b> | <b>\$ 5,874</b> | <b>\$ 5,221</b> | <b>\$ (2,582)</b>     | <b>\$ (1,832)</b> | <b>\$ 50,352</b> | <b>\$ 49,261</b> |
| Derivatives              | \$ -            | \$ -            | \$ 1,112         | \$ 834           | \$ 7            | \$ 19           | \$ (752)              | \$ (651)          | \$ 367           | \$ 202           |
| Other(c)                 | -               | -               | 780              | 807              | -               | -               | -                     | -                 | 780              | 807              |
| <b>Total liabilities</b> | <b>\$ -</b>     | <b>\$ -</b>     | <b>\$ 1,892</b>  | <b>\$ 1,641</b>  | <b>\$ 7</b>     | <b>\$ 19</b>    | <b>\$ (752)</b>       | <b>\$ (651)</b>   | <b>\$ 1,147</b>  | <b>\$ 1,009</b>  |

(a)Included debt securities classified within Level 3 of \$4,185 million of U.S. corporate and \$976 million of Mortgage and asset-backed securities at December 31, 2020, and \$3,977 million of U.S. corporate and \$330 million of Government and agencies securities at December 31, 2019.

(b)See Notes 3 and 21 for further information on the composition of our investment securities and derivative portfolios.

(c)Primarily represents the liabilities associated with certain of our deferred incentive compensation plans.

(d)The netting of derivative receivables and payables is permitted when a legally enforceable master netting agreement exists. Amounts include fair value adjustments related to our own and counterparty non-performance risk.

**LEVEL 3 INSTRUMENTS.** The majority of our Level 3 balances comprised debt securities classified as available-for-sale with changes in fair value recorded in Other comprehensive income.

|                       | Balance at January 1 | Net realized/unrealized gains(losses)(a) | Purchases(b) | Sales & Settlements | Transfers into Level 3 | Transfers out of Level 3 | Balance at December 31 |
|-----------------------|----------------------|--|--------------|---------------------|------------------------|--------------------------|------------------------|
| <b>2020</b>           |                      |  |              |                     |                        |                          |                        |
| Investment securities | \$ 5,210             | \$ 357                                   | \$ 1,301     | \$ (958)            | \$ 2                   | \$ (45)                  | \$ 5,866               |
| <b>2019</b>           |                      |  |              |                     |                        |                          |                        |
| Investment securities | \$ 4,013             | \$ 399                                   | \$ 2,159     | \$ (1,308)          | \$ -                   | \$ (53)                  | \$ 5,210               |

(a)Primarily included net unrealized gains (losses) of \$323 million and \$404 million in Other comprehensive income for the years ended December 31, 2020 and 2019, respectively.

(b)Included \$745 million of Mortgage and asset-backed securities for the year ended December 31, 2020, and \$975 million of U.S. corporate debt securities for the year ended December 31, 2019.

Substantially all of these Level 3 securities are fair valued using non-binding broker quotes or other third-party sources that utilize a number of different unobservable inputs not subject to meaningful aggregation.

**NOTE 21. FINANCIAL INSTRUMENTS**

The following table provides information about assets and liabilities not carried at fair value and excludes finance leases, equity securities without readily determinable fair value and non-financial assets and liabilities. Substantially all of these assets are considered to be Level 3 and the vast majority of our liabilities' fair value are considered Level 2.

|                                | December 31, 2020     |                      | December 31, 2019     |                      |
|--------------------------------|-----------------------|----------------------|-----------------------|----------------------|
|                                | Carrying amount (net) | Estimated fair value | Carrying amount (net) | Estimated fair value |
| <b>Assets</b>                  |                       |                      |                       |                      |
| Loans and other receivables    | \$ 3,842              | \$ 3,970             | \$ 4,113              | \$ 4,208             |
| <b>Liabilities</b>             |                       |                      |                       |                      |
| Borrowings (Note 11)           | \$ 75,067             | \$ 86,171            | \$ 90,882             | \$ 97,754            |
| Investment contracts (Note 12) | 2,049                 | 2,547                | 2,191                 | 2,588                |

The higher fair value in relation to carrying value for borrowings at December 31, 2020 compared to December 31, 2019 was driven primarily by a decline in market interest rates. Unlike the carrying amount, the estimated fair value of borrowings included \$898 million and \$1,106 million of accrued interest at December 31, 2020 and 2019, respectively.

Assets and liabilities that are reflected in the accompanying financial statements at fair value are not included in the above disclosures; such items include cash and equivalents, investment securities and derivative financial instruments.

**DERIVATIVES AND HEDGING.** Our policy requires that derivatives are used solely for managing risks and not for speculative purposes. Total gross notional was \$95,874 million (\$45,672 million in GE Capital and \$50,202 million in GE Industrial) and \$98,018 million (\$55,704 million in GE Capital and \$42,314 million in GE Industrial) at December 31, 2020 and 2019, respectively. GE Capital notional relates primarily to managing interest rate and currency risk between financial assets and liabilities, and GE Industrial notional relates primarily to managing currency risks related to foreign exchange, certain equity investments and commodity prices.

GE Industrial and GE Capital use cash flow hedges primarily to reduce or eliminate the effects of foreign exchange rate changes. In addition, GE Capital uses fair value hedges to hedge the effects of interest rate and currency changes on debt it has issued as well as net investment hedges to hedge investments in foreign operations. Both GE Industrial and GE Capital also use derivatives not designated as hedges from an accounting standpoint (and therefore we do not apply hedge accounting to the relationship) but otherwise serve the same economic purpose as other hedging arrangements. We use economic hedges when we have exposures to currency exchange risk for which we are unable to meet the requirements for hedge accounting or when changes in the carrying amount of the hedged item are already recorded in earnings in the same period as the derivative making hedge accounting unnecessary. Even though the derivative is an effective economic hedge, there may be a net effect on earnings in each period due to differences in the timing of earnings recognition between the derivative and the hedged item.

#### FAIR VALUE OF DERIVATIVES

|  | December 31, 2020 |                  |                       | December 31, 2019 |                  |                       |
|--|-------------------|------------------|-----------------------|-------------------|------------------|-----------------------|
|  | Gross Notional    | All other assets | All other liabilities | Gross Notional    | All other assets | All other liabilities |
| Interest rate contracts  | \$ 20,500         | \$ 1,912         | \$ 7                  | \$ 23,918         | \$ 1,636         | \$ 11                 |
| Currency exchange contracts  | 7,512             | 165              | 128                   | 7,044             | 99               | 46                    |
| <b>Derivatives accounted for as hedges</b>                           | <b>\$ 28,011</b>  | <b>\$ 2,077</b>  | <b>\$ 135</b>         | <b>\$ 30,961</b>  | <b>\$ 1,734</b>  | <b>\$ 57</b>          |
| Interest rate contracts  | \$ 448            | \$ 6             | \$ 1                  | \$ 3,185          | \$ 18            | \$ 12                 |
| Currency exchange contracts  | 65,379            | 764              | 913                   | 62,165            | 697              | 744                   |
| Other contracts  | 2,036             | 218              | 71                    | 1,706             | 123              | 40                    |
| <b>Derivatives not accounted for as hedges</b>                       | <b>\$ 67,863</b>  | <b>\$ 988</b>    | <b>\$ 983</b>         | <b>\$ 67,056</b>  | <b>\$ 838</b>    | <b>\$ 796</b>         |
| <b>Gross derivatives</b>   | <b>\$ 95,874</b>  | <b>\$ 3,065</b>  | <b>\$ 1,118</b>       | <b>\$ 98,018</b>  | <b>\$ 2,572</b>  | <b>\$ 853</b>         |
| Netting and credit adjustments                                       | \$ (647)          | \$ (647)         |                       | \$ (546)          | \$ (546)         |                       |
| Cash collateral adjustments  |                   | (1,935)          | (104)                 |                   | (1,286)          | (105)                 |
| <b>Net derivatives recognized in Statement of Financial Position</b> | <b>\$ 483</b>     | <b>\$ 367</b>    |                       | <b>\$ 740</b>     | <b>\$ 202</b>    |                       |
| Net accrued interest   | \$ -              | \$ -             |                       | \$ 182            | \$ 1             |                       |
| Securities held as collateral  |                   | (2)              | -                     |                   | (469)            | -                     |
| <b>Net amount</b>  | <b>\$ 480</b>     | <b>\$ 367</b>    |                       | <b>\$ 452</b>     | <b>\$ 203</b>    |                       |

It is standard market practice to post or receive cash collateral with our derivative counterparties in order to minimize counterparty exposure. Included in GE Capital cash, cash equivalents and restricted cash was total net cash collateral received on derivatives of \$3,289 million (comprising \$4,203 million received and \$914 million posted) at December 31, 2020, and \$1,584 million (comprising \$2,294 million received and \$710 million posted) at December 31, 2019. Of these amounts, \$1,968 million and \$695 million at December 31, 2020 and December 31, 2019, respectively, were received on interest rate derivatives traded through clearing houses, which are recorded as a reduction of derivative assets.

Also included in total net cash collateral received are amounts presented as cash collateral adjustments in the table above, amounts related to accrued interest on interest rate derivatives presented as a reduction of Net accrued interest of \$292 million and \$207 million at December 31, 2020 and December 31, 2019, respectively, and excess net cash collateral posted of \$802 million (comprising \$3 million received and \$805 million posted) at December 31, 2020, and \$499 million (comprising \$104 million received and \$603 million posted) at December 31, 2019, which are excluded from cash collateral adjustments in the table above.

Securities held as collateral excluded excess collateral received of zero and \$27 million at December 31, 2020 and December 31, 2019, respectively. In the third quarter of 2020, one of our counterparties converted its collateral from securities to cash, which is in line with our other derivative counterparties.

Fair value of derivatives in our consolidated Statement of Financial Position excludes accrued interest.

**FAIR VALUE HEDGES.** We use derivatives to hedge the effects of interest rate and currency exchange rate changes on our borrowings. At December 31, 2020, the cumulative amount of hedging adjustments of \$5,687 million (including \$2,248 million on discontinued hedging relationships) was included in the carrying amount of the hedged liability of \$29,374 million. At December 31, 2019, the cumulative amount of hedging adjustments of \$4,234 million (including \$2,458 million on discontinued hedging relationships) was included in the carrying amount of the hedged liability of \$42,759 million. The cumulative amount of hedging adjustments was primarily recorded in long-term borrowings.

**CASH FLOW HEDGES.** We use cash flow hedging primarily to reduce or eliminate the effects of foreign exchange rate changes on purchase and sale contracts in our industrial businesses and to convert foreign currency debt that we have issued in our financial services business back to our functional currency. Changes in the fair value of cash flow hedges are recorded in AOCI and recorded in earnings in the period in which the hedged transaction occurs. The gain (loss) recognized in AOCI was \$(61) million, \$25 million and \$(154) million for the years ended December 31, 2020, 2019 and 2018, respectively. The gain (loss) reclassified from AOCI to earnings was \$(7) million, \$(60) million and \$(102) million for the years ended December 31, 2020, 2019 and 2018, respectively. These amounts were primarily related to currency exchange and interest rate contracts.

The total amount in AOCI related to cash flow hedges of forecasted transactions was a \$16 million gain at December 31, 2020. We expect to reclassify \$32 million of loss to earnings in the next 12 months contemporaneously with the earnings effects of the related forecasted transactions. For all periods presented we recognized an immaterial amount related to hedged forecasted transactions and firm commitments that did not occur by the end of the originally specified period. At December 31, 2020, 2019 and 2018, the maximum term of derivative instruments that hedge forecasted transactions was 14 years, 13 years and 14 years, respectively.

**NET INVESTMENT HEDGES.** We invest in foreign operations that conduct their financial services activities in currencies other than the U.S. dollar. We hedge the currency risk associated with those investments primarily using non-derivative instruments such as debt denominated in a foreign currency and short-term currency exchange contracts under which we receive U.S. dollars and pay foreign currency. For these hedges, the portion of the fair value changes of the derivatives or debt instruments that relates to changes in spot currency exchange rates is recorded in a separate component of AOCI. The portion of the fair value changes of the derivatives related to differences between spot and forward rates is recorded in earnings each period. The amounts recorded in AOCI affect earnings if the hedged investment is sold, substantially liquidated, or control is lost.

The total gain (loss) recognized in AOCI on hedging instruments for the years ended December 31, 2020, 2019 and 2018 was \$(675) million, \$120 million and \$646 million, respectively, comprising \$(41) million, \$(36) million and \$162 million on currency exchange contracts and \$(633) million, \$156 million and \$484 million on foreign currency debt, respectively. For all periods presented we recognized an immaterial amount excluded from assessment and recognized in earnings.

The carrying value of foreign currency debt designated as net investment hedges was \$8,348 million, \$9,190 million and \$12,458 million at December 31, 2020, 2019 and 2018 respectively. The total reclassified from AOCI into earnings was zero, \$7 million and \$(1) million for the years ended December 31, 2020, 2019 and 2018, respectively.

**EFFECTS OF DERIVATIVES ON EARNINGS.** All derivatives are marked to fair value on our Statement of Financial Position, whether they are designated in a hedging relationship for accounting purposes or are used as economic hedges. For derivatives not designated as hedging instruments, substantially all of the gain or loss recognized in earnings is offset by either the current period change in value of underlying exposures which is recorded in earnings in the current period or a future period when the recording of the exposures occurs.

The table below presents the effect of our derivative financial instruments in the consolidated Statement of Earnings (Loss):

|   | 2020      |               |                  |           |              | 2019      |               |                  |           |              |
|---|-----------|---------------|------------------|-----------|--------------|-----------|---------------|------------------|-----------|--------------|
|   | Revenues  | Cost of sales | Interest Expense | SG&A      | Other Income | Revenues  | Cost of sales | Interest Expense | SG&A      | Other Income |
| <b>Total amounts presented in the consolidated Statement of Earnings (Loss)</b> | \$ 79,619 | \$ 60,421     | \$ 3,273         | \$ 12,621 | \$ 11,387    | \$ 95,214 | \$ 66,911     | \$ 4,227         | \$ 13,949 | \$ 2,222     |
| <b>Total effect of cash flow hedges</b>   | \$ 88     | \$ (56)       | \$ (40)          | \$ 1      | \$ -         | \$ 5      | \$ (24)       | \$ (37)          | \$ (3)    | \$ -         |
| Hedged items  |           |               | \$ (1,775)       |           |              |           |               | \$ (1,276)       |           |              |
| Derivatives designated as hedging instruments                                   |           |               | 1,743            |           |              |           |               | 1,229            |           |              |
| <b>Total effect of fair value hedges</b>  |           |               | \$ (31)          |           |              |           |               | \$ (48)          |           |              |
| Interest rate contracts   | \$ (35)   | \$ -          | \$ (11)          | \$ -      | \$ 8         | \$ (24)   | \$ -          | \$ (50)          | \$ -      | \$ (6)       |
| Currency exchange contracts   | (328)     | 16            | -                | 129       | 19           | 180       | (35)          | -                | (6)       | (59)         |
| Other   | -         | -             | -                | 86        | (46)         | (2)       | -             | 195              | -         | 7            |
| <b>Total effect of derivatives not designated as hedges</b>                     | \$ (362)  | \$ 16         | \$ (11)          | \$ 215    | \$ (19)      | \$ 154    | \$ (35)       | \$ 145           | \$ (6)    | \$ (58)      |

The gain (loss) excluded for cash flow hedges was \$25 million and \$(1) million for the years ended December 31, 2020 and 2019, respectively. This amount is recognized primarily in Revenues in our consolidated Statement of Earnings (Loss).

**COUNTERPARTY CREDIT RISK.** We manage the risk that counterparties will default and not make payments to us according to the terms of our agreements on an individual counterparty basis. Where we have agreed to netting of derivative exposures with a counterparty, we net our exposures with that counterparty and apply the value of collateral posted to us to determine the exposure. We actively monitor these net exposures against defined limits and take appropriate actions in response, including requiring additional collateral. Our exposures to counterparties (including accrued interest), net of collateral we held, was \$388 million and \$368 million at December 31, 2020 and 2019, respectively. Counterparties' exposures to our derivative liability (including accrued interest), net of collateral posted by us, was \$304 million and \$159 million at December 31, 2020 and 2019, respectively.

**NOTE 22. VARIABLE INTEREST ENTITIES.** In addition to the three VIEs detailed in Note 4, in our consolidated Statement of Financial Position, we have additional consolidated VIEs with assets of \$1,888 million and \$1,740 million, and liabilities of \$812 million and \$943 million, inclusive of intercompany eliminations, at December 31, 2020 and 2019, respectively. These entities have no features that could expose us to losses that would significantly exceed the difference between the consolidated assets and liabilities. Substantially all the assets of our consolidated VIEs at December 31, 2020 can only be used to settle the liabilities of those VIEs.

Our investments in unconsolidated VIEs were \$3,378 million and \$1,937 million, at December 31, 2020 and 2019, respectively. These investments are primarily owned by GE Capital businesses of which \$1,141 million and \$621 million were owned by EFS and comprised of equity method investments, primarily renewable energy tax equity investments, at December 31, 2020 and 2019, respectively. In addition, \$1,833 million and \$896 million were owned by our run-off insurance operations, primarily comprising investment securities, at December 31, 2020 and 2019, respectively. The increase in investments in unconsolidated VIEs in our run-off insurance operations reflects implementation of our revised reinvestment plan which incorporates the introduction of strategic initiatives to invest in higher-yielding asset classes. Our maximum exposure to loss in respect of unconsolidated VIEs is increased by our commitments to make additional investments in these entities described in Note 23.

#### **NOTE 23. COMMITMENTS, GUARANTEES, PRODUCT WARRANTIES AND OTHER LOSS CONTINGENCIES**

**COMMITMENTS.** The GECAS business within our Capital segment has placed multiple-year orders with various Boeing, Airbus and other aircraft manufacturers with list prices approximating \$26,760 million, excluding pre-delivery payments made in advance (including 279 new aircraft with delivery dates of 25% in 2021, 14% in 2022 and 61% in 2023 through 2026) and secondary orders with airlines for used aircraft of approximately \$1,985 million (including 43 used aircraft with delivery dates of 72% in 2021, 21% in 2022 and 7% in 2023) at December 31, 2020. When we purchase aircraft, it is at a contractual price, which is usually less than the aircraft manufacturer's list price. As of December 31, 2020, we have made \$2,871 million of pre-delivery payments to aircraft manufacturers.

During 2020, GECAS agreed with Boeing to restructure its 737 MAX orderbook including previously canceled positions, resulting in 77 orders now remaining.

GE Capital had total investment commitments of \$1,957 million at December 31, 2020. The commitments primarily comprise project financing investments in thermal and wind energy projects of \$684 million and investments by our run-off insurance operations in investment securities and other assets of \$1,249 million, and included within these commitments are obligations to make additional investments in unconsolidated VIEs of \$549 million and \$1,047 million, respectively. See Note 22 for further information.

As of December 31, 2020, in our Aviation segment, we have committed to provide financing assistance of \$1,935 million of future customer acquisitions of aircraft equipped with our engines.

**GUARANTEES.** At December 31, 2020, we were committed under the following guarantee arrangements:

**Credit Support.** At December 31, 2020, we have provided \$1,525 million of credit support on behalf of certain customers or associated companies, predominantly joint ventures and partnerships, using arrangements such as standby letters of credit and performance guarantees. The liability for such credit support was \$46 million.

**Indemnification Agreements - Continuing Operations.** At December 31, 2020, we have \$1,455 million of other indemnification commitments, including representations and warranties in sales of businesses or assets, for which we recorded a liability of \$142 million.

**Indemnification Agreements - Discontinued Operations.** At December 31, 2020, we have provided specific indemnities to buyers of GE Capital's assets that, in the aggregate, represent a maximum potential claim of \$630 million with the related reserves of \$104 million.

**PRODUCT WARRANTIES.** We provide for estimated product warranty expenses when we sell the related products. Because warranty estimates are forecasts that are based on the best available information, mostly historical claims experience, claims costs may differ from amounts provided. An analysis of changes in the liability for product warranties follows.

|                               |           | 2020            | 2019            | 2018         |
|-------------------------------|-----------|-----------------|-----------------|--------------|
| Balance at January 1          | \$        | 2,165 \$        | 2,192 \$        | 2,103        |
| Current-year provisions       |           | 788             | 713             | 945          |
| Expenditures                  |           | (913)           | (715)           | (788)        |
| Other changes                 |           | 14              | (26)            | (69)         |
| <b>Balance at December 31</b> | <b>\$</b> | <b>2,054 \$</b> | <b>2,165 \$</b> | <b>2,192</b> |

**LEGAL MATTERS.** In the normal course of our business, we are involved from time to time in various arbitrations, class actions, commercial litigation, investigations and other legal, regulatory or governmental actions, including the significant matters described below that could have a material impact on our results of operations. In many proceedings, including the specific matters described below, it is inherently difficult to determine whether any loss is probable or even reasonably possible or to estimate the size or range of the possible loss, and accruals for legal matters are not recorded until a loss for a particular matter is considered probable and reasonably estimable. Given the nature of legal matters and the complexities involved, it is often difficult to predict and determine a meaningful estimate of loss or range of loss until we know, among other factors, the particular claims involved, the likelihood of success of our defenses to those claims, the damages or other relief sought, how discovery or other procedural considerations will affect the outcome, the settlement posture of other parties and other factors that may have a material effect on the outcome. For these matters, unless otherwise specified, we do not believe it is possible to provide a meaningful estimate of loss at this time. Moreover, it is not uncommon for legal matters to be resolved over many years, during which time relevant developments and new information must be continuously evaluated.

**Alstom legacy legal matters.** On November 2, 2015, we acquired the Thermal, Renewables and Grid businesses from Alstom. Prior to the acquisition, the seller was the subject of two significant cases involving anti-competitive activities and improper payments: (1) in January 2007, Alstom was fined €65 million by the European Commission for participating in a gas insulated switchgear cartel that operated from 1988 to 2004 (that fine was later reduced to €59 million), and (2) in December 2014, Alstom pled guilty in the United States to multiple violations of the Foreign Corrupt Practices Act and paid a criminal penalty of \$772 million. As part of GE's accounting for the acquisition, we established a reserve amounting to \$858 million for legal and compliance matters related to the legacy business practices that were the subject of these and related cases in various jurisdictions, including the previously reported legal proceedings in Slovenia that are described below. The reserve balance was \$858 million and \$875 million at December 31, 2020 and December 31, 2019, respectively.

Regardless of jurisdiction, the allegations relate to claimed anti-competitive conduct or improper payments in the pre-acquisition period as the source of legal violations and/or damages. Given the significant litigation and compliance activity related to these matters and our ongoing efforts to resolve them, it is difficult to assess whether the disbursements will ultimately be consistent with the reserve established. The estimation of this reserve involved significant judgment and may not reflect the full range of uncertainties and unpredictable outcomes inherent in litigation and investigations of this nature, and at this time we are unable to develop a meaningful estimate of the range of reasonably possible additional losses beyond the amount of this reserve. Damages sought may include disgorgement of profits on the underlying business transactions, fines and/or penalties, interest, or other forms of resolution. Factors that can affect the ultimate amount of losses associated with these and related matters include the way cooperation is assessed and valued, prosecutorial discretion in the determination of damages, formulas for determining fines and penalties, the duration and amount of legal and investigative resources applied, political and social influences within each jurisdiction, and tax consequences of any settlements or previous deductions, among other considerations. Actual losses arising from claims in these and related matters could exceed the amount provided.

In connection with alleged improper payments by Alstom relating to contracts won in 2006 and 2008 for work on a state-owned power plant in Šoštanj, Slovenia, the power plant owner in January 2017 filed an arbitration claim for damages of approximately \$430 million before the International Chamber of Commerce Court of Arbitration in Vienna, Austria. In February 2017, a government investigation in Slovenia of the same underlying conduct proceeded to an investigative phase overseen by a judge of the Celje District Court. In September 2020, the relevant Alstom legacy entity was served with an indictment, which we had anticipated as we are working with the parties to resolve these matters.

**Shareholder and related lawsuits.** Since November 2017, several putative shareholder class actions under the federal securities laws have been filed against GE and certain affiliated individuals and consolidated into a single action currently pending in the U.S. District Court for the Southern District of New York (the Hachem case). In October 2019, the lead plaintiff filed a fifth amended consolidated class action complaint naming as defendants GE and current and former GE executive officers. It alleges violations of Sections 10(b) and 20(a) and Rule 10b-5 of the Securities Exchange Act of 1934 related to insurance reserves and accounting for long-term service agreements and seeks damages on behalf of shareholders who acquired GE stock between February 27, 2013 and January 23, 2018. GE filed a motion to dismiss in December 2019. In January 2021, the court granted defendants' motion to dismiss as to the majority of the claims. Specifically, the court dismissed all claims related to insurance reserves, as well as all claims related to accounting for long-term service agreements, with the exception of certain claims about historic disclosures related to factoring in the Power business that survive as to GE and its former CFO Jeffrey S. Bornstein. All other individual defendants have been dismissed from the case. In addition, the court denied the plaintiffs' request to amend their complaint again.

Since February 2018, multiple shareholder derivative lawsuits have also been filed against current and former GE executive officers and members of GE's Board of Directors and GE (as nominal defendant). Six shareholder derivative lawsuits are currently pending: the Bennett case, which was filed in Massachusetts state court; the Cuker, Lindsey, Priest and Tola cases, which were filed in New York state court; and the Burden case, which was filed in the U.S. District Court for the Southern District of New York. These lawsuits have alleged violations of securities laws, breaches of fiduciary duties, unjust enrichment, waste of corporate assets, abuse of control and gross mismanagement, although the specific matters underlying the allegations in the lawsuits have varied. The allegations in the Bennett, Lindsey, Priest, Tola and Burden cases relate to substantially the same facts as those underlying the securities class action described above, and the allegations in the Cuker case relate to alleged corruption in China. The plaintiffs seek unspecified damages and improvements in GE's corporate governance and internal procedures. The Bennett case has been stayed pending final resolution of another shareholder derivative lawsuit (the Gammel case) that was previously dismissed. In August 2019, the Cuker plaintiffs filed an amended complaint, and GE in September 2019 filed a motion to dismiss the amended complaint. The Lindsey case has been stayed by agreement of the parties.



In June 2018, a lawsuit (the Bezio case) was filed in New York state court derivatively on behalf of participants in GE's 401(k) plan (the GE Retirement Savings Plan (RSP)), and alternatively as a class action on behalf of shareholders who acquired GE stock between February 26, 2013 and January 24, 2018, alleging violations of Section 11 of the Securities Act of 1933 based on alleged misstatements and omissions related to insurance reserves and performance of GE's business segments in a GE RSP registration statement and documents incorporated therein by reference. In November 2018, the plaintiffs filed an amended derivative complaint naming as defendants GE, former GE executive officers and Fidelity Management Trust Company, as trustee for the GE RSP. In January 2019, GE filed a motion to dismiss, and in November 2019, the court dismissed the remaining claims and the plaintiffs filed a notice of appeal. In December 2019, the plaintiffs filed a second amended derivative complaint, and in January 2020, GE filed a motion to dismiss. In December 2020, the court granted GE's motion to dismiss and dismissed the second amended complaint with prejudice.

In July 2018, a putative class action (the Mahar case) was filed in New York state court naming as defendants GE, former GE executive officers, a former member of GE's Board of Directors and KPMG. It alleged violations of Sections 11, 12 and 15 of the Securities Act of 1933 based on alleged misstatements related to insurance reserves and performance of GE's business segments in GE Stock Direct Plan registration statements and documents incorporated therein by reference and seeks damages on behalf of shareholders who acquired GE stock between July 20, 2015 and July 19, 2018 through the GE Stock Direct Plan. In February 2019, this case was dismissed. In March 2019, plaintiffs filed an amended derivative complaint naming the same defendants. In April 2019, GE filed a motion to dismiss the amended complaint. In October 2019, the court denied GE's motion to dismiss and stayed the case pending the outcome of the Hachem case. In November 2019, the plaintiffs moved to re-argue to challenge the stay, and GE cross-moved to re-argue the denial of the motion to dismiss and filed a notice of appeal. The court denied both motions for re-argument, and in November 2020, the Appellate Division First Department affirmed the court's denial of GE's motion to dismiss. In January 2021, GE filed a motion for leave to appeal to the New York Court of Appeals. In October 2018, a putative class action (the Houston case) was filed in New York state court naming as defendants GE, certain GE subsidiaries and current and former GE executive officers and employees. It alleges violations of Sections 11, 12 and 15 of the Securities Act of 1933 and seeks damages on behalf of purchasers of senior notes issued in 2016 and rescission of transactions involving those notes. This case has been stayed pending resolution of the motion to dismiss the Hachem case.

In December 2018, a putative class action (the Varga case) was filed in the U.S. District Court for the Northern District of New York naming GE and a former GE executive officer as defendants in connection with the oversight of the GE RSP. It alleges that the defendants breached fiduciary duties under the Employee Retirement Income Security Act of 1974 (ERISA) by failing to advise GE RSP participants that GE Capital insurance subsidiaries were allegedly under-reserved and continued to retain a GE stock fund as an investment option in the GE RSP. The plaintiffs seek unspecified damages on behalf of a class of GE RSP participants and beneficiaries from January 1, 2010 through January 19, 2018 or later. In April 2019, GE filed a motion to dismiss. In March 2020, the court granted GE's motion to dismiss the case, and in February 2021, the Second Circuit in the plaintiffs' appeal affirmed the lower court's dismissal.

In February 2019, two putative class actions (the Birnbaum case and the Sheet Metal Workers Local 17 Trust Funds case) were filed in the U.S. District Court for the Southern District of New York naming as defendants GE and current and former GE executive officers. In April 2019, the court issued an order consolidating these two actions. In June 2019, the lead plaintiff filed an amended consolidated complaint. It alleges violations of Section 10(b) and 20(a) of the Securities Exchange Act of 1934 based on alleged misstatements regarding GE's H-class turbines and goodwill related to GE's Power business. The lawsuit seeks damages on behalf of shareholders who acquired GE stock between December 4, 2017 and December 6, 2018. In August 2019, the lead plaintiff filed a second amended complaint. In September 2019, GE filed a motion to dismiss the second amended complaint. In May 2020, the court granted GE's motion to dismiss the case, and in February 2021, the Second Circuit in the plaintiffs' appeal affirmed the lower court's dismissal.

In February 2019, a securities action (the Touchstone case) was filed in the U.S. District Court for the Southern District of New York naming as defendants GE and current and former GE executive officers. It alleges violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Section 1707.43 of the Ohio Securities Act and common law fraud based on alleged misstatements regarding insurance reserves, GE Power's revenue recognition practices related to long term service agreements, GE's acquisition of Alstom, and the goodwill recognized in connection with that transaction. The lawsuit seeks damages on behalf of six institutional investors who purchased GE common stock between August 1, 2014 and October 30, 2018 and rescission of those purchases. This case has been stayed pending resolution of the motion to dismiss the Hachem case.

As previously reported by Baker Hughes, in March 2019, two derivative lawsuits were filed in the Delaware Court of Chancery naming as defendants GE, directors of Baker Hughes (including former members of GE's Board of Directors and current and former GE executive officers) and Baker Hughes (as nominal defendant), and the court issued an order consolidating these two actions (the Schippnick case). The complaint as amended in May 2019 alleges, among other things, that GE and the Baker Hughes directors breached their fiduciary duties and that GE was unjustly enriched by entering into transactions and agreements related to GE's sales of approximately 12% of its ownership interest in Baker Hughes in November 2018. The complaint seeks declaratory relief, disgorgement of profits, an award of damages, pre- and post-judgment interest and attorneys' fees and costs. In May 2019, the plaintiffs voluntarily dismissed their claims against the directors who were members of the Baker Hughes Conflicts Committee and a former Baker Hughes director. In October 2019, the Court denied the remaining defendants' motions to dismiss, except with respect to the unjust enrichment claim against GE, which has been dismissed. In November 2019, the defendants filed their answer to the complaint, and a special litigation committee of the Baker Hughes Board of Directors moved for an order staying all proceedings in this action pending completion of the committee's investigation of the allegations and claims asserted in the complaint. In October 2020, the special litigation committee filed a report with the Court recommending that the derivative action be terminated.

In August 2019, a putative class action (the Tri-State case) was filed in the Delaware Court of Chancery naming as defendants GE and the former Board of Directors of Baker Hughes Incorporated (BHI). It alleges fraud, aiding and abetting breaches of fiduciary duty, and aiding and abetting breaches of duty of disclosure by GE based on allegations regarding financial statements that GE provided the former BHI board, management and shareholders in connection with BHI's merger with GE's Oil and Gas Business in July 2017. The plaintiff seeks damages on behalf of BHI shareholders during the period between October 7, 2016 and July 5, 2017. In October 2019, the City of Providence filed a complaint containing allegations substantially similar to those in the Tri-State complaint. The cases were consolidated in November 2019, and in December 2019, the plaintiffs filed an amended consolidated complaint which is similar to the prior complaints but does not include fraud claims against GE. In February 2020, GE and the other defendants filed a motion to dismiss the amended consolidated complaint. In October 2020, the court dismissed all claims asserted against GE, allowing only the claim against the former BHI CEO to move forward.

**SEC investigation.** As previously reported in a Form 8-K filing on December 9, 2020, GE reached a settlement with the SEC in connection with the SEC investigation that we had previously disclosed. Consistent with common SEC practice, GE neither admits nor denies the findings in the administrative order that the SEC issued in connection with the settlement. Under the terms of the settlement, GE in December 2020 paid a civil penalty of \$200 million and consented to an order requiring it to cease and desist from violations of specified provisions of the federal securities laws and rules promulgated thereunder. In addition, GE agreed to cooperation obligations and to report during a one-year period to the SEC about compliance related to its Power business and GE Capital's run-off insurance operations.

The SEC's order contains findings related to disclosures with respect to GE's Power business during the 2015-2017 time period and disclosures and internal controls with respect to GE Capital's run-off insurance operations during the third quarter of 2015 through the first quarter of 2017. The settlement concluded and resolved the SEC investigation of GE in its entirety.

The SEC's order makes no allegation that prior period financial statements were misstated. This settlement did not require corrections or restatements of GE's previously reported financial statements, and GE stands behind its financial reporting.

GE cooperated with the SEC over the course of its investigation. As noted in the order, GE has taken a number of steps since the time periods covered by the investigation to enhance its investor disclosures regarding power and insurance trends and risks, as well as enhancing internal controls on its insurance premium deficiency testing (also known as loss recognition testing) process and adding disclosure controls and procedures concerning its insurance liabilities.

**Other GE Retirement Savings Plan class actions.** Four putative class action lawsuits have been filed regarding the oversight of the GE RSP, and those class actions have been consolidated into a single action in the U.S. District Court for the District of Massachusetts. The consolidated complaint names as defendants GE, GE Asset Management, current and former GE and GE Asset Management executive officers and employees who served on fiduciary bodies responsible for aspects of the GE RSP during the class period. Like similar lawsuits that have been brought against other companies in recent years, this action alleges that the defendants breached their fiduciary duties under ERISA in their oversight of the GE RSP, principally by retaining five proprietary funds that plaintiffs allege were underperforming as investment options for plan participants and by charging higher management fees than some alternative funds. The plaintiffs seek unspecified damages on behalf of a class of GE RSP participants and beneficiaries from September 26, 2011 through the date of any judgment. In August and December 2018, the court issued orders dismissing one count of the complaint and denying GE's motion to dismiss the remaining counts. We believe we have defenses to the claims and are responding accordingly.

**Bank BPH.** As previously reported, GE Capital's subsidiary Bank BPH, along with other Polish banks, has been subject to ongoing litigation in Poland related to its portfolio of floating rate residential mortgage loans, with cases brought by individual borrowers seeking relief related to their foreign currency-denominated mortgage loans in various courts throughout Poland. At December 31, 2020, approximately 87% of the Bank BPH portfolio is indexed to or denominated in foreign currencies (primarily Swiss francs), and the total portfolio had a carrying value of \$2,437 million. We continue to observe an increase in the number of lawsuits being brought against Bank BPH and other banks in Poland, and this is likely to continue in future reporting periods.

We estimate potential losses for Bank BPH in connection with borrower litigation cases that are pending by recording legal reserves, as well as in connection with potential future cases or other adverse developments as part of our ongoing valuation of the Bank BPH portfolio, which we record at the lower of cost or fair value, less cost to sell. At December 31, 2020, the total amount of such estimated losses was \$315 million. We have updated our assumptions underlying this amount over time in response to the trends we have previously reported of there being an increase in the number of lawsuits filed, more findings of liability and more severe remedies being ordered against Polish banks, including Bank BPH. We also expect these trends to continue in future reporting periods, although Bank BPH is unable at this time to develop a meaningful estimate of reasonably possible losses associated with active and inactive Bank BPH mortgage loans beyond the amounts currently recorded. These estimates involve significant judgment, including assumptions about the number of borrowers that will file lawsuits, whether liability will be established in lawsuits and the nature of the remedy that a court will order if liability is established, as well as the following factors: uncertainty related to how Polish courts will interpret and apply prior judicial decisions; the pendency of potentially significant judicial decisions that we anticipate will be issued in the first half of 2021, including a decision by the European Court of Justice (ECJ) on the case involving a Bank BPH mortgage loan that was referred to the ECJ in January 2020 and one or more binding resolutions from the Polish Supreme Court; uncertainty related to a proposal by the Chairman of the Polish Financial Supervisory Authority in December 2020 that banks voluntarily offer borrowers an opportunity to convert their foreign currency-denominated mortgage loans to Polish zlotys using an exchange rate applicable at the date of loan origination, and about the approaches that other Polish banks will adopt in response to this proposal; and uncertainty arising from a decision of the Polish Office of Competition and Consumer Protection (UOKiK) in December 2020 which found that certain foreign exchange clauses that appear in certain of Bank BPH's mortgage loan agreements are unfair contractual terms under Polish law. Future adverse developments related to any of these factors, or other factors such as potential regulatory or legislative relief across the Polish banking industry, could have a material adverse effect on Bank BPH and the carrying value of its mortgage loan portfolio and could result in significant losses beyond the amount that we currently estimate.

**ENVIRONMENTAL, HEALTH AND SAFETY MATTERS.** Our operations, like operations of other companies engaged in similar businesses, involve the use, disposal and cleanup of substances regulated under environmental protection laws and nuclear decommissioning regulations. Additionally, like many other industrial companies, we and our subsidiaries are defendants in various lawsuits related to alleged worker exposure to asbestos or other hazardous materials. Liabilities for environmental remediation, nuclear decommissioning and worker exposure claims exclude possible insurance recoveries. It is reasonably possible that our exposure will exceed amounts accrued. However, due to uncertainties about the status of laws, regulations, technology and information related to individual sites and lawsuits, such amounts are not reasonably estimable. Total reserves related to environmental remediation, nuclear decommissioning and worker exposure claims were \$2,569 million and \$2,484 million at December 31, 2020 and 2019, respectively.

As previously reported, in 2000, GE and the Environmental Protection Agency (EPA) entered into a consent decree relating to PCB cleanup of the Housatonic River in Massachusetts. Following the EPA's release in September 2015 of an intended final remediation decision, GE and the EPA engaged in mediation and the first step of the dispute resolution process contemplated by the consent decree. In October 2016, the EPA issued its final decision pursuant to the consent decree, which GE and several other interested parties appealed to the EPA's Environmental Appeals Board (EAB). The EAB issued its decision in January 2018, affirming parts of the EPA's decision and granting relief to GE on certain significant elements of its challenge. The EAB remanded the decision back to the EPA to address those elements and reissue a revised final remedy, and the EPA convened a mediation process with GE and interested stakeholders. In February 2020, the EPA announced an agreement between the EPA and many of the mediation stakeholders, including GE, concerning a revised Housatonic River remedy. Based on the mediated resolution, the EPA solicited public comment on a draft permit in July 2020 and issued the final revised permit effective January 4, 2021. As of December 31, 2020, and based on its assessment of current facts and circumstances and its defenses, GE believes that it has recorded adequate reserves to cover future obligations associated with the proposed final remedy.

Expenditures for site remediation, nuclear decommissioning and worker exposure claims amounted to approximately \$247 million, \$236 million and \$214 million for the years ended December 31, 2020, 2019 and 2018, respectively. We presently expect that such expenditures will be approximately \$350 million and \$240 million in 2021 and 2022, respectively.

## NOTE 24. INTERCOMPANY TRANSACTIONS

Presented below is a walk of intercompany eliminations from the combined GE Industrial and GE Capital totals to the consolidated cash flows for continuing operations.

|   |    | 2020               | 2019               | 2018            |
|---|----|--------------------|--------------------|-----------------|
| Combined GE Industrial and GE Capital cash from (used for) operating activities | \$ | 2,240 \$           | 6,495 \$           | 2,282           |
| GE Industrial current receivables sold to GE Capital(a)                         |    | (597)              | 1,081              | 5               |
| GE Industrial long-term receivables sold to GE Capital(b)                       |    | 312                | 468                | 1,079           |
| Supply chain finance programs(c)  |    | 2,002              | 2,289              | (18)            |
| Other reclassifications and eliminations  |    | (360)              | 86                 | (138)           |
| <b>Consolidated cash from (used for) operating activities</b>                   | \$ | <b>3,597 \$</b>    | <b>10,419 \$</b>   | <b>3,210</b>    |
| Combined GE Industrial and GE Capital cash from (used for) investing activities | \$ | 25,960 \$          | 13,509 \$          | 14,915          |
| GE Industrial current receivables sold to GE Capital                            |    | 496                | (1,677)            | (839)           |
| GE Industrial long-term receivables sold to GE Capital(b)                       |    | (312)              | (468)              | (1,079)         |
| Supply chain finance programs(c)  |    | (2,002)            | (2,289)            | 18              |
| GE Capital loans to GE Industrial   |    | -                  | -                  | 6,479           |
| Repayment of GE Capital loans by GE Industrial                                  |    | (9,049)            | (1,523)            | -               |
| Capital contribution from GE Industrial to GE Capital                           |    | 2,000              | 4,000              | -               |
| Other reclassifications and eliminations  |    | (315)              | (868)              | (570)           |
| <b>Consolidated cash from (used for) investing activities</b>                   | \$ | <b>16,778 \$</b>   | <b>10,684 \$</b>   | <b>18,925</b>   |
| Combined GE Industrial and GE Capital cash from (used for) financing activities | \$ | (27,678) \$        | (14,665) \$        | (22,408)        |
| GE Industrial current receivables sold to GE Capital                            |    | 102                | 596                | 835             |
| GE Capital loans to GE Industrial   |    | -                  | -                  | (6,479)         |
| Repayment of GE Capital loans by GE Industrial                                  |    | 9,049              | 1,523              | -               |
| Capital contribution from GE Industrial to GE Capital                           |    | (2,000)            | (4,000)            | -               |
| Other reclassifications and eliminations  |    | 675                | 782                | 706             |
| <b>Consolidated cash from (used for) financing activities</b>                   | \$ | <b>(19,853) \$</b> | <b>(15,764) \$</b> | <b>(27,345)</b> |

(a) Included the elimination of \$14,677 million, \$14,716 million and \$20,675 million payments to GE Industrial for current receivables purchased and retained by GE Capital and the related reclassification to CFOA of \$14,079 million, \$15,797 million and \$20,680 million due to GE Capital collections and other activity in our consolidated Statement of Cash Flows for the years ended December 31, 2020, 2019 and 2018, respectively.

(b) Primarily included the reclassification of long-term receivables purchased and retained by GE Capital to current receivables.

(c) Represents the elimination of net payments from GE Industrial to GE Capital related to the funded participation in a supply chain finance program with GE Capital. The reduction of the GE Industrial liability associated with this program is primarily as a result of GE Capital's sale of the program platform to MUFG Union Bank, N.A. (MUFG) in 2019.

## NOTE 25. OPERATING SEGMENTS

**BASIS FOR PRESENTATION.** Our operating businesses are organized based on the nature of markets and customers. Segment accounting policies are the same as described and referenced in Note 1. Segment results for our financial services businesses reflect the discrete tax effect of transactions.

A description of our operating segments as of December 31, 2020 can be found in the Segment Operation section within MD&A.

| REVENUES<br>Years ended December 31 | Total revenues(a) |                  |                  | Intersegment revenues(b)(c) |             |             | External revenues |                  |                  |
|-------------------------------------|-------------------|------------------|------------------|-----------------------------|-------------|-------------|-------------------|------------------|------------------|
|                                     | 2020              | 2019             | 2018             | 2020                        | 2019        | 2018        | 2020              | 2019             | 2018             |
| Power                               | \$ 17,589         | \$ 18,625        | \$ 22,150        | \$ 352                      | \$ 357      | \$ 152      | \$ 17,237         | \$ 18,267        | \$ 21,997        |
| Renewable Energy                    | 15,666            | 15,337           | 14,288           | 142                         | 139         | 186         | 15,523            | 15,198           | 14,102           |
| Aviation                            | 22,042            | 32,875           | 30,566           | 1,445                       | 758         | 375         | 20,597            | 32,117           | 30,191           |
| Healthcare                          | 18,009            | 19,942           | 19,784           | 1                           | -           | -           | 18,008            | 19,942           | 19,784           |
| Capital                             | 7,245             | 8,741            | 9,551            | 566                         | 971         | 1,384       | 6,679             | 7,770            | 8,167            |
| Corporate items and eliminations    | (932)             | (305)            | 673              | (2,507)                     | (2,225)     | (2,097)     | 1,575             | 1,920            | 2,770            |
| <b>Total</b>                        | <b>\$ 79,619</b>  | <b>\$ 95,214</b> | <b>\$ 97,012</b> | <b>\$ -</b>                 | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 79,619</b>  | <b>\$ 95,214</b> | <b>\$ 97,012</b> |

(a) Revenues of GE Industrial businesses include income from sales of goods and services to customers.

(b) Sales from one component to another generally are priced at equivalent commercial selling prices.

(c) The increase in intersegment revenues in 2020 at Aviation is primarily driven by higher sales to the AeroDerivative joint venture between our Power segment and Baker Hughes, partially offset by lower spare sales to our GECAS business.

The equipment and services revenues classification in the table below is consistent with our segment MD&A presentation.

|   | Years ended December 31 |                  |                  |                  |                  |                  |                  |                  |                  |
|---|-------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|   | 2020                    |                  |                  | 2019             |                  |                  | 2018             |                  |                  |
|   | Equipment               | Services         | Total            | Equipment        | Services         | Total            | Equipment        | Services         | Total            |
| Power                                       | \$ 6,707                | \$ 10,883        | \$ 17,589        | \$ 6,247         | \$ 12,378        | \$ 18,625        | \$ 8,077         | \$ 14,073        | \$ 22,150        |
| Renewable Energy                            | 12,859                  | 2,807            | 15,666           | 12,267           | 3,069            | 15,337           | 11,419           | 2,870            | 14,288           |
| Aviation                                    | 8,582                   | 13,460           | 22,042           | 12,737           | 20,138           | 32,875           | 11,499           | 19,067           | 30,566           |
| Healthcare                                  | 9,992                   | 8,017            | 18,009           | 11,585           | 8,357            | 19,942           | 11,422           | 8,363            | 19,784           |
| Corporate items and industrial eliminations | (520)                   | 314              | (206)            | 243              | 697              | 940              | 1,263            | 987              | 2,250            |
| <b>Total GE Industrial revenues</b>         | <b>\$ 37,620</b>        | <b>\$ 35,480</b> | <b>\$ 73,100</b> | <b>\$ 43,080</b> | <b>\$ 44,639</b> | <b>\$ 87,719</b> | <b>\$ 43,679</b> | <b>\$ 45,359</b> | <b>\$ 89,038</b> |

#### SEGMENT REVENUES

|  | Years ended December 31 |                  |                  |
|--|-------------------------|------------------|------------------|
|  | 2020                    | 2019             | 2018             |
| Gas Power  | \$ 12,655               | \$ 13,122        | \$ 13,296        |
| Power Portfolio                                    | 4,935                   | 5,503            | 8,853            |
| <b>Power</b>                                       | <b>\$ 17,589</b>        | <b>\$ 18,625</b> | <b>\$ 22,150</b> |
| Onshore Wind                                       | \$ 10,881               | \$ 10,421        | \$ 8,220         |
| Grid Solutions equipment and services              | 3,585                   | 4,016            | 4,579            |
| Hydro, Offshore Wind and Hybrid Solutions          | 1,200                   | 900              | 1,489            |
| <b>Renewable Energy</b>                            | <b>\$ 15,666</b>        | <b>\$ 15,337</b> | <b>\$ 14,288</b> |
| Commercial Engines & Services                      | \$ 13,017               | \$ 24,217        | \$ 22,724        |
| Military   | 4,572                   | 4,389            | 4,103            |
| Systems & Other                                    | 4,453                   | 4,269            | 3,740            |
| <b>Aviation</b>                                    | <b>\$ 22,042</b>        | <b>\$ 32,875</b> | <b>\$ 30,566</b> |
| Healthcare Systems                                 | \$ 15,387               | \$ 14,648        | \$ 14,886        |
| Pharmaceutical Diagnostics                         | 1,792                   | 2,005            | 1,888            |
| BioPharma  | 830                     | 3,289            | 3,010            |
| <b>Healthcare</b>                                  | <b>\$ 18,009</b>        | <b>\$ 19,942</b> | <b>\$ 19,784</b> |
| <b>Corporate items and industrial eliminations</b> | <b>\$ (206)</b>         | <b>\$ 940</b>    | <b>\$ 2,250</b>  |
| Total GE Industrial revenues                       | 73,100                  | 87,719           | 89,038           |
| <b>Capital(a)</b>                                  | <b>\$ 7,245</b>         | <b>\$ 8,741</b>  | <b>\$ 9,551</b>  |
| GE Capital-GE Industrial eliminations              | (726)                   | (1,245)          | (1,577)          |
| <b>Consolidated revenues</b>                       | <b>\$ 79,619</b>        | <b>\$ 95,214</b> | <b>\$ 97,012</b> |

(a) Substantially all of our revenues at GE Capital are outside of the scope of ASC 606.

Revenues are classified according to the region to which products and services are sold. For purposes of this analysis, the U.S. is presented separately from the remainder of the Americas.

| Year ended December 31, 2020                      | Power            | Renewable Energy | Aviation         | Healthcare       | Capital         | Corporate items and eliminations | Total            |
|---|------------------|------------------|------------------|------------------|-----------------|----------------------------------|------------------|
| <b>U.S.</b>                                       | \$ 6,186         | \$ 7,846         | \$ 11,239        | \$ 7,611         | \$ 3,550        | \$ (1,117)                       | \$ 35,314        |
| <b>Non-U.S.</b>                                   |                  |                  |                  |                  |                 |                                  |                  |
| Europe  | 2,895            | 3,047            | 4,288            | 3,952            | 1,395           | 155                              | 15,733           |
| Asia  | 3,961            | 2,640            | 3,920            | 4,719            | 997             | (20)                             | 16,216           |
| Americas  | 1,483            | 819              | 882              | 879              | 639             | (2)                              | 4,701            |
| Middle East and Africa                            | 3,064            | 1,314            | 1,713            | 848              | 664             | 52                               | 7,655            |
| Total Non-U.S.                                    | \$ 11,403        | \$ 7,820         | \$ 10,803        | \$ 10,398        | \$ 3,695        | \$ 185                           | \$ 44,305        |
| <b>Total geographic revenues</b>                  | <b>\$ 17,589</b> | <b>\$ 15,666</b> | <b>\$ 22,042</b> | <b>\$ 18,009</b> | <b>\$ 7,245</b> | <b>\$ (932)</b>                  | <b>\$ 79,619</b> |
| Non-U.S. revenues as a % of consolidated revenues | 65%              | 50%              | 49%              | 58%              | 51%             |                                  | 56%              |

| Year ended December 31, 2019                      | Power     | Renewable Energy | Aviation  | Healthcare | Capital  | Corporate items and eliminations | Total     |
|---|-----------|------------------|-----------|------------|----------|----------------------------------|-----------|
| <b>U.S.</b>                                       | \$ 5,992  | \$ 7,413         | \$ 13,384 | \$ 8,526   | \$ 4,149 | \$ (93)                          | \$ 39,372 |
| <b>Non-U.S.</b>                                   |           |                  |           |            |          |                                  |           |
| Europe  | 3,140     | 2,925            | 7,452     | 4,132      | 1,577    | (135)                            | 19,092    |
| Asia  | 4,018     | 2,737            | 6,641     | 5,436      | 1,454    | (130)                            | 20,156    |
| Americas  | 1,915     | 1,064            | 1,593     | 1,056      | 742      | (33)                             | 6,336     |
| Middle East and Africa                            | 3,560     | 1,198            | 3,805     | 792        | 819      | 86                               | 10,259    |
| Total Non-U.S.                                    | \$ 12,633 | \$ 7,924         | \$ 19,491 | \$ 11,416  | \$ 4,592 | \$ (212)                         | \$ 55,843 |
| <b>Total geographic revenues</b>                  | \$ 18,625 | \$ 15,337        | \$ 32,875 | \$ 19,942  | \$ 8,741 | \$ (305)                         | \$ 95,214 |
| Non-U.S. revenues as a % of consolidated revenues | 68%       | 52%              | 59%       | 57%        | 53%      |                                  | 59%       |

#### Year ended December 31, 2018

|   |           |           |           |           |          |          |           |
|---|-----------|-----------|-----------|-----------|----------|----------|-----------|
| <b>U.S.</b>                                       | \$ 7,456  | \$ 4,912  | \$ 12,529 | \$ 8,574  | \$ 5,282 | \$ 1,124 | \$ 39,876 |
| <b>Non-U.S.</b>                                   |           |           |           |           |          |          |           |
| Europe  | 4,538     | 3,212     | 7,027     | 4,164     | 1,383    | (496)    | 19,828    |
| Asia  | 4,072     | 2,933     | 5,787     | 5,219     | 1,368    | (79)     | 19,300    |
| Americas  | 2,546     | 2,179     | 1,459     | 988       | 632      | 87       | 7,892     |
| Middle East and Africa                            | 3,538     | 1,052     | 3,764     | 839       | 886      | 37       | 10,117    |
| Total Non-U.S.                                    | \$ 14,694 | \$ 9,376  | \$ 18,037 | \$ 11,210 | \$ 4,269 | \$ (451) | \$ 57,136 |
| <b>Total geographic revenues</b>                  | \$ 22,150 | \$ 14,288 | \$ 30,566 | \$ 19,784 | \$ 9,551 | \$ 673   | \$ 97,012 |
| Non-U.S. revenues as a % of consolidated revenues | 66%       | 66%       | 59%       | 57%       | 45%      |          | 59%       |

**REMAINING PERFORMANCE OBLIGATION.** As of December 31, 2020, the aggregate amount of the contracted revenues allocated to our unsatisfied (or partially unsatisfied) performance obligations was \$230,600 million. We expect to recognize revenue as we satisfy our remaining performance obligations as follows: 1) equipment-related remaining performance obligation of \$45,991 million of which 58%, 80% and 98% is expected to be recognized within 1, 2 and 5 years, respectively, and the remaining thereafter; and 2) services-related remaining performance obligations of \$184,608 million of which 14%, 45%, 65% and 81% is expected to be recognized within 1, 5, 10 and 15 years, respectively, and the remaining thereafter. Contract modifications could affect both the timing to complete as well as the amount to be received as we fulfill the related remaining performance obligations.

Total sales of goods and services to agencies of the U.S. Government were 7%, 5% and 5% of GE Industrial revenues for the years ended December 31, 2020, 2019 and 2018, respectively. Within our Aviation segment, defense-related sales were 6%, 5% and 4% of GE Industrial revenues for the years ended December 31, 2020, 2019 and 2018, respectively.

| <b>PROFIT AND EARNINGS For the years ended December 31</b>                                     | <b>2020</b>     | <b>2019</b>       | <b>2018</b>        |
|--|-----------------|-------------------|--------------------|
| Power  | \$ 274          | \$ 291            | (1,105)            |
| Renewable Energy   | (715)           | (791)             | 140                |
| Aviation   | 1,229           | 6,812             | 6,454              |
| Healthcare   | 3,060           | 3,737             | 3,522              |
| Capital  | (1,710)         | (530)             | (489)              |
| <b>Total segment profit</b>  | <b>2,138</b>    | <b>9,519</b>      | <b>8,521</b>       |
| Corporate items and eliminations   | 8,239           | (1,825)           | (2,201)            |
| GE Industrial goodwill impairments   | (877)           | (1,486)           | (22,136)           |
| GE Industrial interest and other financial charges   | (1,333)         | (2,115)           | (2,415)            |
| GE Industrial non-operating benefit costs  | (2,424)         | (2,828)           | (2,740)            |
| GE Industrial provision for income taxes   | (388)           | (1,309)           | (467)              |
| <b>Earnings (loss) from continuing operations attributable to GE common shareholders</b>       | <b>5,355</b>    | <b>(44)</b>       | <b>(21,438)</b>    |
| Earnings (loss) from discontinued operations, net of taxes                                     | (125)           | (5,335)           | (1,363)            |
| Less net earnings (loss) attributable to noncontrolling interests, discontinued operations     | -               | 60                | 1                  |
| <b>Earnings (loss) from discontinued operations, net of taxes and noncontrolling interests</b> | <b>(125)</b>    | <b>(5,395)</b>    | <b>(1,364)</b>     |
| <b>Consolidated net earnings (loss) attributable to GE common shareholders</b>                 | <b>\$ 5,230</b> | <b>\$ (5,439)</b> | <b>\$ (22,802)</b> |



| For the years ended December 31     | Interest and other financial charges |                 |                 | Benefit (provision) for income taxes |                 |                |
|-------------------------------------|--------------------------------------|-----------------|-----------------|--------------------------------------|-----------------|----------------|
|                                     | 2020                                 | 2019            | 2018            | 2020                                 | 2019            | 2018           |
| Capital                             | \$ 2,186                             | \$ 2,532        | \$ 2,982        | \$ 862                               | \$ 582          | \$ 374         |
| Corporate items and eliminations(a) | 1,087                                | 1,695           | 1,784           | (388)                                | (1,309)         | (467)          |
| <b>Total</b>                        | <b>\$ 3,273</b>                      | <b>\$ 4,227</b> | <b>\$ 4,766</b> | <b>\$ 474</b>                        | <b>\$ (726)</b> | <b>\$ (93)</b> |

(a)Included amounts for Power, Renewable Energy, Aviation and Healthcare, for which our measure of segment profit excludes interest and other financial charges and income taxes.

|                                     | Assets            |                   |                   | Property, plant and equipment additions(a) |                 |                 | Depreciation and amortization(b) |                 |                 |
|-------------------------------------|-------------------|-------------------|-------------------|--|-----------------|-----------------|----------------------------------|-----------------|-----------------|
|                                     | At December 31    |                   |                   | For the years ended December 31            |                 |                 | For the years ended December 31  |                 |                 |
|                                     | 2020              | 2019              | 2018              | 2020                                       | 2019            | 2018            | 2020                             | 2019            | 2018            |
| Power                               | \$ 24,453         | \$ 26,731         | \$ 27,389         | \$ 245                                     | \$ 277          | \$ 358          | \$ 749                           | \$ 880          | \$ 1,307        |
| Renewable Energy                    | 15,927            | 15,935            | 16,400            | 302  | 455             | 303             | 413                              | 425             | 474             |
| Aviation                            | 38,634            | 41,083            | 37,488            | 737  | 1,031           | 1,070           | 1,142                            | 1,150           | 1,042           |
| Healthcare                          | 22,229            | 30,503            | 28,037            | 256  | 395             | 378             | 628                              | 702             | 832             |
| Capital(c)                          | 113,526           | 117,546           | 119,329           | 1,765                                      | 3,830           | 4,569           | 2,590                            | 2,083           | 2,163           |
| Corporate items and eliminations(d) | 35,151            | 29,269            | 18,043            | (51)                                       | (175)           | (46)            | 494                              | 355             | 763             |
| <b>Total continuing</b>             | <b>\$ 249,920</b> | <b>\$ 261,068</b> | <b>\$ 246,686</b> | <b>\$ 3,252</b>                            | <b>\$ 5,813</b> | <b>\$ 6,632</b> | <b>\$ 6,018</b>                  | <b>\$ 5,595</b> | <b>\$ 6,582</b> |

(a)Additions to property, plant and equipment include amounts relating to principal businesses purchased.

(b)Included amortization expense related to intangible assets.

(c)Included Capital deferred income taxes that are presented as assets for purposes of our balance sheet presentation.

(d)Included GE Industrial deferred income taxes that are presented as assets for purposes of our balance sheet presentation.

We classify certain assets that cannot meaningfully be associated with specific geographic areas as "Other Global" for this purpose.

| December 31                                 | 2020              | 2019              |
|---|-------------------|-------------------|
| <b>U.S.</b>                                 | \$ 148,963        | \$ 143,534        |
| <b>Non-U.S.</b>                             |                   |                   |
| Europe                                      | 58,301            | 70,565            |
| Asia  | 20,630            | 22,089            |
| Americas                                    | 10,795            | 13,435            |
| Other Global                                | 11,230            | 11,445            |
| Total Non-U.S.                              | \$ 100,956        | \$ 117,534        |
| <b>Total assets (Continuing Operations)</b> | <b>\$ 249,920</b> | <b>\$ 261,068</b> |

The decrease in continuing assets in 2020 was primarily driven by lower volume and the impact of COVID-19, higher net repayment of borrowings, and funding of the GE Pension Plan. The sale of our BioPharma business caused a decrease in assets in different regions, but was more than offset by the proceeds from the sale in the U.S.

Property, plant and equipment - net associated with operations based in the United States were \$13,010 million and \$13,447 million at December 31, 2020 and 2019, respectively. Property, plant and equipment - net associated with operations based outside the United States were \$31,651 million and \$32,432 million at December 31, 2020 and 2019, respectively.

**NOTE 26. BAKER HUGHES SUMMARIZED FINANCIAL INFORMATION.** We account for our remaining interest in Baker Hughes (comprising 349.4 million shares with 33.8% ownership and a promissory note receivable as of December 31, 2020) at fair value. The fair value of our interest in Baker Hughes at December 31, 2020 and 2019, was \$7,319 million and \$9,888 million, respectively. We recognized a realized and unrealized pre-tax loss of \$2,037 million (\$1,562 million after-tax) based on a share price of \$20.85 and a pre-tax unrealized gain of \$793 million (\$626 million after-tax) based on a share price of \$25.63 for the years ended December 31, 2020 and 2019, respectively. The 2020 loss included a \$54 million pre-tax derivative loss associated with the forward sale of Baker Hughes shares pursuant to our previously announced program to monetize our Baker Hughes position. In October 2020, we completed a forward sale of 28 million shares and received proceeds of \$417 million. In January 2021, we completed a forward sale of 38 million shares and received proceeds of \$735 million. See Notes 2 and 3 for further information.

Summarized financial information of Baker Hughes is as follows.

| <b>For the years ended December 31</b>       | <b>2020</b> | <b>2019(a)</b> |
|--|-------------|----------------|
| Revenues                                     | \$ 20,705   | \$ 7,751       |
| Gross Profit                                 | 3,199       | 1,558          |
| Net income (loss)                            | (15,761)    | 120            |
| Net income (loss) attributable to the entity | (9,940)     | 60             |

(a) Financial information is from September 16, 2019 (date of deconsolidation) to December 31, 2019.

| <b>As of December 31</b>        | <b>2020</b>      | <b>2019</b>      |
|---------------------------------|------------------|------------------|
| Current                         | \$ 16,455        | \$ 15,222        |
| Noncurrent                      | 21,552           | 38,147           |
| <b>Total assets</b>             | <b>\$ 38,007</b> | <b>\$ 53,369</b> |
| Current                         | \$ 10,227        | \$ 10,014        |
| Noncurrent                      | 9,538            | 8,857            |
| <b>Total liabilities</b>        | <b>\$ 19,765</b> | <b>\$ 18,871</b> |
| <b>Noncontrolling interests</b> | <b>\$ 5,349</b>  | <b>\$ 12,570</b> |

Baker Hughes is a SEC registrant with separate filing requirements, and its financial information can be obtained from [www.sec.gov](http://www.sec.gov) or [www.bakerhughes.com](http://www.bakerhughes.com).

## DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information about our Executive Officers (As of February 1, 2021)

| Name                  | Position  | Age | Date assumed Executive Officer Position |
|-----------------------|---|-----|---|
| H. Lawrence Culp, Jr. | Chairman of the Board & Chief Executive Officer   | 57  | October 2018                            |
| Carolina Dybeck Happe | Senior Vice President & Chief Financial Officer   | 48  | March 2020                              |
| Michael J. Holston    | Senior Vice President, General Counsel & Secretary  | 58  | April 2018                              |
| David L. Joyce        | Vice Chairman of General Electric Company   | 64  | September 2016                          |
| L. Kevin Cox          | Senior Vice President, Chief Human Resources Officer  | 57  | February 2019                           |
| Kieran P. Murphy      | Senior Vice President of General Electric Company;<br>President & CEO, GE Healthcare  | 57  | September 2018                          |
| Jérôme X. Péresse     | Senior Vice President of General Electric Company;<br>President & CEO, GE Renewable Energy                                    | 53  | September 2018                          |
| John Slattery         | Senior Vice President of General Electric Company;<br>President & CEO, GE Aviation  | 52  | September 2020                          |
| Russell Stokes        | Senior Vice President of General Electric Company;<br>President & CEO, GE Aviation Services, and Chairman, GE Power Portfolio | 49  | September 2018                          |
| Scott L. Strazik      | Senior Vice President of General Electric Company;<br>CEO, GE Gas Power   | 42  | January 2019                            |
| Thomas S. Timko       | Vice President, Controller & Chief Accounting Officer   | 52  | September 2018                          |

All Executive Officers are elected by the Board of Directors for an initial term that continues until the Board meeting immediately preceding the next annual statutory meeting of shareholders, and thereafter are elected for one-year terms or until their successors have been elected. All Executive Officers have been executives of General Electric Company for the last five years except for Messrs. Culp, Cox, Holston, Slattery and Timko, and Ms. Dybeck Happe.

Prior to joining GE in April 2018 as an independent director and being elected to the position of Chairman and CEO in October 2018, Mr. Culp served as CEO at Danaher Corp. (2001-2014); as a senior advisor at Danaher Corp. (2014-2016); as a senior lecturer at Harvard Business School (2015-2018); and as a senior adviser at Bain Capital Private Equity, LP (2017-2018).

Prior to joining GE in February 2019, Mr. Cox had been Chief Human Resources Officer at American Express since 2005.

Prior to joining GE in March 2020, Ms. Dybeck Happe had been Chief Financial Officer of A.P. Moller - Maersk A/S since 2019 after serving as Chief Financial Officer of Assa Abloy AB since 2012 until 2018.

Prior to joining GE in April 2018, Mr. Holston had been general counsel at Merck since 2015, after joining the drugmaker as chief ethics and compliance officer in 2012.

Prior to joining GE in July 2020, Mr. Slattery had been President and Chief Executive Officer of Commercial Aviation for Embraer, S.A. since 2016 after serving as the Chief Commercial Officer for Embraer Commercial Aviation since 2012.

Prior to joining GE in September 2018, Mr. Timko was Vice President, Controller and Chief Accounting Officer at General Motors since 2013.

The remaining information called for by this item is incorporated by reference to "Election of Directors," "Other Governance Policies & Practices" and "Board Operations" in our definitive proxy statement for our 2021 Annual Meeting of Shareholders to be held May 4, 2021, which will be filed within 120 days of the end of our fiscal year ended December 31, 2020 (the 2021 Proxy Statement).

## EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

### (a)1. Financial Statements

Included in the "Financial Statements and Supplementary Data" section of this report:

Management's Annual Report on Internal Control Over Financial Reporting

Report of Independent Registered Public Accounting Firm

Statement of Earnings (Loss) for the years ended December 31, 2020, 2019 and 2018

Statement of Financial Position at December 31, 2020 and 2019

Statement of Cash Flows for the years ended December 31, 2020, 2019 and 2018

Statement of Comprehensive Income (Loss) for the years ended December 31, 2020, 2019 and 2018

Statement of Changes in Shareholders' Equity for the years ended December 31, 2020, 2019 and 2018

Notes to consolidated financial statements

Management's Discussion and Analysis of Financial Condition and Results of Operations - Summary of Operating Segments

### (a)2. Financial Statement Schedules

The schedules listed in Reg. 210.5-04 have been omitted because they are not applicable or the required information is shown in the consolidated financial statements or notes thereto.

### (a)3. Exhibit Index

| Exhibit Number | Description  |
|----------------|--|
| 2(a)           | Transaction Agreement and Plan of Merger dated as of October 30, 2016 among General Electric, Baker Hughes Incorporated, Bear Mergersub, Inc. and Bear Newco, Inc. (Incorporated by reference to Exhibit 2.1 to GE's Current Report on Form 8-K, dated November 3, 2016 (Commission file number 001-00035)).   |
| 2(b)           | Amendment to Transaction Agreement and Plan of Merger dated March 27, 2017 between General Electric Company, Baker Hughes Incorporated, Bear Newco, Inc., Bear MergerSub, Inc., BHI Newco, Inc., and Bear MergerSub 2, Inc. (Incorporated by reference to Bear Newco, Inc.'s Registration Statement on Form S-4, pages A-II-I through G-16, filed pursuant to Rule 424(b)(3) on May 30, 2017 (Commission file number 333-216991)).   |
| 3(i)           | The Restated Certificate of Incorporation of General Electric Company (Incorporated by reference to Exhibit 3(i) to GE's Annual Report on Form 10-K for the fiscal year ended December 31, 2013), as amended by the Certificate of Amendment, dated December 2, 2015 (Incorporated by reference to Exhibit 3.1 to GE's Current Report on Form 8-K, dated December 3, 2015), as further amended by the Certificate of Amendment, dated January 19, 2016 (Incorporated by reference to Exhibit 3.1 to GE's Current Report on Form 8-K, dated January 20, 2016), as further amended by the Certificate of Change of General Electric Company (Incorporated by reference to Exhibit 3(1) to GE's Current Report on Form 8-K, dated September 1, 2016, as further amended by the Certificate of Amendment, dated May 13, 2019 (Incorporated by reference to Exhibit 3.1 to GE's Current Report on Form 8-K, dated May 13, 2019), and as further amended by the Certificate of Change of General Electric Company (Incorporated by reference to Exhibit 3.1 to GE's Current Report on Form 8-K, dated December 9, 2019) (in each case, under Commission file number 001-00035)). |
| 3(ii)          | The By-Laws of General Electric Company, as amended on May 13, 2019 (Incorporated by reference to Exhibit 3.2 to GE's Current Report on Form 8-K dated May 13, 2019) (Commission file number 001-00035)).  |
| 4(a)           | Amended and Restated General Electric Capital Corporation Standard Global Multiple Series Indenture Provisions dated as of February 27, 1997 (Incorporated by reference to Exhibit 4(a) to General Electric Capital Corporation's Registration Statement on Form S-3, File No. 333-59707 (Commission file number 001-06461)).  |
| 4(b)           | Third Amended and Restated Indenture dated as of February 27, 1997, between General Electric Capital Corporation and The Bank of New York Mellon, as successor trustee (Incorporated by reference to Exhibit 4(c) to General Electric Capital Corporation's Registration Statement on Form S-3, File No. 333-59707 (Commission file number 001-06461)).  |
| 4(c)           | First Supplemental Indenture dated as of May 3, 1999, supplemental to Third Amended and Restated Indenture dated as of February 27, 1997 (Incorporated by reference to Exhibit 4(dd) to General Electric Capital Corporation's Post-Effective Amendment No. 1 to Registration Statement on Form S-3, File No. 333-76479 (Commission file number 001-06461)).   |
| 4(d)           | Second Supplemental Indenture dated as of July 2, 2001, supplemental to Third Amended and Restated Indenture dated as of February 27, 1997 (Incorporated by reference to Exhibit 4(f) to General Electric Capital Corporation's Post-Effective Amendment No. 1 to Registration Statement on Form S-3, File No. 333-40880 (Commission file number 001-06461)).  |
| 4(e)           | Third Supplemental Indenture dated as of November 22, 2002, supplemental to Third Amended and Restated Indenture dated as of February 27, 1997 (Incorporated by reference to Exhibit 4(cc) to General Electric Capital Corporation's Post-Effective Amendment No. 1 to the Registration Statement on Form S-3, File No. 333-100527 (Commission file number 001-06461)).  |
| 4(f)           | Fourth Supplemental Indenture dated as of August 24, 2007, supplemental to Third Amended and Restated Indenture dated as of February 27, 1997 (Incorporated by reference to Exhibit 4(g) to General Electric Capital Corporation's Registration Statement on Form S-3, File number 333-156929 (Commission file number 001-06461)).   |
| 4(g)           | Senior Note Indenture, dated October 9, 2012, by and between the Company and The Bank of New York Mellon, as trustee (Incorporated by reference to Exhibit 4.1 of GE's Current Report on Form 8-K dated October 9, 2012 (Commission file number 001-00035)).   |
| 4(h)           | Indenture dated as of October 26, 2015, among GE Capital International Funding Company, as issuer, General Electric Company and General Electric Capital Corporation, as guarantors and The Bank of New York Mellon, as trustee (Incorporated by reference to Exhibit 99 to General Electric's Current Report on Form 8-K filed on October 26, 2015 (Commission file number 001-00035)).   |

- 4(i) Global Supplemental Indenture dated as of April 10, 2015, among General Electric Capital Corporation, General Electric Company and The Bank of New York Mellon, as trustee. (Incorporated by reference to Exhibit 4(i) to GE's Annual Report on Form 10-K for the fiscal year ended December 31, 2015 (Commission file number 001-00035)).
- 4(j) Second Global Supplemental Indenture dated as of December 2, 2015, among General Electric Capital Corporation, General Electric Company and The Bank of New York Mellon, as successor trustee (Incorporated by reference to Exhibit 4.2 to General Electric's Current Report on Form 8-K filed on December 3, 2015 (Commission file number 001-00035)).
- 4(k) Agreement to furnish to the Securities and Exchange Commission upon request a copy of instruments defining the rights of holders of certain long-term debt of the registrant and consolidated subsidiaries.\*
- 4(l) Description of the Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934.\*
- (10) Except for 10(gg) and (hh) below, all of the following exhibits consist of Executive Compensation Plans or Arrangements:
- (a) General Electric Incentive Compensation Plan, as amended effective July 1, 1991 (Incorporated by reference to Exhibit 10(a) to GE's Annual Report on Form 10-K for the fiscal year ended December 31, 1991 (Commission file number 001-00035)).
  - (b) General Electric Financial Planning Program, as amended through September 1993 (Incorporated by reference to Exhibit 10(h) to GE's Annual Report on Form 10-K for the fiscal year ended December 31, 1993 (Commission file number 001-00035)).
  - (c) General Electric Executive Life Insurance Plan, as amended and restated January 1, 2020.\*
  - (d) General Electric Directors' Charitable Gift Plan, as amended through December 2002 (Incorporated by reference to Exhibit 10(i) to GE's Annual Report on Form 10-K for the fiscal year ended December 31, 2002 (Commission file number 001-00035)).
  - (e) General Electric Leadership Life Insurance Program, effective January 1, 1994 (Incorporated by reference to Exhibit 10(r) to GE's Annual Report on Form 10-K for the fiscal year ended December 31, 1993 (Commission file number 001-00035)).
  - (f) General Electric Supplementary Pension Plan, as amended effective January 1, 2020.\*
  - (g) General Electric Restoration Plan, effective January 1, 2021.\*
  - (h) General Electric 2003 Non-Employee Director Compensation Plan, Amended and Restated as of December 7, 2018 (Incorporated by reference to Exhibit 10(g) to GE's Annual Report on Form 10-K for the fiscal year ended December 31, 2018 (Commission file number 001-00035)).
  - (i) Form of Director Indemnification Agreement (Incorporated by reference to Exhibit 10(cc) to GE's Annual Report on Form 10-K for the fiscal year ended December 31, 2018 (Commission file number 001-00035)).
  - (j) Amendment to Nonqualified Deferred Compensation Plans, dated as of December 14, 2004 (Incorporated by reference to Exhibit 10(w) to the GE's Annual Report on Form 10-K for the fiscal year ended December 31, 2004 (Commission file number 001-00035)).
  - (k) GE Retirement for the Good of the Company Program, as amended effective January 1, 2018.\*
  - (l) GE US Executive Severance Plan, effective January 1, 2021.\*
  - (m) GE Excess Benefits Plan, effective January 1, 2009 (Incorporated by reference to Exhibit 10(k) to GE's Annual Report on Form 10-K for the fiscal year ended December 31, 2008 (Commission file number 001-00035)).
  - (n) Amendment to GE Excess Benefits Plan, effective December 31, 2020.\*
  - (o) General Electric 2006 Executive Deferred Salary Plan, as amended January 1, 2009 (Incorporated by reference to Exhibit 10(l) to GE's Annual Report on Form 10-K for the fiscal year ended December 31, 2008 (Commission file number 001-00035)).
  - (p) GE 2007 Long-Term Incentive Plan as amended and restated April 26, 2017, and as further amended and restated February 15, 2019 (Incorporated by reference to Exhibit 10(l) to GE's Annual Report on Form 10-K for the fiscal year ended December 31, 2018 (Commission file number 001-00035)).
  - (q) Amendment, dated August 18, 2020, to the GE 2007 Long-Term Incentive Plan (as amended and restated April 26, 2017, and as further amended and restated February 15, 2019) (Incorporated by reference to Exhibit 10(c) to GE's Quarterly Report on Form 10-Q for the quarter ended September 30, 2020 (Commission file number 001-00035)).
  - (r) Form of Agreement for Stock Option Grants to Executive Officers under the General Electric Company 2007 Long-Term Incentive Plan, as of March 2020.\*
  - (s) Form of Agreement for Restricted Stock Unit Grants to Executive Officers under the General Electric Company 2007 Long-Term Incentive Plan, as of March 2020.\*
  - (t) Form of Agreement for Leadership Restricted Stock Unit Grants to Executive Officers under the General Electric Company 2007 Long-Term Incentive Plan, as of September 2020.\*
  - (u) Form of Agreement for Performance Stock Unit Grants to Executive Officers in 2019 under the General Electric Company 2007 Long-Term Incentive Plan (Incorporated by reference to Exhibit 10(r) to GE's Annual Report on Form 10-K for the fiscal year ended December 31, 2019 (Commission file number 001-00035)).
  - (v) Form of Agreement for Performance Stock Unit Grants to Executive Officers in 2020 under the General Electric Company 2007 Long-Term Incentive Plan.\*
  - (w) General Electric International Employee Stock Purchase Plan, as amended and restated on April 25, 2018 (Incorporated by reference to Exhibit 99.1 to GE's Registration Statement on Form S-8, dated May 1, 2018, File No. 333-224587 (Commission file number 001-00035)).
  - (x) General Electric Company Annual Executive Incentive Plan, effective January 1, 2020 (Incorporated by reference to Exhibit 10(a) to GE's Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 (Commission file number 001-00035)).

- (y) Employment Agreement between H. Lawrence Culp, Jr. and General Electric Company, effective October 1, 2018 (Incorporated by reference to Exhibit 10(z) to GE's Annual Report on Form 10-K for the fiscal year ended December 31, 2018 (Commission file number 001-00035)).
- (z) Amendment No.1, effective August 18, 2020, to the Employment Agreement between H. Lawrence Culp, Jr. and General Electric Company, effective October 1, 2018 (Incorporated by reference to Exhibit 10.1 to General Electric Company's Current Report on Form 8-K, dated August 20, 2020 (Commission file number 001-00035)).
- (aa) Performance Share Grant Agreement for H. Lawrence Culp, Jr., dated August 18, 2020 (Incorporated by reference to Exhibit 10.2 to General Electric Company's Current Report on Form 8-K, dated August 20, 2020 (Commission file number 001-00035)).
- (bb) Employment Agreement between Carolina Dybeck Happe and General Electric Company, effective November 24, 2019 (Incorporated by reference to Exhibit 10(z) to GE's Annual Report on Form 10-K for the fiscal year ended December 31, 2019 (Commission file number 001-00035)).
- (cc) Memorandum of Understanding between General Electric Company and Carolina Dybeck Happe, effective March 1, 2020 (Incorporated by reference to Exhibit 10(c) to GE's Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 (Commission file number 001-00035)).
- (dd) Amendment No. 1, effective September 2, 2020, to the Employment Agreement between Carolina Dybeck Happe and General Electric Company, effective November 24, 2019 (Incorporated by reference to Exhibit 10(d) to GE's Quarterly Report on Form 10-Q for the quarter ended September 30, 2020 (Commission file number 001-00035)).
- (ee) Performance Stock Unit Grant Agreement for Carolina Dybeck Happe, dated September 3, 2020 (Incorporated by reference to Exhibit 10(e) to GE's Quarterly Report on Form 10-Q for the quarter ended September 30, 2020 (Commission file number 001-00035)).
- (ff) Separation Agreement & Release between General Electric Company and Jamie Miller, dated February 17, 2020 (Incorporated by reference to Exhibit 1.01 to GE's Current Report on Form 8-K, dated February 20, 2020 (Commission file number 001-00035)).
- (gg) Amended and Restated Agreement, dated April 10, 2015, between General Electric Company and General Electric Capital Corporation (Incorporated by reference to Exhibit 10 to GE's Current Report on Form 8-K, dated April 10, 2015 (Commission file number 001-00035)).
- (hh) Three-Year Credit Agreement, dated as of April 17, 2020, among General Electric Company, as the Borrower, JPMorgan Chase, N.A., as Administrative Agent, and the lenders party thereto (Incorporated by reference to Exhibit 10.1 to GE's Current Report on Form 8-K, dated April 20, 2020 (Commission file number 001-00035)).
- (11) Statement re Computation of Per Share Earnings.\*\*
- (21) Subsidiaries of Registrant.\*
- (22) List of Subsidiary Guarantors and Issuers of Guaranteed Securities.\*
- (23) Consent of Independent Registered Public Accounting Firm.\*
- (24) Power of Attorney.\*
- 31(a) Certification Pursuant to Rules 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as amended.\*
- 31(b) Certification Pursuant to Rules 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as amended.\*
- (32) Certification Pursuant to 18 U.S.C. Section 1350.\*
- 99(a) Undertaking for Inclusion in Registration Statements on Form S-8 of General Electric Company (Incorporated by reference to Exhibit 99(b) to General Electric Annual Report on Form 10-K (Commission file number 001-00035) for the fiscal year ended December 31, 1992).
- 99(b) Computation of Ratio of Earnings to Fixed Charges (Incorporated by reference to Exhibit 12(a) to GE Capital's Annual Report on Form 10-K for the fiscal year ended December 31, 2014 (Commission file number 001-06461)).
- 99(c) Supplement to Present Required Information in Searchable Format.\*
- (101) The following materials from General Electric Company's Annual Report on Form 10-K for the year ended December 31, 2020, formatted as Inline XBRL (eXtensible Business Reporting Language): (i) Statement of Earnings (Loss) for the years ended December 31, 2020, 2019 and 2018, (ii) Statement of Financial Position at December 31, 2020 and 2019, (iii) Statement of Cash Flows for the years ended December 31, 2020, 2019 and 2018, (iv) Statement of Comprehensive Income (Loss) for the years ended December 31, 2020, 2019 and 2018, (v) Statement of Changes in Shareholders' Equity for the years ended December 31, 2020, 2019 and 2018, and (vi) the Notes to Consolidated Financial Statements.\*
- (104) Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).
- \* Filed electronically herewith.
- \*\* Information required to be presented in Exhibit 11 is provided in Note 18 to the consolidated financial statements in this Form 10-K Report in accordance with the provisions of Financial Accounting Standards Board Accounting Standards Codification 260, *Earnings Per Share*.



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(a) Incorporated by reference to "Compensation" in the 2021 Proxy Statement.

(b) Incorporated by reference to "Stock Ownership Information" in the 2021 Proxy Statement.

(c) Incorporated by reference to "Related Person Transactions" and "How We Assess Director Independence" in the 2021 Proxy Statement.

(d) Incorporated by reference to "Independent Auditor Information" in the 2021 Proxy Statement.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this annual report on Form 10-K for the fiscal year ended December 31, 2020, to be signed on its behalf by the undersigned, and in the capacities indicated, thereunto duly authorized in the City of Boston and Commonwealth of Massachusetts on the 12<sup>th</sup> day of February 2021.

General Electric Company  
(Registrant)

By /s/ Thomas S. Timko  
Thomas S. Timko  
Vice President, Chief Accounting Officer and  
Controller  
(Principal Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

| Signer  | Title                        | Date              |
|---|------------------------------|-------------------|
| <u>/s/ Carolina Dybeck Happe</u><br>Carolina Dybeck Happe<br>Senior Vice President and<br>Chief Financial Officer | Principal Financial Officer  | February 12, 2021 |
| <u>/s/ Thomas S. Timko</u><br>Thomas S. Timko<br>Vice President, Chief Accounting Officer and<br>Controller       | Principal Accounting Officer | February 12, 2021 |
| <u>/s/ H. Lawrence Culp, Jr.</u><br>H. Lawrence Culp, Jr.*<br>Chairman of the Board of Directors                  | Principal Executive Officer  | February 12, 2021 |
| Sébastien M. Bazin*   | Director                     |                   |
| Ashton B. Carter  | Director                     |                   |
| Francisco D'Souza*  | Director                     |                   |
| Edward P. Garden*   | Director                     |                   |
| Thomas W. Horton*   | Director                     |                   |
| Risa Lavizzo-Mourey*  | Director                     |                   |
| Catherine A. Lesjak*  | Director                     |                   |
| Paula Rosput Reynolds*  | Director                     |                   |
| Leslie F. Seidman*  | Director                     |                   |
| James S. Tisch*   | Director                     |                   |

A majority of the Board of Directors

\*By /s/ Christoph A. Pereira  
Christoph A. Pereira  
Attorney-in-fact  
February 12, 2021



**Jennifer B. VanBelle**  
Vice President and GE Treasurer

General Electric Company  
901 Main Avenue  
Norwalk, CT 06856

Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

February 12, 2021

Subject: General Electric Company Annual Report on Form 10-K for the fiscal year ended December 31, 2020 - File No. 001-00035

Dear Sirs:

Neither General Electric Company (the "Company") nor any of its consolidated subsidiaries has outstanding any instrument with respect to its long-term debt, other than those filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2020, under which the total amount of securities authorized exceeds 10% of the total assets of the registrant and its subsidiaries on a consolidated basis. In accordance with paragraph (b)(4)(iii) of Item 601 of Regulation S-K (17 CFR Sec. 229.601), the Company hereby agrees to furnish to the Securities and Exchange Commission, upon request, a copy of each instrument that defines the rights of holders of such long-term debt not filed or incorporated by reference as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

Very truly yours,

GENERAL ELECTRIC COMPANY

/s/ Jennifer B. VanBelle  
\_\_\_\_\_  
Jennifer B. VanBelle  
Vice President and GE Treasurer

**DESCRIPTION OF THE REGISTRANT'S SECURITIES  
REGISTERED PURSUANT TO SECTION 12 OF THE  
SECURITIES EXCHANGE ACT OF 1934**

As of December 31, 2020, General Electric Company ("GE," the "Company," "we," "us" or "our") had eight classes of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"): our Class A common stock par value \$0.06 per share, (the "common stock"), our 0.375% Notes due 2022 (the "2022 Notes"), our 1.250% Notes due 2023 (the "2023 Notes"), our 0.875% Notes due 2025 (the "2025 Notes"), our 1.875% Notes due 2027 (the "2027 Notes"), our 1.500% Notes due 2029 (the "2029 Notes"), our 2.125% Notes due 2037 (the "2037 Notes" and, together with the 2022 Notes, the 2023 Notes, the 2025 Notes, the 2027 Notes, the 2029 Notes and 2037 Notes, the "Euro Notes"), and the 7 1/2% Guaranteed Subordinated Notes due 2035 originally issued by General Electric Capital Services, Inc. ("GECS") and guaranteed by GE (the "Dollar Notes"). The Euro Notes and the Dollar Notes are together referred to as the "notes."

**DESCRIPTION OF COMMON STOCK**

The following description of GE common stock is a summary, does not purport to be complete and is subject to the provisions of our Certificate of Incorporation, our By-laws and the relevant provisions of the law of the State of New York.

**Authorized Common Stock**

We are currently authorized to issue up to 13,200,000,000 shares of common stock, par value \$0.06 per share.

**General**

The GE common stock is not redeemable, has no subscription or conversion rights and does not entitle the holder to any preemptive rights.

Holders of GE common stock are entitled to share ratably in any dividends and in any assets available for distribution on liquidation, dissolution or winding-up, subject to the preferential rights of the holders of any preferred stock that may be issued.

Dividends may be paid on GE common stock out of funds legally available for dividends, when and if declared by GE's board of directors.

EQ Shareowner Services is the transfer agent and registrar for the common stock

**Certain Provisions of the Company's Restated Certificate of Incorporation and By-Laws**

Each share of GE common stock entitles the holder of record to one vote at all meetings of shareholders, and the votes are noncumulative. For business to be properly brought by a shareholder before the annual meeting of shareholders, the shareholder must give timely notice thereof in writing to the Secretary of the Company and such business must otherwise be a proper

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matter for shareholder action. To be timely, a shareholder's notice of intention to make a nomination or to propose other business at the annual meeting must either (i) be sent to the Company in compliance with the requirements of SEC Rule 14a-8, if the proposal is submitted under such rule, or (ii) if not, be mailed and received by, or delivered to, the Secretary at the principal executive offices of the Company not earlier than the 150th day and not later than the close of business on the 120th day prior to the anniversary of the date the Company commenced mailing of its proxy materials in connection with the most recent annual meeting of shareholders or, if the date of the annual meeting of shareholders is more than 30 days earlier or later than the anniversary date of the most recent annual meeting of shareholders, then not later than the close of business on the earlier of (a) the 10th day after public disclosure of the meeting date, or (b) the 60th day prior to the date the Company commences mailing of its proxy materials in connection with the annual meeting of shareholders.

Special meetings of the shareholders may be called by GE's board of directors, or by the Secretary of the Company upon the written request therefor of shareholders holding ten percent of the then issued stock of the Company entitled to vote generally in the election of directors, filed with the Secretary of the Company. A shareholder request for a special meeting must state the purpose(s) of the proposed meeting and must include the information required for business to be properly brought by a shareholder before the annual meeting of shareholders as set forth in the By-laws with respect to any director nominations or other business proposed to be presented at such special meeting and as to the shareholder(s) requesting such meeting. Business transacted at a special meeting requested by shareholders will be limited to the purpose(s) stated in the request; provided, however, that nothing in the Company By-Laws prohibits GE's board of directors from submitting matters to the shareholders at any special meeting requested by shareholders.

Our By-laws may be amended or repealed, and new By-laws may be adopted, by the shareholders or by GE's board of directors, except that GE's board of directors has no authority to amend or repeal any By-law which is adopted by the shareholders after April 20, 1948, unless such authority is granted to the GE board of directors by the specific provisions of a By-law adopted by the shareholders.

## DESCRIPTION OF EURO NOTES

The following description of the particular terms of the Euro Notes is a summary and does not purport to be complete. We encourage you to read the applicable indenture for additional information.

### General

The Euro Notes were issued under the senior note indenture, dated October 9, 2012 (the “Euro Notes Base Indenture”), between us and The Bank of New York Mellon, as trustee (the “Euro Notes Trustee”), as supplemented and amended in respect of the 2023 Notes and the 2027 Notes by the officer’s certificate dated as of May 28, 2015 and in respect of the 2022 Notes, the 2025 Notes, the 2029 Notes, and the 2037 Notes by the officer’s certificate dated as of May 17, 2017 (the Euro Notes Base Indenture as so supplemented and amended, the “Euro Notes Indenture”). As of January 31, 2021, we had outstanding a total of €816,383,000 aggregate principal amount of 2022 Notes that will mature on May 17, 2022, €766,050,000 aggregate principal amount of 2023 Notes that will mature on May 26, 2023, €2,000,000,000 aggregate principal amount of 2025 Notes that will mature on May 17, 2025, €875,937,000 aggregate principal amount of 2027 Notes that will mature on May 28, 2027, €1,465,943,000 aggregate principal amount of 2029 Notes that will mature on May 17, 2029 and €1,007,514,000 aggregate principal amount of 2037 Notes that will mature on May 17, 2037.

The statements under this heading are subject to the detailed provisions of the Euro Notes Indenture. Wherever particular provisions of the Euro Notes Indenture or terms defined therein are referred to, such provisions or definitions are incorporated by reference as a part of the statements made and the statements are qualified in their entirety by such reference.

We may issue Euro Notes at any time and from time to time in one or more series under the Euro Notes Indenture. The Euro Notes Indenture give us the ability to reopen a previous issue of a series of Euro Notes and issue additional Euro Notes of the same series, subject to compliance with the applicable requirements set forth in the Euro Notes Indenture. The Euro Notes Indenture does not limit the amount of Euro Notes or other secured or unsecured debt that we or our subsidiaries may issue.

The Euro Notes are unsecured and rank equally with our other unsecured and unsubordinated indebtedness. The Euro Notes were issued only in fully registered, book entry form, in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof.

The term “business day” as used with respect to the Euro Notes means any day, other than a Saturday or Sunday, (i) which is not a day on which banking institutions in The City of New York or London are authorized or required by law or executive order to close and (ii) on which the Trans-European Automated Real-time Gross Settlement Express Transfer system, or the TARGET2 system, or any successor thereto, operates.



## **Listing**

Each series of Euro Notes is listed on the NYSE. We have no obligation to maintain such listing, and we may delist one or more series of the Euro Notes at any time.

## **Interest**

The 2022 Notes bear interest from May 17, 2017 at the annual rate of 0.375%. We will pay interest on the 2022 Notes annually on May 17 of each year and on the maturity date of the 2022 Notes (each, a “2022 Notes Interest Payment Date”), to the persons in whose names the 2022 Notes are registered at the close of business on the 15th calendar day (whether or not a business day) immediately preceding the related 2022 Notes Interest Payment Date or, if the 2022 Notes are represented by one or more global notes, the close of business on the business day (for this purpose a day on which Clearstream and Euroclear are open for business) immediately preceding the 2022 Notes Interest Payment Date; provided, however, that interest payable on the maturity date of the 2022 Notes or any redemption date of the 2022 Notes shall be payable to the person to whom the principal of such notes shall be payable.

The 2023 Notes bear interest from May 28, 2015 at the annual rate 1.250%. We will pay interest on the 2023 Notes annually on May 26 of each year and on the maturity date of the 2023 Notes (each, a “2023 Notes Interest Payment Date”), to the persons in whose names the 2023 Notes are registered at the close of business on the 15th calendar day (whether or not a business day) immediately preceding the related 2023 Notes Interest Payment Date or, if the 2023 Notes are represented by one or more global notes, the close of business on the business day (for this purpose a day on which Clearstream and Euroclear are open for business) immediately preceding the 2023 Notes Interest Payment Date; provided, however, that interest payable on the maturity date of the 2023 Notes or any redemption date of the 2023 Notes shall be payable to the person to whom the principal of such notes shall be payable.

The 2025 Notes bear interest from May 17, 2017 at the annual rate of 0.875%. We will pay interest on the 2025 Notes annually on May 17 of each year and on the maturity date of the 2025 Notes (each, a “2025 Notes Interest Payment Date”), to the persons in whose names the 2025 Notes are registered at the close of business on the 15th calendar day (whether or not a business day) immediately preceding the related 2025 Notes Interest Payment Date or, if the 2025 Notes are represented by one or more global notes, the close of business on the business day (for this purpose a day on which Clearstream and Euroclear are open for business) immediately preceding the 2025 Notes Interest Payment Date; provided, however, that interest payable on the maturity date of the 2025 Notes or any redemption date of the 2025 Notes shall be payable to the person to whom the principal of such notes shall be payable.

The 2027 Notes bear interest from May 28, 2015 at the annual rate of 1.875%. We will pay interest on the 2027 Notes annually on May 28 of each year and on the maturity date of the 2027 Notes (each, a “2027 Notes Interest Payment Date”), to the persons in whose names the 2027 Notes are registered at the close of business on the 15th calendar day (whether or not a business day) immediately preceding the related 2027 Notes Interest Payment Date or, if the 2027 Notes are represented by one or more global notes, the close of business on the business

day (for this purpose a day on which Clearstream and Euroclear are open for business) immediately preceding the 2027 Notes Interest Payment Date; provided, however, that interest payable on the maturity date or any redemption date of the 2027 Notes shall be payable to the person to whom the principal of such notes shall be payable.

The 2029 Notes bear interest from May 17, 2017 at the annual rate of 1.500%. We will pay interest on the 2029 Notes annually on May 17 of each year and on the maturity date of the 2029 Notes (each, a “2029 Notes Interest Payment Date”), to the persons in whose names the 2029 Notes are registered at the close of business on the 15th calendar day (whether or not a business day) immediately preceding the related 2029 Notes Interest Payment Date or, if the 2029 Notes are represented by one or more global notes, the close of business on the business day (for this purpose a day on which Clearstream and Euroclear are open for business) immediately preceding the 2029 Notes Interest Payment Date; provided, however, that interest payable on the maturity date of the 2029 Notes or any redemption date of the 2029 Notes shall be payable to the person to whom the principal of such notes shall be payable.

The 2037 Notes bear interest from May 17, 2017 at the annual rate of 2.125%. We will pay interest on the 2037 Notes annually on May 17 of each year and on the maturity date of the 2037 Notes (each, a “2037 Notes Interest Payment Date” and, together with the 2022 Notes Interest Payment Date, the 2023 Notes Interest Payment Date, the 2025 Notes Interest Payment Date, the 2027 Notes Interest Payment Date and the 2029 Notes Interest Payment Date, a “Euro Notes Interest Payment Date”), to the persons in whose names the 2037 Notes are registered at the close of business on the 15th calendar day (whether or not a business day) immediately preceding the related 2037 Notes Interest Payment Date or, if the 2037 Notes are represented by one or more global notes, the close of business on the business day (for this purpose a day on which Clearstream and Euroclear are open for business) immediately preceding the 2037 Notes Interest Payment Date; provided, however, that interest payable on the maturity date of the 2037 Notes or any redemption date of the 2037 Notes shall be payable to the person to whom the principal of such notes shall be payable.

#### *Interest on the Euro Notes Generally*

Interest on the Euro Notes is computed on the basis of (i) the actual number of days in the period for which interest is being calculated and (ii) the actual number of days from and including the last date on which interest was paid on such series of Euro Notes, to but excluding the next scheduled Euro Notes Interest Payment Date for such series of Euro Notes, as the case may be. This payment convention is referred to as ACTUAL/ACTUAL (ICMA) as defined in the rulebook of the International Capital Markets Association.

Interest payable on the Euro Notes on any Euro Notes Interest Payment Date, redemption date or maturity date shall be the amount of interest accrued from, and including, the next preceding Euro Notes Interest Payment Date for such series of Euro Notes in respect of which interest has been paid or duly provided for to, but excluding, such Euro Notes Interest Payment Date, redemption date or maturity date, as the case may be. If any interest payment date for a Euro Note falls on a day that is not a business day, the interest payment will be made on the next succeeding day that is a business day, but no additional interest will accrue as a result of the

delay in payment. If the maturity date or any redemption date of the Euro Note falls on a day that is not a business day, the related payment of principal, premium, if any, and interest will be made on the next succeeding business day as if it were made on the date such payment was due, and no interest will accrue on the amounts so payable for the period from and after such date to the next succeeding business day. The rights of holders of beneficial interests of Euro Notes to receive the payments of interest on such notes are subject to the applicable procedures of Euroclear and Clearstream.

### **Optional Redemption**

The Euro Notes of each series will be redeemable at any time prior to April 17, 2022 (in the case of the 2022 Notes), February 26, 2023 (in the case of the 2023 Notes), February 17, 2025 (in the case of the 2025 Notes), February 28, 2027 (in the case of the 2027 Notes), February 17, 2029 (in the case of the 2029 Notes) and February 17, 2037 (in the case of the 2037 Notes), as a whole or in part, at our option, on at least 30 days', but not more than 60 days', prior notice mailed (or otherwise transmitted in accordance with the applicable procedures of Euroclear or Clearstream) to the registered address of each holder of the notes to be redeemed, at a redemption price equal to the greater of:

- 100% of the principal amount of the notes to be redeemed; and
- the sum of the present values of the Remaining Scheduled Payments (as defined below) of principal and interest on the notes to be redeemed (not including any portion of such payments of interest accrued as of the date of redemption) discounted to the date of redemption on an annual basis (ACTUAL/ACTUAL (ICMA)) at the applicable Comparable Government Bond Rate (as defined below) plus, in the case of the 2022 Notes, 10 basis points, in the case of the 2023 Notes, 15 basis points, in the case of the 2025 Notes, 15 basis points, in the case of the 2027 Notes 20 basis points, in the case of the 2029 Notes, 20 basis points, and, in the case of the 2037 Notes, 20 basis points; together with, in each case, accrued and unpaid interest on the principal amount of the notes to be redeemed to, but not including, the date of redemption.

Notwithstanding the immediately preceding paragraph, we may redeem all or a portion of the Euro Notes of each series at our option at any time on or after April 17, 2022 (in the case of the 2022 Notes), February 26, 2023 (in the case of the 2023 Notes), February 17, 2025 (in the case of the 2025 Notes), February 28, 2027 (in the case of the 2027 Notes), February 17, 2029 (in the case of the 2029 Notes) and February 17, 2037 (in the case of the 2037 Notes), at a redemption price equal to 100% of the principal amount of such notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date.

If money sufficient to pay the redemption price of all of the notes (or portions thereof) to be redeemed on the redemption date is deposited with the Euro Notes Trustee or paying agent on or before the redemption date and certain other conditions are satisfied, then on and after such redemption date, interest will cease to accrue on such notes (or such portion thereof) called for redemption.

“Comparable Government Bond Rate” means the yield to maturity, expressed as a percentage (rounded to three decimal places, with 0.0005 being rounded upwards), on the third business day prior to the date fixed for redemption, of the Comparable Government Bond (as defined below) on the basis of the middle market price of the Comparable Government Bond prevailing at 11:00 a.m. (London time) on such business day as determined by an independent investment bank selected by us.

“Comparable Government Bond” means, in relation to any Comparable Government Bond Rate calculation, at the discretion of an independent investment bank selected by us, a German government bond whose maturity is closest to the maturity of the notes to be redeemed, or if such independent investment bank in its discretion determines that such similar bond is not in issue, such other German government bond as such independent investment bank may, with the advice of three brokers of, and/or market makers in, German government bonds selected by us, determine to be appropriate for determining the Comparable Government Bond Rate.

“Remaining Scheduled Payments” means, with respect to each note to be redeemed, the remaining scheduled payments of the principal thereof and interest thereon that would be due after the related redemption date but for such redemption; provided, however, that, if such redemption date is not a Euro Notes Interest Payment Date with respect to such Euro Note, the amount of the next succeeding scheduled interest payment thereon will be deemed to be reduced (solely for the purposes of this calculation) by the amount of interest accrued thereon to such redemption date.

We will, or will cause the Euro Notes Trustee on our behalf to, mail notice of a redemption to holders of the applicable notes to be redeemed by first-class mail (or otherwise transmit in accordance with applicable procedures of Euroclear or Clearstream) at least 30 and not more than 60 days prior to the date fixed for redemption. Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the applicable series of notes or portions thereof called for redemption. On or before the redemption date, we will deposit with the paying agent or set aside, segregate and hold in trust (if we are acting as paying agent), funds sufficient to pay the redemption price of, and accrued and unpaid interest on, such notes to be redeemed on that redemption date. If fewer than all of the notes of such series are to be redeemed, the Euro Notes Trustee will select, not more than 60 days prior to the redemption date, the particular notes or portions thereof for redemption from the outstanding notes not previously called by such method as the Euro Notes Trustee deems fair and appropriate; provided that if the applicable notes are represented by one or more global notes, beneficial interests in the applicable notes will be selected for redemption by Euroclear and Clearstream in accordance with their respective standard procedures therefor; provided, however, that no notes of a principal amount of €100,000 or less shall be redeemed in part.

We may at any time, and from time to time, purchase Euro Notes of any series at any price or prices in the open market or otherwise.

## **Payment of Additional Amounts**

We will, subject to the exceptions and limitations set forth below, pay to or on account of a beneficial owner of a Euro Note who is not a United States person for U.S. federal income tax purposes such additional amounts as may be necessary to ensure that every net payment by us of the principal of and interest on such Euro Note, after deduction or withholding for or on account of any present or future tax, assessment or other governmental charge imposed upon or as a result of such payment, by the United States or any political subdivision or taxing authority of the United States, will not be less than the amount that would have been payable had no such deduction or withholding been required. However, we will not pay additional amounts for or on account of:

- (a) any such tax, assessment or other governmental charge which would not have been so imposed but for (i) the existence of any present or former connection between the holder or beneficial owner of a Euro Note (or between a fiduciary, settlor, beneficiary, member or shareholder of such person, if such person is an estate, a trust, a partnership or a corporation) and the United States, including, without limitation, such person (or such fiduciary, settlor, beneficiary, member or shareholder) being or having been a citizen or resident thereof or being or having been engaged in a trade or business or present therein or having, or having had, a permanent establishment therein or (ii) the presentation, where required, by the holder of any such Euro Note for payment on a date more than 15 calendar days after the date on which such payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later;
- (b) any estate, inheritance, gift, sales, transfer or personal property tax or any similar tax, assessment or governmental charge;
- (c) any tax, assessment or other governmental charge imposed by reason of the holder or beneficial owner's past or present status as a personal holding company or foreign personal holding company or controlled foreign corporation or passive foreign investment company for U.S. federal income tax purposes or as a corporation which accumulates earnings to avoid United States federal income tax or as a private foundation or other tax-exempt organisation;
- (d) any tax, assessment or other governmental charge which is payable otherwise than by withholding from payments on or in respect of any Euro Note;
- (e) any tax, assessment or other governmental charge which would not have been imposed but for the failure to comply with certification, information or other reporting requirements concerning the nationality, residence or identity of the holder or beneficial owner of such Euro Note, if such compliance is required by statute or by regulation of the United States or of any political subdivision or taxing authority thereof or therein as a precondition to relief or exemption from such tax, assessment or other governmental charge;
- (f) any tax, assessment or other governmental charge that would not have been imposed but for a failure by the holder or beneficial owner (or any financial institution through which the holder or beneficial owner holds any Euro Note or through which payment on the Euro Note is

made) to comply with any certification, information, identification, documentation or other reporting requirements (including entering into and complying with an agreement with the Internal Revenue Service) imposed pursuant to, or complying with any requirements imposed under an intergovernmental agreement entered into between the United States and the government of another country in order to implement the requirements of, Sections 1471 through 1474 of the Internal Revenue Code as in effect on the date of issuance of the Euro Notes or any successor or amended version of these provisions;

(g) any tax, assessment or other governmental charge imposed by reason of such beneficial owner's past or present status as the actual or constructive owner of 10% or more of the total combined voting power of all classes of stock entitled to vote of GE or as a direct or indirect affiliate of GE;

(h) any tax, assessment or other governmental charge required to be deducted or withheld by any paying agent from a payment on a Euro Note upon presentation of such note, where required, if such payment can be made without such deduction or withholding upon presentation of such note, where required, to any other paying agent; or

any combination of two or more of items (a), (b), (c), (d), (e), (f), (g) and (h),

nor shall additional amounts be paid with respect to any payment on a Euro Note to a United States Alien Holder who is a fiduciary or partnership or other than the sole beneficial owner of such payment to the extent such payment would be required by the laws of the United States (or any political subdivision thereof) to be included in the income, for tax purposes, of a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner who would not have been entitled to the additional amounts had such beneficiary, settlor, member or beneficial owner been the holder of the Euro Note.

The term "United States Alien Holder" means any beneficial owner of a Euro Note that is not, for United States federal income tax purposes, (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organised in or under the laws of the United States or any political subdivision thereof, (iii) an estate whose income is subject to United States federal income tax regardless of its source, or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust or if such trust has a valid election in effect under applicable U.S. Treasury regulations to be treated as a United States person. Except as specifically provided under this heading "-Payment of Additional Amounts," we will not be required to make any payment for any tax, assessment or other governmental charge imposed by any government or a political subdivision or taxing authority of or in any government or political subdivision.

### **Redemption for Tax Reasons**

The Euro Notes will mature and be redeemed at par on their respective maturity dates and are not redeemable prior to maturity except as described above under "-Optional Redemption" or upon certain tax events described below.



We may redeem the Euro Notes prior to maturity in whole, but not in part, on not more than 60 days' notice and not less than 30 days' notice at a redemption price equal to 100% of the principal amount of the Euro Notes plus any accrued interest and additional amounts to, but not including, the date fixed for redemption if we determine that, as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of the United States or of any political subdivision or taxing authority thereof or therein affecting taxation, or any change in, or amendment to, an official position regarding the application or interpretation of such laws, regulations or rulings, which change or amendment is announced and becomes effective on or after the date of issuance of the Euro Notes, we have or will become obligated to pay additional amounts with respect to the Euro Notes as described above under “-Payment of Additional Amounts”.

If we exercise our option to redeem the Euro Notes, we will deliver to the Euro Notes Trustee a certificate signed by an authorized officer stating that we are entitled to redeem the Euro Notes and an opinion of independent tax counsel to the effect that the circumstances described above exist.

### **Issuance in Euros**

All payments of interest and principal on the Euro Notes, including payments made upon any redemption of the Euro Notes, will be payable in euros. If the euro is unavailable to us due to the imposition of exchange controls or other circumstances beyond our control or if the euro is no longer being used by the then member states of the European Union that have adopted the euro as their currency or for the settlement of transactions by public institutions of or within the international banking community, then all payments in respect of the Euro Notes will be made in U.S. dollars until the euro is again available to us or so used. The amount payable on any date in euros will be converted into U.S. dollars on the basis of the most recently available market exchange rate for euro. Any payment in respect of the Euro Notes so made in U.S. dollars will not constitute an event of default under the Euro Notes or the Euro Notes Indenture. Neither the Euro Notes Trustee nor the paying agent shall have any responsibility for any calculation or conversion in connection with the foregoing.

As used herein, “market exchange rate” means the noon buying rate in The City of New York for cable transfers of euros as certified for customs purposes (or, if not so certified, as otherwise determined) by the United States Federal Reserve Board.

### **Additional Issues**

We may from time to time, without notice to or the consent of the holders of any series of Euro Notes, create and issue additional Euro Notes of such series ranking equally and ratably with such series of Euro Notes in all respects, or in all respects except for the payment of interest accruing prior to the issue date or except for the first payment of interest following the issue date of those additional Euro Notes; provided that, if such additional Euro Notes are not fungible for U.S. federal income tax purposes with the Euro Notes of the applicable series offered hereby, such additional Euro Notes will have a different ISIN and/or any other identifying number. Any

such additional Euro Notes will have the same terms as to status, redemption or otherwise as the applicable series of Euro Notes.

## **Book-Entry System**

### *Global Clearance and Settlement*

Each series of Euro Notes has been issued in the form of one or more global notes in fully registered form, without coupons, and deposited with, or on behalf of, a common depository for, and in respect of interests held through, Euroclear Bank S.A./N.V. (“Euroclear”) and Clearstream Banking, société anonyme (“Clearstream”). Except as described herein, certificates will not be issued in exchange for beneficial interests in the global notes.

Except as set forth below, the global notes may be transferred, in whole and not in part, only to a common depository for Euroclear or Clearstream or its nominee.

Beneficial interests in the global notes are represented, and transfers of such beneficial interests are effected, through accounts of financial institutions acting on behalf of beneficial owners as direct or indirect participants in Euroclear or Clearstream. Those beneficial interests are in denominations of €100,000 and integral multiples of €1,000 in excess thereof. Investors may hold Euro Notes directly through Euroclear or Clearstream, if they are participants in such systems, or indirectly through organizations that are participants in such systems.

Owners of beneficial interests in the global notes will not be entitled to have Euro Notes registered in their names, and will not receive or be entitled to receive physical delivery of Euro Notes in definitive form. Except as provided below, beneficial owners will not be considered the owners or holders of the Euro Notes under the Euro Notes Indenture, including for purposes of receiving any reports delivered by us or the Euro Notes Trustee pursuant to the Euro Notes Indenture. Accordingly, each beneficial owner must rely on the procedures of the clearing systems and, if such person is not a participant of the clearing systems, on the procedures of the participant through which such person owns its interest, to exercise any rights of a holder under the Euro Notes Indenture. Under existing industry practices, if we request any action of holders or a beneficial owner desires to give or take any action which a holder of Euro Notes is entitled to give or take under the Euro Notes Indenture, the clearing systems would authorize their participants holding the relevant beneficial interests to give or take action and the participants would authorize beneficial owners owning through the participants to give or take such action or would otherwise act upon the instructions of beneficial owners. Conveyance of notices and other communications by the clearing systems to their participants, by the participants to indirect participants and by the participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. The laws of some jurisdictions require that certain purchasers of securities take physical delivery of such securities in certificated form. These limits and laws may impair the ability to transfer beneficial interests in global notes.

Persons who are not Euroclear or Clearstream participants may beneficially own Euro Notes held by the common depository for Euroclear and Clearstream only through direct or

indirect participants in Euroclear and Clearstream. So long as the common depositary for Euroclear and Clearstream is the registered owner of the global note, the common depositary for all purposes will be considered the sole holder of the Euro Notes represented by the global note under the Euro Notes Indenture and the global notes.

#### *Certificated Notes*

If the applicable depositary is at any time unwilling or unable to continue as depositary for any of the global notes and a successor depositary is not appointed by us within 90 days, or if we have been notified that both Clearstream and Euroclear have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available, we will issue the Euro Notes in definitive form in exchange for the applicable global notes. We will also issue the Euro Notes in definitive form in exchange for the global notes if an event of default has occurred with regard to the Euro Notes represented by the global notes and has not been cured or waived. In addition, we may at any time and in our sole discretion determine not to have the Euro Notes represented by the global notes and, in that event, will issue the Euro Notes in definitive form in exchange for the global notes. In any such instance, an owner of a beneficial interest in the global notes will be entitled to physical delivery in definitive form of the Euro Notes represented by the global notes equal in principal amount to such beneficial interest and to have such Euro Notes registered in its name. The Euro Notes so issued in definitive form will be issued as registered in minimum denominations of €100,000 and integral multiples of €1,000 thereafter, unless otherwise specified by us. The Euro Notes in definitive form can be transferred by presentation for registration to the registrar at our office or agency for such purpose and must be duly endorsed by the holder or his attorney duly authorized in writing, or accompanied by a written instrument or instruments of transfer in form satisfactory to us or the registrar duly executed by the holder or his attorney duly authorized in writing. We may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any exchange or registration of transfer of definitive Euro Notes.

#### **The Euro Notes Trustee, Paying Agent, Calculation Agent, Transfer Agent and Security Registrar**

The Bank of New York Mellon is the trustee, transfer agent and security registrar with respect to the Euro Notes and maintains various commercial and investment banking relationships with us and with affiliates of ours. The Bank of New York Mellon, London Branch, will act as paying agent with respect to the Euro Notes.

Principal of, premium, if any, and interest on the Euro Notes will be payable at the office of the paying agent or, at the option of the Company, payment of interest may be made by check mailed to the holders of the Euro Notes at their respective addresses set forth in the register of holders; provided that all payments of principal, premium, if any, and interest with respect to the Euro Notes represented by one or more global notes deposited with, or on behalf of, a common depositary, and registered in the name of the nominee of the common depositary for the accounts of Clearstream and Euroclear will be made through the facilities of the common depositary. We

may change the paying agent without prior notice to the holders, and we or any of our subsidiaries may act as paying agent.

### **Ranking**

The senior Euro Notes outstanding will:

- be general obligations,
- rank equally with all other unsubordinated indebtedness of GE (except to the extent such other indebtedness is secured by collateral that does not also secure the Euro Notes), and
- with respect to the assets and earnings of our subsidiaries, effectively rank below all of the liabilities of our subsidiaries.

A substantial portion of our assets are owned through our subsidiaries, many of which have significant debt or other liabilities of their own which will be structurally senior to the Euro Notes. None of our subsidiaries will have any obligations with respect to the Euro Notes. Therefore, GE's rights and the rights of GE's creditors, including holders of Euro Notes, to participate in the assets of any subsidiary upon any such subsidiary's liquidation may be subject to the prior claims of the subsidiary's other creditors.

### **Consolidation, Merger and Sale of Assets**

Under the Euro Notes Indenture, we may not consolidate with or merge into, or convey, transfer or lease our properties and assets substantially as an entirety to, any person (as defined below), referred to as a "successor person" unless:

- the successor person expressly assumes our obligations with respect to the Euro Notes Indenture and the debt securities issued thereunder,
- immediately after giving effect to the transaction, no event of default shall have occurred and be continuing, and no event which, after notice or lapse of time or both, would become an event of default, shall have occurred and be continuing, and
- we have delivered to the Euro Notes Trustee the certificates and opinions required under the Euro Notes Indenture.

As used in the Euro Notes Indenture, the term "person" means any individual, corporation, partnership, joint venture, trust, unincorporated organization, government or agency or political subdivision thereof.

### **Events of Default**

Each of the following will be an event of default under the Euro Notes Indenture with respect to any series of debt securities issued thereunder:

- our failure to pay principal or premium, if any, on that series of debt securities when such principal or premium, if any, becomes due,
- our failure to pay any interest on that series of debt securities for 30 days after such interest becomes due,
- our failure to deposit any sinking fund payment for 30 days after such payment is due by the terms of that series of debt securities,
- our failure to perform, or our breach, in any material respect, of any other covenant or warranty in the Euro Notes Indenture with respect to that series of debt securities, other than a covenant or warranty included in the Euro Notes Indenture solely for the benefit of another series of debt securities, for 90 days after either the Euro Notes Trustee has given us or holders of at least 25% in principal amount of the outstanding debt securities of that series have given us and the Euro Notes Trustee written notice of such failure to perform or breach in the manner required by the Euro Notes Indenture,
- specified events involving our bankruptcy, insolvency or reorganization, or
- any other event of default we may provide for that series of debt securities,

provided, however, that no event described in the fourth bullet point above will be an event of default until an officer of the Euro Notes Trustee responsible for the administration of the Euro Notes Indenture has actual knowledge of the event or until the Euro Notes Trustee receives written notice of the event at its corporate trust office.

An event of default under one series of debt securities does not necessarily constitute an event of default under any other series of debt securities. If an event of default for a series of debt securities occurs and is continuing, either the Euro Notes Trustee or the holders of at least 25% in principal amount of the outstanding debt securities of that series may declare the principal amount of all the debt securities of that series due and immediately payable by a notice in writing to us (and to the Euro Notes Trustee if given by the holders). Upon such declaration, we will be obligated to pay the principal amount of that series of debt securities.

The right described in the preceding paragraph does not apply if an event of default occurs as described in the sixth bullet point above which applies to all outstanding series of debt securities. If such an event of default occurs and is continuing, either the Euro Notes Trustee or holders of at least 25% in principal amount of all of the debt securities then outstanding, treated as one class, may declare the principal amount of all of the debt securities then outstanding to be due and payable immediately by a notice in writing to us (and to the Euro Notes Trustee if given by the holders). Upon such declaration, we will be obligated to pay the principal amount of the debt securities.

After any declaration of acceleration of a series of debt securities, but before a judgment or decree for payment has been obtained, the event of default giving rise to the declaration of acceleration will, without further act, be deemed to have been waived, and such declaration and its consequences will, without further act, be deemed to have been rescinded and annulled if:

- we have paid or deposited with the Euro Notes Trustee a sum sufficient to pay:

- all overdue interest,
- the principal and premium, if any, due otherwise than by the declaration of acceleration and any interest on such amounts,
- any interest on overdue interest, to the extent legally permitted, and
- all amounts due to the Euro Notes Trustee under the Euro Notes Indenture, and
- all events of default with respect to that series of debt securities, other than the nonpayment of the principal which became due solely by virtue of the declaration of acceleration, have been cured or waived.

If an event of default occurs and is continuing, the Euro Notes Trustee will generally have no obligation to exercise any of its rights or powers under the Euro Notes Indenture at the request or direction of any of the holders, unless the holders offer reasonable indemnity to the Euro Notes Trustee. The holders of a majority in principal amount of the outstanding debt securities of any series will generally have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Euro Notes Trustee or exercising any trust or power conferred on the Euro Notes Trustee for the debt securities of that series, provided that:

- the direction is not in conflict with any law or the Euro Notes Indenture,
- the Euro Notes Trustee may take any other action it deems proper which is not inconsistent with the direction, and
- the Euro Notes Trustee will generally have the right to decline to follow the direction if an officer of the Euro Notes Trustee determines, in good faith, that the proceeding would involve the Euro Notes Trustee in personal liability or would otherwise be contrary to applicable law.

A holder of a debt security of any series may only pursue a remedy under the Euro Notes Indenture if:

- the holder gives the Euro Notes Trustee written notice of a continuing event of default for that series,
- holders of at least 25% in principal amount of the outstanding debt securities of that series make a written request to the Euro Notes Trustee to institute proceedings with respect to such event of default,
- the holders offer reasonable indemnity to the Euro Notes Trustee,
- the Euro Notes Trustee fails to pursue that remedy within 60 days after receipt of the notice, request and offer of indemnity, and
- during that 60-day period, the holders of a majority in principal amount of the debt securities of that series do not give the Euro Notes Trustee a direction inconsistent with the request.



However, these limitations do not apply to a suit by a holder of a debt security demanding payment of the principal, premium, if any, or interest on a debt security on or after the date the payment is due.

We are required to furnish to the Euro Notes Trustee annually a statement by some of our officers regarding our performance or observance of any of the terms of the Euro Notes Indenture and specifying all of our known defaults, if any.

### **Modification and Waiver**

When authorized by a board resolution, we may enter into one or more supplemental indentures with the Euro Notes Trustee without the consent of the holders of the debt securities in order to:

- evidence the succession of another person to us, or successive successions, and the assumption of our covenants, agreements and obligations by the successor,
- add to our covenants for the benefit of the holders of any series of debt securities or to surrender any of our rights or powers, add any additional events of default for any series of debt securities for the benefit of the holders of any series of debt securities,
- add to or change any provision of the Euro Notes Indenture to the extent necessary to issue debt securities in bearer form or uncertificated form,
- add to, change or eliminate any provision of the Euro Notes Indenture applying to one or more series of debt securities, provided that if such action adversely affects the interests of any holder of any series of debt securities in any material respect, such addition, change or elimination will become effective with respect to that series only when no such security of that series remains outstanding,
- convey, transfer, assign, mortgage or pledge any property to or with the Euro Notes Trustee or to surrender any right or power conferred upon us by the Euro Notes Indenture,
- establish the forms or terms of any series of debt securities,
- provide for uncertificated securities in addition to certificated securities,
- evidence and provide for successor trustees and to add to or change any provisions of the Euro Notes Indenture to the extent necessary to appoint a separate trustee or trustees for a specific series of debt securities,
- correct any ambiguity, defect or inconsistency under the Euro Notes Indenture,
- make other provisions with respect to matters or questions arising under the Euro Notes Indenture, provided that such action does not adversely affect the interests of the holders of any series of debt securities in any material respect,
- supplement any provisions of the Euro Notes Indenture necessary to defease and discharge any series of debt securities, provided that such action does not adversely affect the interests of the holders of any series of debt securities in any material respect,

- comply with the rules or regulations of any securities exchange or automated quotation system on which any debt securities are listed or traded,
- add to, change or eliminate any provisions of the Euro Notes Indenture in accordance with any amendments to the Trust Indenture Act of 1939, provided that such action does not adversely affect the rights or interests of any holder of debt securities in any material respect, or
- provide for the payment by us of additional amounts in respect of taxes imposed on certain holders and for the treatment of such additional amounts as interest and for all matters incidental thereto.

When authorized by a board resolution, we may enter into one or more supplemental indentures with the Euro Notes Trustee in order to add to, change or eliminate provisions of the Euro Notes Indenture or to modify the rights of the holders of one or more series of debt securities under the Euro Notes Indenture if we obtain the consent of the holders of a majority in principal amount of the outstanding debt securities of all series affected by such supplemental indenture, treated as one class. However, without the consent of the holders of each outstanding debt security affected by the supplemental indenture, we may not enter into a supplemental indenture that:

- except with respect to the reset of the interest rate or extension of maturity pursuant to the terms of a particular series, changes the stated maturity of the principal of, or any installment of principal of or interest on, any debt security, or reduces the principal amount of, or any premium or rate of interest on, any debt security,
- reduces the amount of principal of an original issue discount security or any other debt security payable upon acceleration of the maturity thereof,
- changes the place or currency of payment of principal, premium, if any, or interest,
- impairs the right to institute suit for the enforcement of any payment on or after such payment becomes due for any debt security,
- reduces the percentage in principal amount of outstanding debt securities of any series, the consent of whose holders is required for modification of the Euro Notes Indenture, for waiver of compliance with certain provisions of the Euro Notes Indenture or for waiver of certain defaults of the Euro Notes Indenture,
- makes certain modifications to the provisions for modification of the Euro Notes Indenture and for certain waivers, except to increase the principal amount of debt securities necessary to consent to any such change or to provide that certain other provisions of the Euro Notes Indenture cannot be modified or waived without the consent of the holders of each outstanding debt security affected by such change,
- makes any change that adversely affects in any material respect the right to convert or exchange any convertible or exchangeable debt security or decreases the conversion or exchange rate or increases the conversion price of such debt security, unless such decrease or increase is permitted by the terms of such debt securities, or

- changes the terms and conditions pursuant to which any series of debt securities are secured in a manner adverse to the holders of such debt securities in any material respect.

Holders of a majority in principal amount of the outstanding debt securities of any series may waive past defaults or noncompliance with restrictive provisions of the Euro Notes Indenture. However, the consent of holders of each outstanding debt security of a series is required to:

- waive any default in the payment of principal, premium, if any, or interest, or
- waive any covenants and provisions of the Euro Notes Indenture that may not be amended without the consent of the holder of each outstanding debt security of the series affected.

In order to determine whether the holders of the requisite principal amount of the outstanding debt securities have taken an action under the Euro Notes Indenture as of a specified date:

- the principal amount of an “original issue discount security” that will be deemed to be outstanding will be the amount of the principal that would be due and payable as of that date upon acceleration of the maturity to that date,
- if, as of that date, the principal amount payable at the stated maturity of a debt security is not determinable, for example, because it is based on an index, the principal amount of the debt security deemed to be outstanding as of that date will be an amount determined in the manner prescribed for the debt security,
- the principal amount of a debt security denominated in one or more foreign currencies or currency units that will be deemed to be outstanding will be the U.S.-dollar equivalent, determined as of that date in the manner prescribed for the debt security, of the principal amount of the debt security or, in the case of a debt security described in the two preceding bullet points, of the amount described above, and
- debt securities owned by us or any other obligor upon the debt securities or any of our or their affiliates will be disregarded and deemed not to be outstanding.

An “original issue discount security” means a debt security issued under the Euro Notes Indenture which provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of maturity. Some debt securities, including those for the payment or redemption of which money has been deposited or set aside in trust for the holders, and those which have been legally defeased under the Euro Notes Indenture, will not be deemed to be outstanding.

We will generally be entitled to set any day as a record date for determining the holders of outstanding debt securities of any series entitled to give or take any direction, notice, consent, waiver or other action under the Euro Notes Indenture. In limited circumstances, the Euro Notes Trustee will be entitled to set a record date for action by holders of outstanding debt securities. If a record date is set for any action to be taken by holders of a particular series, the action may be taken only by persons who are holders of outstanding debt securities of that series on the record

date. To be effective, the action must be taken by holders of the requisite principal amount of debt securities within a specified period following the record date. For any particular record date, this period will be 180 days or such shorter period as we may specify, or the Euro Notes Trustee may specify, if it sets the record date. This period may be shortened or lengthened by not more than 180 days.

## **Defeasance**

Subject to the exceptions, and subject to compliance with the applicable requirements set forth in the Euro Notes Indenture, we may discharge our obligations under the Euro Notes Indenture with respect to any series of Euro Notes as described below.

When we use the term defeasance, we mean discharge from some or all of our obligations under the Euro Notes Indenture. If we deposit with the Euro Notes Trustee funds or government securities sufficient to make payments on the debt securities of a series on the dates those payments are due and payable and comply with all other conditions to defeasance set forth in the Euro Notes Indenture, then, at our option, either of the following will occur:

- we will be discharged from our obligations with respect to the debt securities of that series (“legal defeasance”), or
- we will no longer have any obligation to comply with the restrictive covenants under the Euro Notes Indenture, and the related events of default will no longer apply to us, but some of our other obligations under the Euro Notes Indenture and the debt securities of that series, including our obligation to make payments on those debt securities, will survive (“covenant defeasance”).

If we legally defease a series of debt securities, the holders of the debt securities of the series affected will not be entitled to the benefits of the Euro Notes Indenture, except for:

- the rights of holders of that series of debt securities to receive, solely from a trust fund, payments in respect of such debt securities when payments are due,
- our obligation to register the transfer or exchange of debt securities,
- our obligation to replace mutilated, destroyed, lost or stolen debt securities, and
- our obligation to maintain paying agencies and hold moneys for payment in trust.

We may legally defease a series of debt securities notwithstanding any prior exercise of our option of covenant defeasance in respect of such series.

We will be required to deliver to the Euro Notes Trustee an opinion of counsel that the deposit and related defeasance would not cause the holders of the debt securities to recognize gain or loss for federal income tax purposes and that the holders would be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if the deposit and related defeasance had not occurred. If we elect legal defeasance, that

opinion of counsel must be based upon a ruling from the United States Internal Revenue Service or a change in law to that effect.

### **Satisfaction and Discharge**

We may discharge our obligations under the Euro Notes Indenture while securities remain outstanding if (1) all outstanding debt securities issued under the Euro Notes Indenture have become due and payable, (2) all outstanding debt securities issued under the Euro Notes Indenture will become due and payable at their stated maturity within one year of the date of deposit or (3) all outstanding debt securities issued under the Euro Notes Indenture are scheduled for redemption in one year, and in each case, we have deposited with the Euro Notes Trustee an amount sufficient to pay and discharge all outstanding debt securities issued under the Euro Notes Indenture on the date of their scheduled maturity or the scheduled date of the redemption and paid all other amounts payable under the Euro Notes Indenture.

### **Highly Leveraged Transaction**

The general provisions of the Euro Notes Indenture do not afford holders of the debt securities issued thereunder protection in the event of a highly leveraged or other transaction involving GE that may adversely affect holders of the debt securities.

### **Notices**

Notices to holders of the Euro Notes will be sent by mail or email to the registered holders, or otherwise in accordance with the procedures of the applicable depository.

### **Title**

We may treat the person in whose name a debt security is registered on the applicable record date as the owner of the debt security for all purposes, whether or not it is overdue.

### **Governing Law**

The Euro Notes Indenture and the Euro Notes are governed by, and construed in accordance with, the laws of the State of New York.

### **Regarding the Trustee**

GE and affiliates of GE maintain various commercial and investment banking relationships with The Bank of New York Mellon and its affiliates in their ordinary course of business. The Bank of New York Mellon also acts as trustee under certain other indentures with GE and its affiliates.

If an event of default occurs under the Euro Notes Indenture and is continuing, the Euro Notes Trustee will be required to use the degree of care and skill of a prudent person in the conduct of that person's own affairs. The Euro Notes Trustee will become obligated to exercise any of its powers under the Euro Notes Indenture at the request of any of the holders of any debt securities issued under the Euro Notes Indenture only after those holders have offered the Euro Notes Trustee indemnity satisfactory to it.

If the Euro Notes Trustee becomes one of our creditors, its rights to obtain payment of claims in specified circumstances, or to realize for its own account on certain property received in respect of any such claim as security or otherwise will be limited under the terms of the Euro Notes Indenture. The Euro Notes Trustee may engage in certain other transactions; however, if the Euro Notes Trustee acquires any conflicting interest (within the meaning specified under the Trust Indenture Act), it will be required to eliminate the conflict or resign.

## DESCRIPTION OF DOLLAR NOTES

The following description of the particular terms of the Dollar Notes is a summary and does not purport to be complete. We encourage you to read the applicable indenture for additional information.

### General

The Dollar Notes were issued under an indenture dated as of August 1, 1995 (the “Dollar Notes Base Indenture”), by and among GECS, GE, as guarantor, and The Bank of New York Mellon, as successor to The Chase Manhattan Bank (National Association), as trustee (the “Dollar Notes Trustee”), as supplemented by the First Supplemental Indenture, dated as of February 22, 2012, pursuant to which General Electric Capital Corporation (“GECC”) succeeded to and assumed the full outstanding principal amount of the Dollar Notes (the Dollar Notes Base Indenture as so supplemented, the “Dollar Notes Indenture”). In 2015, the Dollar Notes were assumed by GE upon its merger with GECC.

As of January 31, 2021, a total of \$210,896,000 aggregate principal amount of the Dollar Notes was outstanding. The Dollar Notes will mature on August 21, 2035. The Dollar Notes bear interest from August 21, 1995 at the annual rate of 7 1/2%, payable semi-annually on February 21 and August 21 of each year (each, a “Dollar Notes Interest Payment Date”), to the persons in whose names the Dollar Notes are registered at the close of business on the preceding February 7 and August 7, respectively. The Dollar Notes Indenture does not limit the amount of Dollar Notes or other unsecured, subordinated debt which may be issued thereunder or limit the amount of other debt, secured or unsecured, whether junior or senior to, or pari passu with, the Dollar Notes which may be issued by GE, and no other indenture or instrument to which GE is a party limits the amount of other debt, secured or unsecured, senior to the Dollar Notes which may be issued by GE.

The statements under this heading are subject to the detailed provisions of the Dollar Notes Indenture. Wherever particular provisions of the Dollar Notes Indenture or terms defined therein are referred to, such provisions or definitions are incorporated by reference as a part of the statements made and the statements are qualified in their entirety by such reference.

Interest is computed on the basis of a 360-day year consisting of twelve 30-day months. In any case where a Dollar Notes Interest Payment Date or the date of maturity of the principal on the Dollar Notes shall not be a business day, then payment of principal or interest need not be made on such date but may be made on the next succeeding day which is a business day, with the same force and effect as if made on such Dollar Notes Interest Payment Date or the date of maturity, and no interest shall accrue for the period after such date. The term “business day” as used with respect to the Dollar Notes means any day other than a Saturday or Sunday or any other day on which banking institutions are generally authorized or obligated by law or regulation to close in The City of New York.

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The Dollar Notes are unsecured and will be subordinated in right of payment to all Superior Indebtedness (as defined below) of the Company as set forth in the Dollar Notes Indenture.

No service charge will be made for any transfer or exchange of the Dollar Notes, but the GE may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

### **Listing**

The Dollar Notes are listed on the NYSE. We have no obligation to maintain such listing, and we may delist the Dollar Notes at any time.

### **Global Notes, Delivery and Form**

The Dollar Notes are represented by one or more fully registered global notes that will be deposited with, or on behalf of, The Depository Trust Company, New York, New York (the “Depository”) and registered in the name of the Depository’s nominee.

Beneficial interests in the global note will be shown on, and transfers thereof will be effected only through, records maintained by the Depository (in respect of its participants) and by its participants. Except as described herein, Dollar Notes in definitive form will not be issued. Except as set forth below, the global notes may be transferred, in whole and not in part, only to another nominee of the Depository or to a successor of the Depository or its nominee.

The Depository has advised as follows: it is a limited-purpose trust company which was created to hold securities for its participating organizations (the “Participants”) and to facilitate the clearance and settlement of securities transactions in such securities between Participants through electronic book-entry changes in accounts of its Participants. Participants include securities brokers and dealers, banks and trust companies, clearing corporations and certain other organizations. Access to the Depository’s system is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly (“indirect participants”). Persons who are not Participants may beneficially own securities held by the Depository only through Participants or indirect participants.

The Depository advises that pursuant to procedures established by it ownership of beneficial interests in the global note will be shown on, and the transfer of that ownership will be effected only through, records maintained by the Depository (with respect to Participants), by the Participants (with respect to indirect participants and certain beneficial owners) and by the indirect participants (with respect to all other beneficial owners). The laws of some states require that certain persons take physical delivery in definitive form of securities which they own. Consequently, the ability to transfer beneficial interests in the global note is limited to such extent.

So long as a nominee of the Depository is the registered owner of the global note, such nominee for all purposes will be considered the sole owner or holder of the Dollar Notes under the Dollar Notes Indenture. Except as provided below, owners of beneficial interests in the global note will not be entitled to have Dollar Notes registered in their names, will not receive or be entitled to receive physical delivery of Dollar Notes in definitive form, and will not be considered the owners or holders thereof under the Dollar Notes Indenture.

Neither GE, the Dollar Notes Trustee, any paying agent nor any registrar of the Dollar Notes will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the global note, or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Principal and interest payments on the Dollar Notes registered in the name of the Depository's nominee will be made in immediately available funds to the Depository's nominee as the registered owner of the global note. Under the terms of the Dollar Notes Indenture, GE and the Dollar Notes Trustee will treat the persons in whose names the Dollar Notes are registered as the owners of such Dollar Notes for the purpose of receiving payment of principal and interest on such Dollar Notes and for all other purposes whatsoever. Therefore, neither GE, the Dollar Notes Trustee nor any paying agent has any direct responsibility or liability for the payment of principal or interest on the Dollar Notes to owners of beneficial interests in the global note. The Depository has advised GE and the Dollar Notes Trustee that its current practice is, upon receipt of any payment of principal or interest, to immediately credit the accounts of the Participants with such payment in amounts proportionate to their respective holdings in principal amount of beneficial interests in the global note as shown in the records of the Depository. The Depository's current practice is to credit such accounts, as to interest, in next-day funds and, as to principal, in same-day funds. Payments by Participants and indirect participants to owners of beneficial interests in the global note will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of the Participants or indirect participants.

If the Depository is at any time unwilling or unable to continue as depository and a successor depository is not appointed by the Company within 90 days, the Company will issue Dollar Notes in definitive form in exchange for the global note. In addition, the Company may at any time determine not to have the Dollar Notes represented by a global note and, in such event, will issue Dollar Notes in definitive form in exchange for the global note. In either instance, an owner of a beneficial interest in the global note will be entitled to have Dollar Notes equal in principal amount to such beneficial interest registered in its name and will be entitled to physical delivery of such Dollar Notes in definitive form. Dollar Notes so issued in definitive form will be issued in denominations of \$1,000 and integral multiples thereof and will be issued in registered form only, without coupons.

## **Same-Day Settlement**

The Dollar Notes will trade in the Depository's Same-Day Funds Settlement System until maturity, and secondary market trading activity in the Dollar Notes will therefore settle in immediately available funds. No assurance can be given as to the effect, if any, of settlement in immediately available funds on trading activity in the Dollar Notes.

## **Subordination**

The Dollar Notes are subordinated in right of payment, to the extent and in the manner set forth in the Dollar Notes Indenture, to all indebtedness for borrowed money of GE, whether currently outstanding or hereafter incurred, which is not by its terms subordinate to other indebtedness of GE (the "Superior Indebtedness"). In the event of any insolvency or bankruptcy proceedings, and any receivership, liquidation, reorganization or other similar proceedings in connection therewith, relative to GE or its property, and, except as otherwise provided in the Dollar Notes Indenture, in the event of any proceedings for voluntary liquidation, dissolution or other winding up of GE, whether or not involving insolvency or bankruptcy proceedings, all principal, premium, if any, and interest on the Superior Indebtedness will be paid in full before any payment is made by GE on the Dollar Notes. In the event that pursuant to the terms of the Dollar Notes Indenture the Dollar Notes are declared due and payable because of the occurrence of an Event of Default, as provided in the Dollar Notes Indenture, and the previous sentence is not applicable, the holders of the Dollar Notes shall be entitled to payment from GE only after the Superior Indebtedness outstanding at the time the Dollar Notes so becomes due and payable because of such Event of Default shall first have been paid in full or such payment shall have been provided for.

In addition, although the Dollar Notes are not expressly subordinated in right of payment to the indebtedness for borrowed money of the subsidiaries of GE to unaffiliated third parties (the "Subsidiary Indebtedness"), the Subsidiary Indebtedness is structurally superior in right of payment to the Dollar Notes.

## **Modification of the Dollar Notes Indenture**

The Dollar Notes Indenture contains provisions permitting GE and the Dollar Notes Trustee, with the consent of the holders of not less than 66 2/3% in aggregate principal amount of the Dollar Notes at the time outstanding, to execute supplemental indentures adding any provisions to or changing in any manner or eliminating any of the provisions of the Dollar Notes Indenture or any supplemental indenture or modifying in any manner the rights of the holders of Dollar Notes, provided that no such supplemental indenture shall, among other things (i) extend the fixed maturity of the Dollar Notes or reduce the principal amount thereof (including the amount payable upon acceleration of the maturity thereof), reduce the redemption premium thereon or reduce the rate or extend the time of payment of interest thereon, without the consent of the holder of each Dollar Note so affected or (ii) reduce the aforesaid percentage of such

Dollar Notes, the consent of the holders of which is required for any supplemental indenture, without the consent of the holder of each such Dollar Note so affected.

### **Events of Default**

An Event of Default with respect to the Dollar Notes is defined in the Dollar Notes Indenture as being: default in payment of any principal or premium, if any, on any Dollar Notes; default for 30 days in payment of any interest on any Dollar Notes; default in the making or satisfaction of any sinking fund payment or analogous obligation on the Dollar Notes; default for 60 days after notice in performance of any other covenant in respect of the Dollar Notes in the Dollar Notes Indenture; a default, as defined, with respect to any other series of notes outstanding under the Dollar Notes Indenture or as defined in any other indenture or instrument evidencing or under which GE has outstanding any indebtedness for borrowed money, as a result of which such other series or such other indebtedness of GE shall have been accelerated and such acceleration shall not have been annulled within 10 days after written notice thereof (provided, that under the Dollar Notes Indenture the resulting Event of Default with respect to such series may be remedied, cured or waived by the remedying, curing or waiving of such other default under such other series or such other indebtedness); or certain events of bankruptcy, insolvency or reorganization in respect of GE. The Dollar Notes Indenture requires GE to file with the Dollar Notes Trustee annually a written statement as to the presence or absence of certain defaults under the terms thereof. No Event of Default with respect to a particular series of notes under the Dollar Notes Indenture necessarily constitutes an Event of Default with respect to any other series of notes issued thereunder.

The Dollar Notes Indenture provides that if an Event of Default with respect to the Dollar Notes shall have occurred and be continuing, either the Dollar Notes Trustee thereunder or the holders of 25% in aggregate principal amount of the outstanding Dollar Notes may declare the principal of all the Dollar Notes to be due and payable immediately, but under certain conditions such declaration may be annulled by the holders of a majority in principal amount of the Dollar Notes then outstanding. The Dollar Notes Indenture provides that past defaults with respect to the Dollar Notes (except, unless theretofore cured, a default in payment of principal of, premium, if any, or interest, if any, on any of the Dollar Notes, or the payment of any sinking fund instalment or analogous obligation on the Dollar Notes) may be waived on behalf of the holders of all the Dollar Notes by the holders of a majority in principal amount of the Dollar Notes then outstanding.

The Dollar Notes Trustee shall be under no obligation to exercise any of its rights or powers under the Dollar Notes Indenture at the request, order or direction of any of the holders of Dollar Notes issued thereunder unless such holders shall have offered to the Dollar Notes Trustee reasonable indemnity. The Dollar Notes Indenture provides that the holders of a majority in principal amount of the Dollar Notes issued thereunder at the time outstanding shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Dollar Notes Trustee thereunder, or exercising any trust or power conferred on the Dollar Notes Trustee, with respect to the Dollar Notes, provided that the Dollar Notes Trustee may

decline to follow any such direction if it determines that the proceedings so directed would be illegal or involve it in any personal liability.

### **Certain Covenants of the Company**

The Dollar Notes Indenture does not restrict GE, other than as set forth below, from engaging in any highly leveraged transaction, reorganization, restructuring, merger or similar transaction, or from incurring additional indebtedness or causing its subsidiaries to incur additional indebtedness, any of which transactions could have a material adverse effect on the holders of the Dollar Notes.

As set forth in the Dollar Notes Indenture, GE has covenanted that it will not merge or consolidate with any other corporation or sell, convey, transfer or otherwise dispose of all or substantially all of its assets to any corporation, unless (i) GE, shall be the continuing corporation, or the successor corporation (if other than GE) shall, by supplemental indenture satisfactory to the Dollar Notes Trustee, executed and delivered to the Dollar Notes Trustee by such corporation, expressly assume the due and punctual payment of the principal of and, premium, if any, and interest, if any, on all the debt securities issued under the Dollar Notes Indenture, according to their tenor, and the due and punctual performance and observance of all of the covenants and conditions of the Dollar Notes Indenture to be performed by GE, and (ii) GE or such successor corporation, as the case may be, shall not, immediately after such merger or consolidation, or such sale, conveyance, transfer or other disposition, be in default in the performance of any such covenant or condition. In the event of any such sale, conveyance (other than by way of lease), transfer or other disposition, the predecessor company may be dissolved, wound up and liquidated at any time thereafter.

In addition to the above, GE has covenanted in the Dollar Notes Indenture that, in case of any such consolidation, merger, sale, conveyance (other than by way of lease), transfer or other disposition, and upon any such assumption by the successor corporation, such successor corporation shall succeed to and be substituted for GE with the same effect as if it had been named therein as GE and GE shall be relieved of any further obligation under the Dollar Notes Indenture and under the debt securities issued thereunder. The Dollar Notes Indenture provides that any such successor corporation thereupon may cause to be signed, and may issue either in its own name or in the name of GE any or all of the debt securities issuable thereunder which theretofore shall not have been signed by GE and delivered to the Dollar Notes Trustee; and, upon the order of such successor corporation, instead of GE, and subject to all the terms, conditions and limitations in the Dollar Notes Indenture prescribed, the Dollar Notes Trustee shall authenticate and shall deliver any debt securities issued thereunder which previously shall have been signed and delivered by the officers of GE to the Dollar Notes Trustee for authentication, and any debt securities which such successor corporation thereafter shall cause to be signed and delivered to the Dollar Notes Trustee for that purpose. All the debt securities so issued shall in all respects have the same legal rank and benefit under the Dollar Notes Indenture as the debt securities theretofore or thereafter issued in accordance with the terms of the Dollar Notes Indenture as though all of such debt securities had been issued at the date of the execution, hereof.

**Concerning the Dollar Notes Trustee**

GE maintains bank accounts and has other customary banking relationships with the Dollar Notes Trustee, all in the ordinary course of business.

**Governing Law**

The Dollar Notes Indenture and the Dollar Notes are governed by, and construed in accordance with, the laws of the State of New York.

**GE**  
**Executive Life Insurance Plan**  
As Amended and Restated January 1, 2020

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## GE EXECUTIVE LIFE INSURANCE PLAN

### 1.INTRODUCTION

Effective January 1, 2020, General Electric Company hereby amends and restates The GE Executive Life Insurance Plan ("Plan"). This document supersedes all prior restatements of the Plan. The Plan is a welfare benefit plan maintained for the exclusive benefit of select Executives. The purposes of the Plan are to (i) provide Participants with life insurance coverage while they are employed by the Company, and (ii) help Participants build policy cash value to provide for continued life insurance coverage after they Retire.

### 2.DEFINITIONS

1.**Actively-at-Work** generally means that the Executive was not absent from work due to illness or medical treatment for a period of more than five (5) consecutive working days in the three (3) months preceding completion of the application for the Policy.

2.**Affiliate** means any corporation or business entity owned in whole or in part, directly or indirectly, by General Electric Company.

3.**Claims Administrator** means the person or entity designated by the Plan Sponsor to decide claims and appeals as described in Section 10.3. Unless otherwise designated, the Claims Administrator is the Insurer.

4.**Closing Date** means January 1, 2020.

5.**Company** means General Electric Company and any Affiliate.

6.**Employee** means a common law employee of an Employer. If the Plan Administrator or an Employer determines that an individual is not an "employee," the individual will not be eligible to participate in the Plan, regardless of whether the determination is subsequently upheld by a court or tax or regulatory authority having jurisdiction over such matters or whether the individual is subsequently treated or classified as an employee for certain specified purposes. Any change to an individual's status by reason of such reclassification or subsequent treatment will apply prospectively only.

7.**Employer** means General Electric Company and any other Affiliate, or any successor or successors of an Affiliate, that with the approval of the Plan Sponsor, adopts the Plan.

8.**Executive** means an Employee who has been classified by the Employer as an Officer Band Company Employee.

9.**Insurer** means the entity that that Plan Administrator has selected to underwrite the Policies and to manage day-to-day administration of the Plan.

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10. **Named Fiduciary** means an individual or entity described in Section 10.1(a).

11. **Participant** means an Executive who enrolled in the Plan prior to January 1, 2020, and whose participation in the Plan has not terminated as described in Section 8.

12. **Plan means** The GE Executive Life Insurance Plan, as set forth in this plan document, and as amended from time to time.

13. **Plan Administrator** means General Electric Company.

14. **Plan Maturity Date** means the April 1 coincident with or next following the later of the Participant's: (i) attainment of age 60; or (ii) completion of 15 years of Plan participation.

15. **Plan Sponsor** means General Electric Company.

16. **Policy** means the universal life insurance policy issued on the life of the Participant in connection with this Plan.

17. **Premium Bonus** has the meaning set forth in Section 7.2.

18. **Retire or Retirement** has the meaning set forth in Section 8.2(c).

19. **Retirement-Eligible** has the meaning set forth in Section 8.2.

20. **Voluntary Premium Contribution** has the meaning set forth in Section 7.4.

### **3. ELIGIBILITY AND ENROLLMENT**

3.1 Eligibility Requirements. The Plan is closed to new participants as of January 1, 2020 (the "Closing Date"). Therefore, in order to be eligible to participate in the Plan, the Employee must have been a Participant in the Plan as of the Closing Date. To be a Participant in the Plan as of the Closing Date, the Employee must have been a Participant on December 31, 2019.

(a) *Eligibility Requirements Before January 1, 2020*. Before January 1, 2020, in order to be eligible to participate in the Plan, an Employee must have: (i) been hired as, or promoted to, an Executive position before January 1, 2018; and (ii) have been Actively-at-Work on the date that coverage was scheduled to begin. Actively-at-Work has the meaning given to that term under the Policy. If an Executive did not meet the Actively-at-Work requirement when he was first eligible to participate in the Plan, he would have been eligible for coverage as soon as he met the Actively-at-Work requirement.

3.2 Enrollment Procedure. When an Executive became eligible to participate in the Plan, he received an enrollment kit from the Plan Administrator. The kit contained:

(a) A personalized life insurance exhibit showing illustrative projections of the benefits and cost of the life insurance Policy;

(b) A Plan participation election form;

(c) An application for the Policy;

(d) A form for Certification of Trustee(s) and Proposed Insured, which was required if the Executive elected to assign the ownership of his Policy to a trust; and

(e) An Illustration Certification.

The Executive must have completed the forms and returned them to the Plan Administrator within sixty (60) days to have enrolled in the Plan. *This was the Executive's only opportunity to enroll in the Plan without providing evidence of good health unless the Executive could not meet the Actively-at-Work requirement.* An eligible Employee who did not enroll in the Plan when first eligible could enroll later upon providing evidence of good health to the satisfaction of the Insurer if the Employee met the eligibility requirements described in Section 3.1 and continued to be an Executive.

**3.3 Effective Date of Coverage.** The coverage under the Plan began as soon as practicable after the Executive completed and returned the enrollment forms to the Plan Administrator, the form was accepted by the Insurer and the required premiums were paid. The Policy had an issue date of April 1 coincident with or immediately following the date on which the Executive became eligible to participate in the Plan and began accumulating cash value on that issue date. The Executive was provided with temporary term insurance coverage between the coverage start date and the Policy issue date. However, that temporary term insurance coverage did not accumulate any cash value.

**3.4 Effect of Smoking Habit.** The coverage under the Plan is provided by a universal life insurance policy that uses smoker-distinct rates for insurance coverage. As prescribed by Section 7.1, the Premium Bonuses provided by the Company are based on the rates applicable to non-smokers, which are lower than those applicable to smokers. Consequently, a Policy for a Participant who is a smoker will develop lower cash value than a Policy that covers an otherwise identical Participant who is a non-smoker. The owner of a Policy insuring a Participant classified as a smoker may request a change in the Policy to non-smoker status if the Participant has ceased using all tobacco products for at least one year. Any change in smoker status is subject to the Insurer's approval and the effect on the insurance rates will be prospective only.

#### **4. LIFE INSURANCE POLICY RIGHTS**

**4.1 Ownership.** The coverage under the Plan is provided through a universal life insurance policy. The Participant will be the owner of the life insurance policy unless he assigns ownership to a trust or another person. The Policy may be assigned in accordance with its terms. Any assignment shall be effective only after the Insurer receives the properly completed assignment form, and only if the form is received while the Participant is still alive.

**4.2 Beneficiary Designation.** The owner of the Policy may designate a beneficiary to receive life insurance benefits under the Policy. If the owner fails to name a beneficiary or if all of the named beneficiaries pre-decease the Participant or are deemed to die contemporaneously with the Participant, then the Participant's estate shall be the beneficiary.

The owner of the Policy can change the beneficiary designation at any time. Any beneficiary designation shall be effective only after the Insurer receives the properly completed designation form, and only if the form is received while the Participant is still alive.

4.3 Cash Value Account. The Plan is designed such that the Policy will accumulate cash value to provide for continuation of coverage after Retirement. The owner of the Policy owns all of the cash value in the Policy.

## **5.AMOUNT OF COVERAGE WHILE EMPLOYED**

5.1 Coverage Formula. The initial benefit amount shall be \$1,000,000 for all Vice Presidents and \$2,000,000 for all Senior Vice Presidents. On the Benefit Adjustment Date each year, the amount of coverage will be increased by 4%, provided that the Participant on that date (i) is employed by the Company, (ii) satisfies the “Actively-at-Work” requirement, (iii) has not yet attained age 60 and (iv) has participated in the Plan for at least one year. The Benefit Adjustment Date shall be April 1 of each year.

5.2 Evidence of Insurability. An Executive who enrolled in the Plan when first eligible and before January 1, 2020, as described in Section 3.1, was eligible to receive the initial coverage and any annual increases in coverage without providing evidence of good health; provided that, with respect to the increases, the Executive met the conditions stipulated in Section 5.1. An Executive who did not enroll in the Plan when first eligible may have been able to enroll later upon providing evidence of good health to the satisfaction of the Insurer if the Employee met the applicable eligibility requirements described in Sections 3.1 and 5.1, continued to be an Executive, and otherwise enrolled before January 1, 2020. An Executive who enrolled late in accordance with the immediately preceding sentence was eligible to receive the initial benefit amount and any annual increases in coverage that the Executive would have received if the Executive had enrolled when first eligible.

## **6.TARGET AMOUNT OF COVERAGE AFTER RETIREMENT**

6.1 Target Amount of Post-Retirement Coverage. In general, the target post- Retirement amount of coverage for a Participant is the highest coverage amount attained while a Participant (prior to Plan Maturity Date).

6.2 Retirement or Disability Prior to Plan Maturity Date. Participation in the Plan ends on the Plan Maturity Date. If a Participant has not yet reached his Plan Maturity Date when he Retires or becomes disabled, he will continue to be eligible to participate in the Plan until the earlier of the Plan Maturity Date or the date his Participation ends for a reason described in Section 8. While a Participant, the Company will continue to pay Premium Bonuses (in the case of Retirement) or pay Policy premiums (in the case of disability) in accordance with the Plan up to the Plan Maturity Date. During this period, the amount of coverage under the Policy will equal the amount in force at the onset of Retirement or disability.

## **7.PLAN BENEFITS**

7.1 Determination of Annual Premiums. The annual premiums for each Participant’s Policy will be actuarially determined (using actuarial assumptions, including whether the Participant is classified as a non-smoker by the Insurer) so that each Participant (i) pays for the

cost of the current life insurance benefit, as described in Section 5; and (ii) adds to the cash value an actuarially determined amount, so that on the Plan Maturity Date, the cash value will have accumulated to an amount estimated to be sufficient to provide a level of paid-up insurance (in an amount described in Section 6) until December 31 of the year in which the Participant turns age 94; provided that, for a Participant hired or promoted to Executive on or after January 1, 2008, the cash value will have accumulated to an amount estimated to be sufficient to provide a level of paid-up insurance until December 31 of the year in which the Participant turns age 84. However, there is no guarantee that the annual premiums will result in a cash value that is sufficient to provide a level of paid-up insurance through these ages.

7.2Premium Bonus. The owner of the Policy is required to pay the annual premium for the Policy by April 1 of each calendar year, except to the extent provided in Sections 7.3, 8.4, and 8.5. While the Executive is a Participant, the Company will either pay the Participant a taxable annual Premium Bonus to facilitate the Participant's payment of premiums for the Policy or, in the case of a Participant on a leave of absence or disability, pay the premium to the extent provided in Section 8.4 or Section 8.5. Except to the extent provided in Section 7.3, the Company will pay the Premium Bonus each calendar year generally on or about the premium due date. The amount of the Premium Bonus will equal the annual premium described in Section 7.1. No premiums or Premium Bonuses will be calculated or paid for a period after the Plan Maturity Date.

7.3Six-Month Delay. To the extent a Participant is a "specified employee," within the meaning of Internal Revenue Code Section 409A, and any Premium Bonus is deemed to be deferred compensation paid on account of his separation from service (under § 409A), the Company will pay any Premium Bonus, otherwise payable within 6 months following his separation from service, on the date that is 6 months following the Participant's separation from service. The Participant shall be in compliance with the terms of the Plan if he pays the annual premium for the Policy at that time.

7.4Voluntary Premium Contributions. A Participant or owner of a Policy may pay voluntary premiums to the Policy, subject to prior approval from the Insurer; provided that a Participant or owner of a Policy may not pay any premiums to the Policy in excess of the required premiums while the Company is either paying the Participant a taxable annual Premium Bonus or, in the case of a Participant on a leave of absence or disability, paying the premium to the extent provided in Section 8.4 or Section 8.5.



## 8. TERMINATION OF PARTICIPATION

8.1 Length of Cost Sharing and Plan Participation. A Participant shall continue to participate in the Plan and receive the Premium Bonuses or premium payments, as applicable, until the earliest of:

(a) The Plan Maturity Date; or

(b) Other events enumerated below:

1. The Participant separates from service with all Employers prior to Retirement-Eligibility, unless such separation is due to disability;

2. The owner of the Policy (as described in Section 4.1) exercises any policy ownership rights that would change the coverage (including complete or partial surrenders, loans, or withdrawals);

3. The Participant's employment position is downgraded from an Executive position prior to Retirement-Eligibility;

4. The owner of the Policy fails to pay the premiums described in Section 7.1 when due;

5. The Participant otherwise does not abide by the rules of the Plan;

6. The Participant requests that participation be terminated; or

7. The Plan Sponsor terminates the Plan or Premium Bonuses in accordance with Section 9.

8.2 Participation at Retirement. The following rules apply at Retirement:

(a) On or After Plan Maturity Date. If a Participant Retires on or after his Plan Maturity Date, the Company will not pay any additional Premium Bonuses. All of the annual premiums scheduled for the Policy under the Plan will have been completed by the Plan Maturity Date.

(b) Prior to Plan Maturity Date. If a Participant Retires prior to his Plan Maturity Date, he will continue to be eligible to participate in the Plan, meaning that the Company will continue to pay him Premium Bonuses in accordance with the Plan until his Plan Maturity Date. The amount of coverage during the period between Retirement and the Plan Maturity Date is specified in Section 6.2.

(c) Definition of Retirement. Retirement means separation from service with the Company after becoming Retirement-Eligible. A Company Employee is Retirement-Eligible as determined by the Company in its sole discretion, upon turning age 60 and completing 10 years of continuous service.

8.3Borrowing or Withdrawing Cash Value. If the owner of the Policy withdraws or borrows from the Policy's cash value account prior to the Plan Maturity Date, the Company will cease to pay any premiums (as described in Section 8.4 and 8.5) or Premium Bonuses.

8.4Leave of Absence. If a Participant takes an approved leave of absence, the Company will pay the Policy premiums for the duration of the Participant's leave, and coverage will continue at the level that was in effect on the last day the Participant worked. The Participant will remain responsible for income taxes resulting from the Company premium payments. If the Participant does not return to work at the end of the leave, the Company discontinues paying the Policy premiums.

8.5Disability. If the Participant is unable to work because of a disability, as defined by the Plan Administrator, the Company will pay the Policy premiums and coverage will continue at the level of coverage that was in effect on the last day the Participant worked for:

(a)Up to 12 months - if the disability is not work-related; or

(b)Up to 18 months - if the Participant is disabled by illness or injury that is work-related as determined by the Plan Administrator's interpretation of the workers' compensation laws.

If the Participant remains totally disabled after continuous service ends, the Company will continue Policy premium payments until the Plan Maturity Date; provided that the Participant remains totally disabled. The Participant is considered totally disabled if unable to perform the duties of any job - whether for the Company or any other employer - for which the Participant is reasonably suited by education, training, or experience. The Participant will still be responsible for any taxes due on premiums that were paid by the Company or otherwise that relate to the Participant's coverage.

If the Participant is deemed to no longer be totally disabled and does not return to work, the Participant will not be eligible for continued premium payments by the Company.

#### 8.6Termination of Employment Prior to Retirement-Eligibility

If a Participant separates from service with all Employers before Retirement-Eligibility, his participation in the Plan will end immediately, but he will be able to keep the cash value of the Policy as of that date.

8.7Downgrade. If a Participant's employment position is downgraded from an Executive position, but he is Retirement-Eligible, then he will continue to participate in the Plan. The coverage amount (and the target paid-up coverage amount used to determine the target cash value at Plan Maturity Date) will be frozen at the coverage amount in effect on the date of the downgrade.

If a Participant's employment position is downgraded from an Executive position, and he is not Retirement-Eligible, then his participation in the Plan will end immediately, but he will be able to keep the cash value of the Policy as of that date.

8.8 Rehire. If a former Participant was rehired by an Employer in (or re-promoted to) an Executive position on or after January 1, 2018, he is not eligible to enroll or re-enroll in the Plan. If a former Participant was rehired by an Employer in (or re-promoted to) an Executive position before January 1, 2018, he must have been enrolled or re-enrolled in the Plan on December 31, 2019, in order to be a Participant in the Plan as of the Closing Date.

## **9. PLAN AMENDMENTS AND TERMINATION**

The Plan Sponsor reserves the right to amend, modify, suspend, replace, or terminate the Plan at any time, for any reason, in its sole discretion, with or without notice, retroactively or prospectively, to the full extent permitted by law. No individual has a vested right to any benefit under the Plan and no provision of the Plan or any communication regarding the Plan shall be interpreted to provide or imply such a right. Such action may be taken by the Plan Sponsor's Board of Directors or an officer authorized by the Board.

## **10. ADMINISTRATION**

### **10.1 Administration**

(a) In accordance with Section 402(a)(1) of ERISA, the Plan Administrator and the Claims Administrator are the "Named Fiduciaries" of the Plan. The Plan Administrator shall have the sole and absolute discretion to control and manage the operation and administration of the Plan, including but not limited to the power to construe and interpret the provisions of the Plan, to make findings of fact, to determine the eligibility of Employees to participate in the Plan and the benefit entitlements of Participants, and to establish rules and procedures (and to amend, modify or rescind the same) for the administration of the Plan, except to the extent such responsibility has been allocated to a Claims Administrator. The Claims Administrator shall have the sole and absolute discretion to decide claims and appeals as described in Section 10.3 and shall have such discretionary power as may be necessary in order to carry out those duties and powers.

(b) The determinations and rules of the Plan Administrator, Claims Administrator, or other fiduciary upon any question of fact, interpretation, definition or procedure relating to the Plan or any other matter relating to the Plan shall be conclusive and binding on all persons having an interest in the Plan. If challenged in court, such determination shall not be subject to de novo review and shall not be overturned unless proven to be arbitrary and capricious based upon the evidence presented to the Named Fiduciary or fiduciary at the time of its determination.

(c) The Named Fiduciaries may reallocate their responsibilities (other than trustee responsibilities as defined in section 405(c)(3) of ERISA) among themselves pursuant to an instrument executed by the Named Fiduciaries that describes the reallocated responsibilities.

(d) Each Named Fiduciary may delegate its responsibilities to persons other than Named Fiduciaries. Such delegation shall be permissible only if the proposed delegate executes an instrument acknowledging acceptance of the delegated responsibilities and only if the Plan Sponsor authorizes such delegation on the instrument. A Named Fiduciary may delegate its responsibilities to its employees without the restrictions of this Section 10.1.

(e) A Named Fiduciary or its delegate may employ actuaries, attorneys, accountants, brokers, employee benefit consultants, and other specialists to render advice concerning any responsibility such Named Fiduciary has under the Plan.

**10.2 Confidentiality and Privilege.** If the Company or an Employer (or a person or entity acting on behalf of the Company or an Employer) or the Plan Administrator or other Plan fiduciary (an “Advisee”) engages attorneys, accountants, actuaries, consultants, and other service providers (an “Advisor”) to advise them on issues related to the Program or the Advisee’s responsibilities under the Plan:

(a) the Advisor’s client is the Advisee and not any Employee, Executive, Participant, former Participant, beneficiary, claimant, or other person;

(b) the Advisee shall be entitled to preserve the attorney-client privilege and any other privilege accorded to communications with the Advisor, and all other rights to maintain confidentiality, to the full extent permitted by law; and

(c) no Employee, Executive, Participant, former Participant, beneficiary, claimant or other person shall be permitted to review any communication between the Advisee and any of its or his Advisors with respect to whom a privilege applies, unless mandated by a court order.

### **10.3 Claims**

(a) *Questions Relating to Eligibility.* All questions relating to eligibility or classification, including who is an Executive or a Participant, shall be submitted to the Plan Administrator for review.

(b) *Claims for Benefits.* All claims for benefits under the Plan shall be submitted to the Claims Administrator for review. The Claims Administrator shall establish a procedure for Participants, their designated beneficiaries, and/or authorized representatives to file a claim for benefits under the Plan. In the absence of any other procedure designated by the Claims Administrator or the claims procedure set forth by the Claims Administrator does not comply with the requirements of 29 C.F.R. § 2560.503-1, the procedure described in this Section 10.3 shall apply.

If a Participant or designated beneficiary (hereinafter, a “Covered Person”) believes that he has been denied a benefit under the Plan to which he is entitled, the Covered Person may file a written request for such benefit with the Claims Administrator, setting forth his claim. Claims must be submitted to the Claims Administrator at the address indicated in the documents describing the Plan. Claims will not be deemed submitted for purposes of these procedures unless and until received at the correct address. Claims submissions must be in a format acceptable to the Claims Administrator and compliant with any applicable legal requirements. Claims that are not submitted in accordance with the requirements of applicable federal law respecting privacy of protected health information and/or electronic claims standards will not be accepted by the Plan. Claims submissions must be timely. Plan benefits are available only for claims that are incurred by a Covered Person during the period that he or she is covered under the Plan. Claims submissions must be complete and include all information requested by the Claims Administrator.

A Covered Person may designate an authorized representative to act on his behalf in pursuing a benefit claim or appeal. The designation must be explicitly stated in writing and, if applicable, it must authorize disclosure of individually identifiable health information, with respect to the claim, to the applicable benefit plan, the Claims Administrator and the authorized representative to one another. The Claims Administrator may require reasonable proof to determine whether an individual has been properly authorized to act on behalf of a Covered Person. If a document is not sufficient to constitute a designation of an authorized representative, as determined by the Claims Administrator, then the Plan will not consider a designation to have been made.

The person who files the claim - Participant, beneficiary, or authorized representative - is the "Claimant."

If a claim for benefits is denied in whole or in part, the Claimant will receive a written notice within 90 days. However, if the Claims Administrator determines that special circumstances require an extension, the time for its decision will be extended for an additional 90 days. If the time for its decision is extended, the Claims Administrator will notify the Claimant. If extended, a decision will be made no more than 180 days after the claim was received. Notification of a claim denial will be provided by the Claims Administrator. The notice will include:

- The reason for the denial, with specific reference to the pertinent Plan provisions on which the denial is based;
- A description of any information or materials necessary to process the claim properly and the reasons why the materials are needed;
- An explanation of the claims review procedure; and
- A statement of the claimant's right to bring a civil action under ERISA Section 502(a) following an adverse benefit determination on review.

To appeal the denial, the Claimant must file a written request for reconsideration to the Claims Administrator within 60 days after receiving the denial. The Claimant's appeal may include comments, documents, records or other information in support of the appeal. At the Claimant's request, there will be, free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the Claimant's claim. The Claims Administrator will take into account all comments, documents, records and other information submitted relating to the appeal, without regard to whether the information was submitted or considered in the decision to deny the claim. The Claims Administrator will respond within 60 days after receipt of the appeal. However, if the Claims Administrator determines that special circumstances require an extension, the time for its decision will be extended for an additional 60 days. If the time for its decision is extended, the Claims Administrator will notify the claimant of the reasons for the extension and the date by which the Claims Administrator expects to render its decision. The time period for the Claims Administrator to decide the appeal will not run while the Claims Administrator is waiting for the claimant to provide any requested information.

Notification of an appeal denial will be provided by the Claims Administrator. The notice will include:

- The specific reason or reasons for the adverse determination and the specific Plan provisions on which the determination is based;

- A statement that the Claimant on appeal is entitled to receive upon request and without charge, reasonable access to and copies of any document, record or other information relevant to his claim; and
- A statement of the Claimant's right to bring a civil action under ERISA Section 502(a).

**10.4 Legal Action.** If an individual wishes to file a lawsuit against a Plan (1) to recover benefits that the individual believes are due to him or her under the terms of the Plan or any law; (2) to clarify his or her right to future benefits under the Plan; (3) to enforce his or her rights under the Plan; or (4) to seek a remedy, ruling or judgment of any kind against the Plan, he or she may not file a lawsuit until he or she has exhausted the claims procedures described above, and must file the suit within the Applicable Limitations Period or the suit will be time-barred. The Applicable Limitations Period is the period ending three years after:

(a) In the case of a claim or action to recover benefits allegedly due under the terms of the Plan or to clarify rights to future benefits under the terms of the Plan, the earliest of: (i) the date the first benefit payment was actually made, (ii) the date the first benefit payment was allegedly due, or (iii) the date the Plan, the Company, the Plan Administrator, the Insurer, or any representative of the Plan first repudiated its alleged obligation to provide such benefits (regardless of whether such repudiation occurred during review of a claim under the claims procedures described in this document); or

(b) In the case of any other claim or action, the earliest date on which the individual knew or should have known of the material facts on which the claim or action is based, regardless of whether he or she was aware of the legal theory underlying the claim or action.

If a lawsuit is filed on behalf of more than one individual, the Applicable Limitations Period applies separately with respect to each individual.

A claim for Plan benefits or an appeal of a complete or partial denial of a claim, as described in the claims and appeals sections, generally falls under (a) above. However, if the individual has a timely claim or a timely appeal pending before the Claims Administrator when the Applicable Limitations Period would otherwise expire, the Applicable Limitations Period will be extended to the date that is 60 calendar days after the final denial (including a deemed denial) of such claim on internal review.

The Applicable Limitations Period replaces and supersedes any limitations period that ends at a later time that otherwise might be deemed applicable under any state or federal law.

Any lawsuit regarding the Plan must be filed in a United States District Court for the District of New York or in the United States District Court for the district in which the plaintiff lives or, in the case of an action brought by more than one plaintiff, the United States District Court for the district in which the largest number of plaintiffs live.

**10.5 Incompetent or Deceased Participants.** If the Plan Administrator or Insurer determines that a Participant or beneficiary is not physically or mentally capable of receiving or acknowledging receipt of benefits under the Plan, the Plan Administrator may make benefit payments to the court-appointed legal guardian for the Participant or beneficiary, to an

individual who has become the legal guardian for the Participant or beneficiary by operation of state law, or to another individual whom the Plan Administrator determines is the appropriate person to receive such benefits on behalf of the Participant or beneficiary.

10.6 Liability. The interpretation and construction of the Plan by the Plan Administrator or Claims Administrator, and any action taken thereunder, shall be binding and conclusive upon all persons and entities claiming to have an interest under the Plan. The Company and its agents shall not be liable to any person for any action taken or omitted to be taken in connection with the interpretation, construction or administration of the Plan provided that such action or omission is made in good faith.

## 11. MISCELLANEOUS

11.1 Benefit Statements. Each year, each Participant in the Plan will receive a benefit statement. The statement will provide the Participant with current information about the Policy, such as:

- (a) Owner of the Policy,
- (b) Coverage amount,
- (c) Premium for the current year, and
- (d) Cash surrender value.

11.2 Notices. Any notice or document required to be given to or filed with the Company or the Plan Administrator shall be deemed given or filed if delivered by certified or registered mail, return receipt requested, to such party's attention at the Company's offices: Plan Administrator, General Electric Company, 901 Main Ave., The Towers at Merritt River, Norwalk, CT 06851, or at such other address as the Company or the Plan Administrator may provide from time to time.

11.3 Validity. In the event any provision of the Plan is held invalid, void or unenforceable, the same shall not affect in any respect the validity of the remaining provisions of the Plan.

11.4 Applicable Law. The Plan shall be interpreted, construed, and administered in accordance with the laws of the State of New York, without regard to its conflict of law rules, to the extent such laws are not preempted by the laws of the United States.

If the law of any applicable jurisdiction mandates that benefits or coverages in excess of those provided by this Plan be provided, the benefits and coverages will be increased to the level mandated by such law with respect to employees and covered dependents covered by such law. Any individual subject to such law will be required to pay the cost of any mandated benefits and coverages through contributions, as determined by the Plan Administrator or Claims Administrator.

11.5 Waiver. No term, condition, or provision of the Plan shall be deemed waived unless the purported waiver is in writing signed by the Plan Administrator. No waiver signed by

the Plan Administrator shall be deemed a continuing waiver unless so specifically stated in the writing, and any such waiver shall operate only for the stated period and only as to the specific term, condition, or provision waived.

11.6 Disclaimer. The Company makes no assertion or warranty about:

(a) services and supplies that a Participant obtains, or obtains reimbursement for, as Plan benefits; or

(b) whether any taxes are required by any government or government agency to be withheld from, or paid with respect to, amounts paid under the Plan. The Participant shall bear all taxes on amounts paid under the Plan to the extent that no taxes are withheld, irrespective of whether withholding is required.

11.7 Employment and Other Rights Not Affected by Plan. Nothing contained herein shall in any manner affect any employment relationship between the Company and any Employee, nor shall anything contained herein be construed to enlarge upon or to add to, directly or indirectly, the employment rights of any individual. No Participant or other person shall have any claim against, right to, or security or other interest in, any fund, account, or asset of the Company from which any payment under the Plan may be made. This Plan is not a guarantee of continuation of any benefits or coverage offered through the Plan.

11.8 Governing Documents. In the event of any inconsistency between the terms of the Plan set forth herein and the terms of any Policy purchased with respect to a Participant, the terms of such Policy shall be controlling as to that Participant, the owner of the Policy, any designated beneficiary, and any assignee or successor-in-interest of any of the foregoing persons.



## AMENDMENTS TO THE GE EXECUTIVE LIFE INSURANCE PLAN

The GE Executive Life Insurance Plan (the “Plan”) is hereby amended as follows to reflect certain changes to the Plan. The amendments are effective January 1, 2021.

I. Effective March 1, 2020, Section 2 is amended by inserting the following as Section 2.6 and Section 2.7, respectively, and renumbering the subsequent subsections and cross- references accordingly:

**2.6 COVID-19 National Emergency** - The national emergency period declared in President Trump’s Proclamation on Declaring a National Emergency Concerning the Novel Coronavirus Disease Outbreak made pursuant to his authority under section 501(b) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act.

**2.7 COVID-19 Outbreak Period** - The period from March 1, 2020 until sixty (60) days after the announced end of the COVID-19 National Emergency or such other date announced by the applicable government agency in a future notice, but in no event later than March 1, 2021.

II. Subsection 8.1(b) is amended to add “or layoff or entitlement to severance (as described in Section 8.6)” to the end of subsection 8.1(b)(1) and to include the following new subsection 8.1(b)(8):

8. The end of the continued coverage period (not to exceed 12 months) following a separation from service from the Company that meets the requirements of Section 8.6;

III. Section 8 is amended by inserting the following as Section 8.6 and renumbering the subsequent subsections and cross-references accordingly:

**8.6 Termination of Employment Due to Layoff or Entitlement to Severance Benefits.** The Company will continue to pay the Premium Bonuses pursuant to the rules described in Sections 8.2(a) and (b), as applicable, for up to 12 months and coverage under the Policy will equal the amount in force on the last day the Participant worked, if the Participant:

- executes (and does not revoke) a release satisfactory to the Company; and
  - separates from service with the Company either:
    - due to a layoff or other permanent job-loss event, or
    - for reasons that entitle the Participant to receive benefits under the GE Executive Severance Plan.
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IV. Section 8.7 (as renumbered pursuant to II) is clarified to read in its entirety as follows:

8.7 Termination of Employment Prior to Retirement-Eligibility

If a Participant separates from service with all Employers before Retirement- Eligibility, excluding a separation from service that meets the requirements of Section 8.6, his participation in the Plan will end immediately, but he will be able to keep the cash value of the Policy as of that date.

V. Effective March 1, 2020, Section 10.3(b) is amended by inserting the following as a new paragraph at the end thereof:

Notwithstanding any provision to the contrary in this Section 10.3(b), the timeframe a Claimant has to file a claim for benefits or appeal an adverse benefit determination shall be extended to take into account the COVID-19 Outbreak Period in accordance with applicable law or Department of Labor or IRS guidance related to the COVID-19 National Emergency.

## **GE Supplementary Pension Plan**

Effective January 1, 2020

### **Introduction**

The GE Supplementary Pension Plan shall consist of two parts as set forth herein. Part I describes Supplementary Pension Annuity Benefits, and Part II describes Executive Retirement Installment Benefits.

Notwithstanding any other provision to the contrary, effective January 1, 2011, Part I of the Plan is closed. Accordingly, an Employee shall be eligible for a Supplementary Pension Annuity Benefit only if he participated in this Plan on or before December 31, 2010 (and shall actually receive such benefit only if he meets all the other applicable requirements therefor). For purposes of determining whether an Employee participated in the Plan on or before December 31, 2010: (a) any period of service described in Section XV(b) shall be disregarded and (b) an Employee shall be deemed to have met such requirement if he waived participation in the GE Pension Plan, but was otherwise eligible to participate in this Plan and is not an Excluded Employee or Ineligible Employee under the GE Pension Plan.

Notwithstanding any other provision to the contrary, effective December 31, 2020, benefits under Part I of the Plan are frozen, and no Employee shall accrue benefits under Part I of the Plan after such date. Prior to January 1, 2021, Part I and Part II of the Plan provided mutually exclusive benefits, and eligible Employees earned their entire benefits under the Plan either under Part I or Part II, but not both. However, Employees who are eligible for and participating under Part I of the Plan on December 31, 2020, shall commence participation under Part II of the Plan on January 1, 2021. An Employee will be considered to be eligible for and participating under Part I of the Plan and will be eligible to participate under Part II of the Plan only if, on December 31, 2020, the Employee: (A) was assigned to the GE executive or higher career band; (B) was employed by the Company; and (C) was enrolled in the GE Pension Plan (i.e., had not waived or suspended participation in the GE Pension Plan).

Further notwithstanding any other provision to the contrary, Part II of the Plan is closed effective January 1, 2021. Accordingly, an Employee shall be eligible for an Executive Retirement Installment Benefit only if he was eligible for and participating under Part I or Part II of the Plan on December 31, 2020 (and shall actually receive such benefit only if he meets all the other applicable requirements therefor). For the avoidance of doubt, an Employee who was previously eligible for Part II of the Plan will not be eligible to accrue future Benefit Service under Part II of the Plan if, on December 31, 2020, the Employee: (A) was not assigned to the GE executive or higher career band or (B) was not employed by the Company.

The Pension Board may adopt such rules as it deems necessary to determine which Part of the Plan applies to which Employees.

As described in Section XXIII, certain provisions of Part I apply to Part II, but no provisions of Part II apply to Part I (except that the service disregard rule in Section XV(b) shall apply in determining which Part of the Plan applies to which Employees).

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**Part I: Supplementary Pension Annuity Benefits**  
**(closed to new participants and frozen)**

As more fully described in the Introduction (and subject to the rules thereof), this Part I of the Plan is closed effective January 1, 2011, and an Employee shall be eligible to participate under this Part I (and not Part II) only if he participated in the Plan on or before December 31, 2010 (and shall actually receive a benefit under this Part only if he meets all the other applicable requirements therefor). In addition, effective December 31, 2020, benefits under Part I of the Plan are frozen, and no Employee shall accrue benefits under Part I of the Plan on and after such date. Employees who were eligible for and participating under this Part I of the Plan on December 31, 2020, shall commence participation under Part II of the Plan on January 1, 2021.

**Section I. Eligible Employees**

Each Employee who is assigned to the GE Executive or higher Career Band (or a position of equivalent responsibility as determined by the Pension Board), who has five or more years of Pension Qualification Service and who is a participant in the GE Pension Plan shall be eligible to participate, and shall participate, in this Supplementary Pension Plan to the extent of the benefits provided herein, provided that:

(a) the foregoing shall not apply to an Employee of a Company other than General Electric Company which has not agreed to bear the cost of this Plan with respect to its Employees;

(b) except as provided in Section V, an Employee who retires under the optional retirement provisions of the GE Pension Plan before the first day of the month following attainment of age 60, or an Employee who leaves the Service of the Company before attainment of age 60, shall not be eligible for a Supplementary Pension under this Plan; and

(c) no Supplementary Pension shall be payable to an Employee who leaves the Service of the Company unless the Employee executes a Release in a form acceptable to, and by the deadline established by, General Electric Company and the Employee does not revoke or fail to comply with such Release. The requirement to execute a Release shall not alter the time or form of payment of any benefit under the Plan, but payments of any Supplementary Pension that has commenced will cease following an Employee's revocation of a Release or failure to comply with the terms of a Release.

An employee of any other company who participates in the GE Pension Plan, though the employing company does not participate in the GE Pension Plan, shall be eligible for benefits under this Plan, provided that such employee meets the job position requirement specified above, and the employee's participation in the Supplementary Pension Plan is accepted by the Pension Board.

An Employee who was eligible to participate in this Plan by virtue of his assigned position level or position of equivalent responsibility throughout any consecutive three years of the fifteen year period ending on either the last day of the month preceding his

termination of Service date for retirement or December 31, 2020, and who meets the other requirements specified in this Section shall be eligible for the benefits provided herein even though he does not meet the eligibility requirements on the date his Service terminates.

The Chief Executive Officer of General Electric Company, or his delegate, may approve the continued participation in the Plan of an individual who is localized outside the United States as an employee of the Company or an Affiliate and who otherwise meets all of the eligibility conditions set forth herein during such localization. The designated individual's service and pay while localized, with appropriate offsets for local country benefits, shall be counted in calculating his Supplementary Pension. Such calculation and the individual's entitlement to any benefits herein shall be determined consistent with the principles of the Plan as they apply to participants who are not localized, provided that the Chief Executive Officer, or his delegate, may direct such other treatment, if any, as he deems appropriate.

An Employee who was eligible to participate under this Part I of the Plan and who, before becoming entitled to a Supplementary Pension under this Part I of the Plan, left the Service of the Company and all Affiliates shall not again become eligible for a Supplementary Pension under this Part I of the Plan during any period of reemployment with the Company that commences on or after January 1, 2021.

## **Section II. Definitions**

(a) Annual Estimated Social Security Benefit - The Annual Estimated Social Security Benefit shall mean the annual equivalent of the maximum possible Primary Insurance Amount payable, after reduction for early retirement, as an old-age benefit to an employee who retired at age 62 on January 1st of the calendar year in which occurred the earliest of the following three dates: (1) the Employee's actual date of retirement, (2) the Employee's date of death, or (3) December 31, 2020; provided, however, that in the case of an Employee who is a New Plan Participant on the date of his termination of Service, age 65 shall be substituted for age 62 above. Such Annual Estimated Social Security Benefit shall be determined by the Company in accordance with the Federal Social Security Act in effect at the end of the calendar year immediately preceding such January 1st.

For determinations which become effective on or after January 1, 1978, if an Employee has less than 35 years of Pension Benefit Service, the Annual Estimated Social Security Benefit shall be the amount determined under the first paragraph of this definition hereof multiplied by a factor, the numerator of which shall be the number of years of the Employee's Pension Benefit Service to the earliest of the following three dates: (1) his date of retirement, (2) his date of death, or (3) December 31, 2020, and the denominator of which shall be 35.

The Annual Estimated Social Security Benefit as so determined shall be adjusted to include any social security, severance or similar benefit provided under foreign law or regulation as the Pension Board may prescribe.

(b)Annual Pension Payable under the GE Pension Plan - The Annual Pension Payable under the GE Pension Plan shall mean the sum of (1) the total annual past service annuity, future service annuity and Personal Pension Account Annuity deemed to be credited to the Employee as of the earliest of the following three dates: (i) his date of retirement, (ii) his date of death, or (iii) December 31, 2020, plus any interest that is credited to the Personal Pension Account following December 31, 2020, and any additional annual amount required to provide the minimum pension under the GE Pension Plan and (2) with respect to pension amounts accrued through December 31, 2020, any annual pension (or the annual pension equivalent of other forms of payment) payable under any other pension plan, policy, contract, or government program attributable to periods for which Pension Benefit Service is granted by the Chairman of the Board or the Pension Board or is credited by the GE Pension Plan provided the Pension Board determines such annual pension shall be deductible from the benefit payable under this Plan. All such amounts shall be determined before application of any reduction factors for optional or disability retirement, for election of any optional form of Pension at retirement, a qualified domestic relations order(s), if any, or in connection with any other adjustment made pursuant to the GE Pension Plan or any other pension plan.

For the purposes of this paragraph, the Employee's Annual Pension Payable under the GE Pension Plan shall include (1) the Personal Pension Account Annuity deemed payable to the Employee or the Employee's spouse on the earliest of the following three dates: (i) the date of the Employee's retirement, (ii) the date of the Employee's death, or (iii) December 31, 2020, as the case may be, regardless of whether such annuity commenced on such date and (2) any interest that is credited to the Personal Pension Account following December 31, 2020.

(c)Annual Retirement Income - For Employees who retire on or after July 1, 1988 or who die in active Service on or after such date, an Employee's Annual Retirement Income shall mean the amount determined by multiplying 1.75% of the Employee's Average Annual Compensation by the number of years of Pension Benefit Service completed by the Employee at the earliest of the following three dates: (1) the date of his retirement, (2) the date of his death, or (3) December 31, 2020.

(d)Average Annual Compensation - For purposes of Part I of the Plan, Average Annual Compensation means one-third of the Employee's Compensation for the highest 36 consecutive months during the last 120 completed months before the earliest of the following dates: (1) his date of retirement, (2) his date of death, or (3) December 31, 2020. For purposes of Part II of the Plan, Average Annual Compensation means one-third of the Employee's Compensation for the highest 36 consecutive months during the last 120 completed months before the earliest of the following dates: (1) if the Employee is demoted, the later of (A) the date he ceases to be eligible to continue accruing Benefit Service solely because he is no longer assigned to the GE executive or higher career band or (B) December 31,

2020; (2) his date of retirement; or (3) the date of his death. In computing an Employee's Average Annual Compensation, his normal straight-time earnings shall be substituted for his actual Compensation for any month in which such normal straight-time earnings are greater. The Pension Board shall specify the basis for determining any Employee's Compensation for any portion of the 120 completed months used to compute the Employee's Average Annual Compensation during which the Employee was not employed by an employer participating in this Plan.

(e) Compensation - For periods after December 31, 1969, "Compensation" for the purposes of this Plan shall mean with respect to the period in question salary (including any deferred salary approved by the Pension Board as compensation for purposes of this Plan) plus:

(1) for persons then eligible for Incentive Compensation, the total amount of any Incentive Compensation earned except to the extent such Incentive Compensation is excluded by the Board of Directors or a committee thereof;

(2) for persons who would then have been eligible for Incentive Compensation if they had not been participants in a Sales Commission Plan or other variable compensation plan, the total amount of sales commissions (or other variable compensation earned);

(3) for all other persons, the sales commissions and other variable compensation earned by them but only to the extent such earnings were then included under the GE Pension Plan;

plus any amounts (other than salary and those mentioned in clauses (1) through (3) above) which were then included as Compensation under the GE Pension Plan except any amounts which the Pension Board may exclude from the computation of "Compensation" and subject to the powers of the Committee under Section IX hereof.

For periods before January 1, 1970, "Compensation" for the purposes of this Plan has the same meaning as under the GE Pension Plan applying the rules in effect during such periods.

The definition set forth in this paragraph (e) shall apply to the calculation of any and all Supplementary Pension benefits payable on and after January 1, 1976. All such payments made prior to January 1, 1976 shall be determined in accordance with the terms of the Plan in effect prior to such date.

Notwithstanding any provision of the Plan to the contrary, in no event will Incentive Compensation, commissions and similar variable compensation paid after the end of the calendar year in which the Employee's Service terminates be disregarded as Compensation hereunder as a result of the exclusion of such remuneration from Compensation under the GE Pension Plan pursuant to the

last sentence of the first paragraph of the definition of "Compensation" set forth in Section XXVI therein.

Notwithstanding the foregoing, "Compensation" for purposes of Part I of the Plan shall not include amounts of any type earned by an Employee after December 31, 2020.

(f)Grandfathered Employee - Grandfathered Employee means an Employee who did not accrue or acquire a non-forfeitable interest in any benefits hereunder on or after January 1, 2005.

(g)Grandfathered Plan Benefit - Grandfathered Plan Benefit means:

(1)in the case of Grandfathered Employees, their entire Supplementary Pension hereunder.

(2)in the case of Grandfathered Specified Employees, the accrued, non-forfeitable annuity to which the Grandfathered Specified Employee would have been entitled under this Plan if the Grandfathered Specified Employee voluntarily terminated employment on December 31, 2004, and received a payment of the benefits available from this Plan (A) on the earliest possible date allowed under this Plan to receive a payment of benefits following Separation from Service, and (B) in any payment form permitted under the GE Pension Plan on December 31, 2004. If a Grandfathered Specified Employee elects to receive benefits in the form of a 75% Alternative Survivor Benefit under the principles of Section IX.10 of the GE Pension Plan, then his Grandfathered Plan Benefit with respect to such form of distribution shall be the portion attributable to his accrued benefit as of December 31, 2004 as determined above and based on the methodology set forth in Section IX.10 of the GE Pension Plan for converting benefits to this form of distribution.

(h)Grandfathered Specified Employee - Grandfathered Specified Employee means a Specified Employee determined as of December 31, 2008 who had a non-forfeitable interest hereunder as of December 31, 2004.

(i)Non-Grandfathered Plan Benefit - Non-Grandfathered Plan Benefit means all of the Supplementary Pension payable under this Plan except for the Grandfathered Plan Benefit.

(j)Officers - Officers shall mean the Chairman of the Board, the Vice Chairmen, the President, the Vice Presidents, Officer Equivalents and such other Employees as the Committee referred to in Section IX hereof may designate.

(k)Pension Benefit Service - Pension Benefit Service shall have the same meaning herein as in the GE Pension Plan except that for periods before January 1, 1976, the term Credited Service as a full-time Employee shall also include all Service



credited under the GE Pension Plan to such Employee for any period during which he was a full-time Employee for purposes of such GE Pension Plan.

Pension Benefit Service shall also include:

(1) any period of service with the Company or an Affiliate as the Pension Board may otherwise provide by rules and regulations issued with respect to this Plan, and,

(2) any period of service with another employer as may be approved from time to time by the Chairman of the Board but only to the extent that any conditions specified in such approval have been met.

No Employee shall be credited with Pension Benefit Service for purposes of Part I of the Plan for any periods of employment after December 31, 2020. An Employee's Pension Benefit Service that is reinstated after December 31, 2020, for purposes of the GE Pension Plan pursuant to Section XXI.3.a (Eligibility for Reinstatement) of such plan shall be reinstated for purposes of this Plan only if such Employee has been continuously in the Service of the Company or an Affiliate from January 1, 2021, until the date of such reinstatement.

(l) Pension Qualification Service - Pension Qualification Service shall have the same meaning herein as in the GE Pension Plan except that for periods before January 1, 1976 the term Credited Service used in determining such Pension Qualification Service shall mean only Service for which an Employee is credited with a past service annuity or a future service annuity under the GE Pension Plan (plus his first year of Service where such year is recognized as additional Credited Service under that Plan), except as the Pension Board may otherwise provide by rules and regulations issued with respect to this Plan. Pension Qualification Service that is credited to an Employee under the GE Pension Plan after December 31, 2020, including service with an Affiliate that is credited as Pension Qualification Service under Section XVI.2 (Transfer to and from Non-Participating Companies) of the GE Pension Plan, will continue to be credited as Pension Qualification Service under this Plan; provided, however, that an Employee who leaves the Service of the Company and all Affiliates at any time and is subsequently rehired by the Company or an Affiliate on or after January 1, 2021:

(1) will not have any Pension Qualification Service attributable to any earlier period of employment with the Company or an Affiliate reinstated, regardless of whether such Pension Qualification Service is reinstated under Section XXI.3.a (Eligibility for Reinstatement) or any other provision of the GE Pension Plan;

(2) will not be credited with any Pension Qualification Service attributable to service with an Affiliate that does not participate in this Plan, regardless of whether such service is credited as Pension Qualification Service under

Section XVI.2 (Transfer to and from Non-Participating Companies) or any other provision of the GE Pension Plan; and

(3) will not be credited with Pension Qualification Service for purposes of this Plan with respect to the Employee's period of reemployment.

(m) Release - Release means a release and waiver of claims which may include, among other things and where legally permissible, confidentiality, cooperation, non-competition, non-solicitation and/or non-disparagement requirements.

(n) Separation from Service - Separation from Service means an Employee's termination of employment with the Company and all Affiliates (defined for purposes of this Plan as any company or business entity in which General Electric Company has a 50% or more interest whether or not a participating employer in the Plan); provided that, Separation from Service for purposes of the Plan shall be interpreted consistent with the requirements of Section 409A and regulations and other guidance issued thereunder. For purposes of clarity, any references in this Plan to Service in the context of determining the time or form of benefits will not extend beyond an Employee's Separation from Service.

(o) Service of the Company or an Affiliate - An Employee is in the "Service of the Company or an Affiliate" if the Employee is employed by the Company or an Affiliate or has terminated employment with the Company and all Affiliates but has not had his protected service (also referred to as "continuous service") terminated under established Company procedures. An Employee who "leaves the Service of the Company and all Affiliates" terminates employment with the Company and all Affiliates and has his protected (or continuous) service terminated under established Company procedures.

(p) Service with the Company - An Employee is in "Service with the Company" if the Employee is employed by the Company or has terminated employment with the Company but has not had his protected service (also referred to as "continuous service") terminated under established Company procedures.

(q) Specified Employee - Specified Employee means a specified employee as described in the Company's Procedures for Determining Specified Employees under Code Section 409A, as amended from time to time.

All other terms used in this Plan which are defined in the GE Pension Plan shall have the same meanings herein as therein, unless otherwise expressly provided in this Plan.

### **Section III. Amount of Supplementary Pension at or After Normal Retirement**

(a) The annual Supplementary Pension payable to an eligible Employee who retires on or after his normal retirement date within the meaning of the GE Pension Plan shall be equal to the excess, if any, of the Employee's Annual Retirement Income, over the sum of:

- (1) the Employee's Annual Pension Payable under the GE Pension Plan;
- (2) ½ of the Employee's Annual Estimated Social Security Benefit;
- (3) the Employee's annual excess benefit, if any, payable under the GE Excess Benefit Plan; and
- (4) The Employee's annual benefit, if any, payable under the GE Executive Special Early Retirement Option and Plant Closing Retirement Option Plan.

Such Supplementary Pension shall be subject to the limitations specified in Section IX. An eligible Employee who did not retire hereunder before January 1, 2021, must additionally remain continuously in the Service of the Company or an Affiliate from January 1, 2021, until retirement on or after his normal retirement date within the meaning of the GE Pension Plan in order to receive a Supplementary Pension computed under this Section III(a).

(b) The Supplementary Pension of an Employee who continues in the Service of the Company or an Affiliate after his normal retirement date shall not commence before his actual retirement date following Separation from Service, regardless of whether such Employee has attained age 70-½ and commenced receiving his pension under the GE Pension Plan.

(c) Consistent with established Company procedures, if an eligible Employee commences his Supplementary Pension at the time set forth in Section X(a) but remains in protected service for other purposes by reason of not also retiring under the GE Pension Plan, his initial Supplementary Pension Plan benefit shall be based on his service credits earned up to the commencement date of his Supplementary Pension Plan benefit. Following the eligible Employee's break in protected service, the dollar amount (but not the time or form of distribution) of the eligible Employee's Supplementary Pension Plan benefit shall be adjusted consistent with such procedures to take into account any additional service credits the eligible Employee may have earned under the GE Pension Plan and any related offsets. For periods on and after January 1, 2021, "service credits" described in this Section III(c) shall not include Pension Benefit Service, which shall not be credited under Part I of this Plan to any Employee after December 31, 2020.

#### **Section IV. Amount of Supplementary Pension at Optional or Disability Retirement**

(a) The annual Supplementary Pension payable to an eligible Employee who, following attainment of age 60, retires hereunder on an optional retirement date within the meaning of Section V.1. of the GE Pension Plan shall be computed in the manner provided by Section III(a) (for an Employee retiring on his normal retirement date) but taking into account only Pension Benefit Service and Average Annual Compensation to the earlier of the actual date of optional

retirement or December 31, 2020. Such Supplementary Pension shall be subject to the limitations specified in Section IX. In the event such Employee is a New Plan Participant on the date of his termination of Service, such Supplementary Pension, as so limited, shall be reduced to reflect commencement before his normal retirement date by applying the methodology provided under Section V.3. of the GE Pension Plan. Consistent with the foregoing, such reduction shall equal 5/12% for each month from the first month following such Employee's Separation from Service to his normal retirement date. Said reduction shall not be imposed, however, in the event such Employee's Separation from Service occurs on or after the Employee's (1) attainment of at least age 62 and (2) completion of at least 25 years of Pension Qualification Service under the GE Pension Plan. An eligible Employee who did not retire hereunder before January 1, 2021, must additionally remain continuously in the Service of the Company or an Affiliate from January 1, 2021, until retirement on an optional retirement date within the meaning of Section V.1 of the GE Pension Plan in order to receive a Supplementary Pension computed under this Section IV(a).

(b) The annual Supplementary Pension payable to an eligible Employee who retires on a Disability Pension under Section VII of the GE Pension Plan and who qualifies as disabled by receiving income replacement benefits under a Company plan for a period of not less than three months and otherwise meeting the requirements under Treasury regulation section 1.409A-3(i)(4) and regulations and other guidance issued thereunder shall first be computed in the manner provided by Section III(a) (for an Employee retiring on his normal retirement date) taking into account only Pension Benefit Service and Average Annual Compensation to the earlier of the actual date of disability retirement or December 31, 2020. Such Supplementary Pension shall be subject to the limitations specified in Section IX. In the event the Employee is a New Plan Participant, such Supplementary Pension, as so limited, shall be reduced by 25% consistent with the methodology provided under Section VII.3. of the GE Pension Plan to reflect commencement before the Employee's earliest optional retirement age. An eligible Employee who did not retire hereunder before January 1, 2021, must additionally remain continuously in the Service of the Company or an Affiliate from January 1, 2021, until retirement on a Disability Pension under Section VII of the GE Pension Plan in order to receive a Supplementary Pension computed under this Section IV(b).

If the Disability Pension payable to the Employee under the GE Pension Plan is discontinued thereunder as a result of the cessation of the Employee's disability prior to the attainment of age 60, the Supplementary Pension provided under this Section IV(b) shall be forfeited and the Employee shall only be eligible for a Supplementary Pension to the extent he separately qualifies under another provision set forth herein.

## **Section V. Special Benefit Protection for Certain Employees**

(a) A former Employee whose Service with the Company is terminated on or after June 27, 1988, before attainment of age 60 and after completion of 25 or more years of Pension Qualification Service who does not withdraw his contributions from the GE Pension Plan before retirement and who meets one of the following conditions shall be eligible for a Supplementary Pension under this Plan commencing at the time set forth in Section X.(a). An eligible Employee who did not meet such requirements before January 1, 2021, must additionally remain continuously in the Service of the Company or an Affiliate from January 1, 2021, until meeting one of the following conditions to be eligible for a Supplementary Pension under this Plan.

(1) The Employee's Service is terminated because of a Plant Closing.

(2) The Employee's Service is terminated for transfer to a Successor Employer. The conditions of this paragraph (2) shall not be satisfied, however, if the transferred Employee retires under the GE Pension Plan before July 1, 2000 and prior to the later of (A) his termination of service with the Successor Employer and (B) the first of the month following attainment of age 60.

(3) The Employee's Service terminated after one year on layoff with protected service.

Effective July 1, 1994 and regardless of whether the Employee terminated Service on, before or after such date, for purposes of this Section V(a) and any other provision of this Plan, a former Employee will be deemed to have withdrawn his contributions from the GE Pension Plan at such time the payment of benefits attributable to such contributions commences, regardless of whether such contributions are paid in the form of a lump sum or an annuity.

(b) The Supplementary Pension, if any, for Employees who meet the conditions in Section V(a) shall be calculated in accordance with the provisions of Section IV(a) (other than the requirement to remain continuously in the Service of the Company or an Affiliate from January 1, 2021, until retirement), including the imposition of the reduction described therein to reflect a commencement date occurring before normal retirement date in the case of Employees who are New Plan Participants on the date of their termination of Service. For purposes of making this calculation, the Employee's: (1) Pension Benefit Service to the earlier of the Service termination date or December 31, 2020, shall be considered; (2) Average Annual Compensation shall be based on the last 120 completed months before the earlier of such Service termination date or December 31, 2020; and (3) Annual Estimated Social Security Benefit shall be determined as though the Employee's retirement date was the earlier of such Service termination date or December 31, 2020.

(c) No Supplementary Pension shall be payable to any former Employee who elects to accelerate the commencement of his pension under the GE Pension Plan under Section XI.4.b(iii) therein, nor shall any death or survivor benefits be payable hereunder with respect to such an Employee.

(d) In the event a former Employee whose Service with the Company was terminated under circumstances entitling him to a benefit pursuant to this Section V is reemployed, such Employee will retain a non-forfeitable interest in a benefit equal to the amount payable under this provision attributable to such Employee's first period of service (with the calculation of any offsets determined in accordance with established administrative practices and based upon assumptions in effect as of such Employee's first termination date). The same principle shall apply in determining the non-forfeitable interest hereunder of similarly-situated Employees with less than 25 years of Pension Qualification Service who, as a result of Company or Pension Board action, attained a non-forfeitable interest in their Supplementary Pension upon transfer to a successor employer and are subsequently re-employed by the Company.

(e) In the event General Electric Company announces its intention to dispose of a predominant share of the businesses of General Electric Capital Corporation and its subsidiaries, Employees of any such GE Capital operations to be disposed of or discontinued in connection with such action will be eligible for Special Benefit Protection treatment as described in this Section V by meeting the conditions for such treatment set forth in this Section V, except that they will only be required to have completed at least 10 years (instead of 25 years) of Pension Qualification Service as of their termination because of a Plant Closing, transfer to Successor Employer or layoff after one year on protected service. This paragraph (e) shall not apply to an Employee who terminates Service for any other reason, or is assigned to (or offered employment with) any continuing operation of the Company or any Affiliate (including a continuing GE Capital operation). This paragraph (e) also shall not apply unless the Employee executes a Release on such terms and in such manner as the Company may require in its absolute discretion. Notwithstanding the foregoing, the Pension Board may in its absolute discretion prescribe such additional conditions and other rules as it deems necessary or advisable in applying this paragraph (e), including the designation of groups of employees who shall and shall not be eligible for this Special Benefit Protection treatment.

This paragraph (e) is intended to serve as a special retention arrangement in connection with General Electric Company's announcement to dispose of a predominant share of the businesses of General Electric Capital Corporation and its subsidiaries. This paragraph (e) shall not apply to any employee who terminates service prior to such an announcement or is on protected service at the time of such announcement, except as otherwise provided by the Pension Board in its absolute discretion.

## **Section VI.Survivor Benefits**

If a survivor benefit applies with respect to an Employee's Supplementary Pension pursuant to Section X below, his Supplementary Pension shall be reduced in the same manner as the pension payable under the GE Pension Plan is reduced under such circumstances in accordance with the principles of Section IX of the GE Pension Plan.

## **Section VII.Payments Upon Death**

If an eligible Employee dies in active Service or following retirement on a Supplementary Pension, or if a former Employee entitled to a Supplementary Pension pursuant to Section V dies prior to such retirement, (1) the principles of Section X of the GE Pension Plan (disregarding any references therein to Employee contributions) shall apply to determine whether a death benefit is payable to the beneficiary or Surviving Spouse of such Employee under this Supplementary Pension Plan, and (2) any such death benefit shall be computed and paid in accordance with such principles, based on the Supplementary Pension payable under this Plan; provided, however, that:

(a)with respect to any pre-retirement death benefit attributable to Non-Grandfathered Plan Benefits where a Surviving Spouse otherwise would have a choice to receive such benefit as an annuity in accordance with the principles of Section X.9 of the GE Pension Plan (Preretirement Spouse Benefit) or as a lump sum in accordance with the principles of either Section X.2 (Five Year Certain (Death After Optional Retirement Age)) or Section X.3 (Five Year Certain (Death After 15 Years Pension Qualification Service)) of the GE Pension Plan, the lump sum value of such benefit under each applicable paragraph shall be determined (in the case of the Preretirement Spouse Benefit, based on the actuarial assumptions described in paragraph 3 of Section XV of the GE Pension Plan), and then the Surviving Spouse shall receive whichever resulting lump sum value is larger as of the first day of the month following the Employee's death. For purposes of clarity, such Surviving Spouse shall not be eligible to receive an annuity in the form of the Preretirement Spouse Benefit under the principles of Section X.9 of the GE Pension Plan;

(b)with respect to any post-retirement death benefit attributable to Non-Grandfathered Plan Benefits under the principles of Section X.11 of the GE Pension Plan (Five Year Certain (No Survivor Benefit)), the calculation of the lump sum shall be determined without making any discount to present value. Consistent with the foregoing, such lump sum shall equal the excess of (1) 5 times the Employee's Supplementary Pension payable as a single life annuity over (2) the total payments under this Plan to the Employee; and

(c)no pre-retirement death benefit shall be payable under this Section VII to an Employee who dies in active Service while reemployed after the Employee left the Service of the Company and all Affiliates, if the Employee left the Service of the Company and all Affiliates: (1) on or after January 1, 2021, and (2) before becoming entitled to a Supplementary Pension under this Part I of the Plan.

## **Section VIII. Employees Retired Before July 1, 1973**

[Reserved-See Section VIII of this Plan prior to this reservation.]

## **Section IX. Limitation on Benefits**

(a) Notwithstanding any provision of this Plan to the contrary, if the sum of:

(1) the Supplementary Pension otherwise payable to an Employee hereunder;

(2) the Employee's Annual Pension Payable under the GE Pension Plan;

(3) 100% of the Annual Estimated Social Security Benefit but before any adjustment for less than 35 years of Pension Benefit Service;

(4) the Employee's annual excess benefit, if any, payable under the GE Excess Benefit Plan; and

(5) The Employee's annual benefit, if any, payable under the GE Executive Special Early Retirement Option and Plant Closing Retirement Option Plan;

exceeds 60% of his Average Annual Compensation (with such Supplementary Pension and the amounts set forth in (2), (4) and (5) above determined before imposition of any applicable reduction factor or adjustment for optional or disability retirement, a survivor benefit or otherwise), such Supplementary Pension (as so determined) shall be reduced by the amount of the excess. Any further reductions or adjustments prescribed herein, including those applicable to Employees who are New Plan Participants on the date of their termination of Service, shall be applied against such reduced Supplementary Pension.

(b) Notwithstanding any provision in this Plan (other than Section XIV(e)) to the contrary, the amount of Supplementary Pension and any death or survivor benefit payable to or on behalf of any Employee who is or was an Officer shall be determined in accordance with such general rules and regulations as may be adopted by a Committee appointed by the Board of Directors for such purpose, subject to the limitation that any such Supplementary Pension or death benefit may not exceed the amount which would be payable hereunder in the absence of such rules and regulations.

## **Section X. Payment of Supplementary Pension Benefits**

(a) **Time and Form of Payment.** This Section governs the time and form of payment of the Supplementary Pension on and after the retirement of an eligible Employee. See Section VII above for certain additional rules regarding Payments on Death.

(1) **General Provisions.** Supplementary Pensions shall be payable in monthly installments, each equal to 1/12th of the annual amount



determined under the applicable Section. In addition, the provisions of the GE Pension Plan with respect to the following shall apply to amounts payable under this Plan:

(A)The date of the last payment of any Supplementary Pension.

(B)Treatment of amounts payable to a missing person.

In no event shall the accelerated payment option of Section XI.4.b(iii) of the GE Pension Plan apply with respect to this Plan.

(2)**Grandfathered Plan Benefits.** Payment of Supplementary Pensions provided for herein which are attributable to Grandfathered Plan Benefits shall be in the same form and commence as of the same date as distribution is made pursuant to the Participant's election under the GE Pension Plan (subject to the special rule in Section III(b) of this Plan for Employees over age 70-½).

(3)**Non-Grandfathered Plan Benefits.**

(A)**Time of Payment.**

(i)Except as provided in paragraph (ii) below (relating to disability pensions), all payments of Non-Grandfathered Plan Benefits shall commence on the first day of the month after the Employee's Separation from Service or the Employee's attainment of age 60, if later; provided, however, that if an Employee is a Specified Employee, payment of any Non-Grandfathered Plan Benefit shall not be made within the first six months following the Employee's Separation from Service. In the event distribution to a Specified Employee is so delayed, payment of the Non-Grandfathered Plan Benefit shall begin on the first day of the seventh month following Separation from Service and the first such payment shall be increased to reflect the missed payments (with interest accumulated in accordance with Pension Board procedures).

(ii)Payment of Supplementary Pensions attributable to disability as provided for in Section IV(b) shall commence on the first day of the month after the Employee's Separation from Service; provided, however, that the Employee shall forfeit any payments attributable to months prior to the first date on which a Disability Pension is actually paid under Section VII of the GE Pension Plan. For this purpose, any retroactive payments that may be made under the GE Pension Plan shall be disregarded and no corresponding retroactive payments shall be made hereunder.

**(B)Form of Payment.** Unless an Employee makes an effective election pursuant to paragraph (B)(i) below, such benefits shall be paid as a 50% Survivor Benefit in accordance with the principles of Section IX.1 and other provisions of the GE Pension Plan applicable thereto (for Employees who are married at the time their Supplementary Pension begins) or as a single life annuity in accordance with the principles of Section XV, X.11 and other provisions of the GE Pension Plan applicable thereto (for Employees who are not married at the time their Supplementary Pension begins); provided, however, that:

(i)As an alternative to the normal distribution forms set forth in this paragraph (B), a married Employee may elect to receive all payments of Non-Grandfathered Plan Benefits as a single life annuity as described above, a 100% Alternative Survivor Benefit in accordance with the principles of Section IX.3 and other provisions of the GE Pension Plan applicable thereto, or a 75% Alternative Survivor Benefit in accordance with the principles of Section IX.10 and other provisions of the GE Pension Plan applicable thereto. In the case of a disability pension payable under Section IV(b) above, however, the 100% Alternative Survivor Benefit shall not be available. An election under this paragraph may not be made more than 60 days following the date as of which payment is otherwise to commence in accordance with paragraph (3)(A) above. For purposes of clarity, if an Employee is a Specified Employee for whom the Non-Grandfathered Plan Benefit is delayed in accordance with paragraph (3)(A)(i) above, an election under this paragraph may be made anytime within the first six months following the Employee's Separation from Service. If such Specified Employee dies during the six-month delay, the Specified Employee will be treated as if he retired before death, without regard to such delay, and commenced receiving his benefit either in accordance with his actual election under this paragraph as to the form of distribution, or in accordance the rules in paragraph (3)(B) above if no such election was made before death.

(ii)Regardless of the initial form of payment for Non-Grandfathered Plan Benefits, the revocation feature provided in Section IX.8 of the GE Pension Plan shall not apply to Non-Grandfathered Plan Benefits.

**(b)Impact of Reemployment.** If an Employee is reemployed by the Company or an Affiliate, the following provisions shall apply with respect to the determination of the Employee's Supplementary Pension:

(1)**Grandfathered Plan Benefits.** If the Employee's pension under the GE Pension Plan is suspended or may not commence for any month in accordance with the re-employment provisions of that plan, the Employee's Supplementary Pension attributable to Grandfathered Plan Benefits that would otherwise be payable during such re-employment shall be forfeited under this Plan. For this purpose, any addition to the Employee's Supplementary Pension which he may earn hereunder following such re-employment shall not cause such Grandfathered Plan Benefits to be reclassified as Non-Grandfathered Plan Benefits. Upon the Employee's subsequent Separation from Service, the Employee's original distribution election, if any, with respect to such original Grandfathered Plan Benefits shall be disregarded and such original Grandfathered Plan Benefit (adjusted for any additional accrual or reduction) will be paid in accordance with the terms of the Plan in effect at the time of such subsequent Separation from Service applicable to Non-Grandfathered Plan Benefits. If such subsequent Separation from Service is by reason of death, any survivor or death benefits attributable to such original Grandfathered Plan Benefits (as so adjusted) will be determined in accordance with this Plan's pre-retirement death and survivor benefit provisions then applicable to Non-Grandfathered Plan Benefits. The preceding two sentences shall not apply to Grandfathered Specified Employees.

(2)**Non-Grandfathered Plan Benefits.** If the Employee is rehired after having commenced receiving his Supplementary Pension, and in accordance with the terms of the GE Pension Plan, the Employee would have had his pension therefrom suspended upon such re-employment, the Employee shall forfeit any benefits from this Plan attributable to his Non-Grandfathered Plan Benefit that would otherwise be payable during such re-employment. Upon the Employee's subsequent Separation from Service:

(A)If the Employee's Non-Grandfathered Plan Benefit is the same or has decreased, then:

(i)the Non-Grandfathered Plan Benefit earned during the first period of employment will resume immediately in the same form of distribution and with the same conversion and reduction factors that applied to the original distribution of such benefit;

(ii)if such original distribution form was a 50% Survivor Benefit, 75% Alternative Survivor Benefit or 100% Alternative Survivor Benefit, any survivor benefits will be payable only if the Surviving Spouse was married to the Participant at the time of his original retirement; and

(iii) such benefit will be reduced, as necessary, if the Employee's Non-Grandfathered Plan Benefit decreases as a result of his second period of employment.

If such subsequent Separation from Service is by reason of death, then any death or survivor benefits attributable to Non-Grandfathered Plan Benefits will be based on such original form of distribution with payment commencing on the first of the month following death. Survivor benefits will be payable only if the Surviving Spouse was married to the Employee at the time of his original retirement and is otherwise eligible to receive payments hereunder.

(B) If the Non-Grandfathered Plan Benefit payable upon such subsequent Separation from Service has increased as a result of the Employee's second period of employment, then the above provisions set forth in paragraph (2) (A) will govern the Non-Grandfathered Plan Benefit earned during the first period of employment (as applicable), and the following will apply to any additional Non-Grandfathered Plan Benefit:

(i) the additional benefit amount shall be distributed separately commencing on the first of the month following such subsequent Separation from Service based upon the Employee's age, marital status and the otherwise applicable Plan terms at that time and any new distribution election made by the Employee in accordance with Section X(a) (3) above, and

(ii) if such subsequent Separation from Service is by reason of death, any survivor or death benefits attributable to such additional Non-Grandfathered Plan Benefit will be determined separately in accordance with this Plan's pre-retirement death and survivor benefit provisions.

(3) If an Employee is rehired under circumstances where he previously accrued a non-forfeitable interest in his Non-Grandfathered Plan Benefit but had not commenced receiving such benefit prior to his reemployment, the following shall apply:

(A) Such Employee shall forfeit the dollar amount of any Plan Benefits that would otherwise be paid while re-employed. However, such Employee will continue to retain an interest in the Plan (herein referred to as his "retained interest") equal to the original non-forfeitable amount, as determined in accordance with Section V(d) above.

(B) Such retained interest and any additional Non-Grandfathered Plan Benefit to which the Employee is entitled shall be payable following the Employee's subsequent Separation from Service at the time and in the manner provided in Section X(a)(3). If the Employee dies before retirement, any survivor or death benefits attributable to such retained interest will be determined in accordance with this Plan's pre-retirement death and survivor benefit provisions.

(C) If the Employee continues in service after attaining age 60, the Employee's retained interest shall commence after his subsequent Separation from Service at the time and in the manner provided in Section X(a)(3) and shall be calculated using reduction and conversion factors applicable to an age 60 commencement (but based on the spouse at actual retirement, if any).

**a. Beneficiary and Spousal Consent.** An Employee's beneficiary for the purposes of this Plan shall be the beneficiary designated by him under the GE Pension Plan, except in those instances where a separate beneficiary designation is in effect under this Plan. The provisions of the GE Pension Plan with respect to the designation or selection of a beneficiary shall apply to the designation or selection of a beneficiary under this Plan. For purposes of clarity, the requirement in the GE Pension Plan for a Spouse's Consent to the designation or selection of a beneficiary, or the election of alternative distribution forms hereunder, shall apply under this Plan. Notwithstanding the foregoing, in the case of Non-Grandfathered Plan Benefits, any elections governing beneficiaries made in accordance with Section VII(b) of this Plan, as restated July 1, 1991, or subsequent actions of the Company related thereto, shall continue to apply. No such elections, however, shall direct a different time or form of payment of Non-Grandfathered Plan Benefits from the time and form of payment prescribed under this Plan, nor shall any Employee who did not make such an election before this restatement be permitted to submit such an election.

b. With respect to Non-Grandfathered Plan Benefits, any provision of this Section X or other provision of this Plan that refers to the time or form of benefits under the GE Pension Plan shall be deemed to be a reference to the terms of the GE Pension Plan in effect on December 31, 2008.

c. The Company shall be entitled to withhold all applicable withholding taxes, including, but not limited to, federal income taxes, Federal Insurance Contributions Act ("FICA") taxes, and state income taxes, from an Employee's Supplementary Pension. The actuarially determined present value of an Employee's Supplementary Pension is required by law to be subject to FICA taxation (Social Security tax, Medicare tax, and if applicable, additional Medicare tax) on the date on which the present value of the Employee's Supplementary Pension becomes reasonably

ascertainable (generally, the date on which the Employee makes an effective election as to the form of payment). As a condition of participation in the Plan, the Employee shall be required to make arrangements to satisfy the required FICA tax withholding, including being required to remit to the Company the amount necessary to satisfy his or her withholding requirements. The Company shall have the power and the right to withhold the amount necessary to satisfy an Employee's FICA tax obligation from the amount payable under the Plan or to establish other means to satisfy such obligation, including, to the extent permitted by law, the Company's payment of any required tax on the Employee's behalf subject to repayment by the Employee, as specified under a policy adopted by the Pension Board.

## **Section XI. Administration**

(a) This Plan shall be administered by the Pension Board, which shall have authority to make, amend, interpret and enforce all appropriate rules and regulations for the administration of this Plan and decide or resolve in its sole and absolute discretion any and all questions or claims, including interpretations of this Plan, as may arise in connection with this Plan.

(b) In the administration of this Plan, the Pension Board may, from time to time, employ agents and delegate to them such administrative duties as it sees fit and may from time to time consult with counsel who may also serve as counsel to the Company. The Pension Board may also delegate to other persons or other entities any or all of its authority, responsibilities, obligations and duties with respect to the Plan in accordance with the charter for the Pension Board. If the Company, Pension Board or other plan fiduciary (an "Advisee") engages attorneys, accountants, actuaries, consultants, and other service providers (an "Advisor") to advise them on issues related to a Plan or the Advisee's responsibilities under the Plan:

(1) The Advisor's client is the Advisee and not any employee, participant, dependent, beneficiary, claimant, or other person;

(2) The Advisee will be entitled to preserve the attorney-client privilege and any other privilege accorded to communications with the Advisor, and all other rights to maintain confidentiality, to the full extent permitted by law; and

(3) No employee, participant, dependent, beneficiary, claimant or other person will be permitted to review any communication between the Advisee and any of its or his Advisors with respect to whom a privilege applies, unless mandated by a court order.

(c) The decision or action of the Pension Board in respect of any question arising out of or in connection with the administration, interpretation and application of this Plan and the rules and regulations hereunder shall be final and conclusive and

binding upon all persons having any interest in the Plan or making any claim hereunder.

(d)The provisions of this Section XI(d) shall apply to any claim for a benefit under the Plan, regardless of the basis asserted for the claim and regardless of when the act or omission upon which the claim is based occurred. Any such claim shall be addressed through the claims and appeals process described in the handbook summary for this Plan, and no such claim may be filed in court, arbitration, or similar proceeding before the claimant has exhausted that process. Such process is intended to comply with Section 503 of ERISA and shall be administered and interpreted in a manner consistent with such intent.

The claims administrator shall be the Pension Board or its designee or delegate.

**(e)Limitations Period.**

(1)Any claim (A) for benefits; (B) to enforce rights under the Plan; or (C) otherwise seeking a remedy or judgment of any kind against the Plan, the Pension Board, the Company, or an Affiliate must be filed within the limitations period prescribed by this Section XI(e) (and subsequent to exhaustion as described in Section XI(d)).

(2)The limitations period shall begin on the following date:

(A)For a claim for benefits, the earliest of: (i) the date the first benefit payment was actually made or allegedly due, or (ii) the date the Plan, the Pension Board, the Company, or an Affiliate first repudiated the alleged obligation to provide such benefits, regardless of whether such repudiation occurred during administrative review pursuant to Section XI(d). A repudiation described in clause (ii) may be made in the form of a direct communication to the employee or a more general oral or written communication related to benefits payable under the Plan (for example, a summary of the Plan or an amendment to the Plan);

(B)For a claim to enforce an alleged right under the Plan (other than a right to benefits), the date the Plan first denied the request made on behalf of the employee to exercise such right, regardless of whether such denial occurred during administrative review pursuant to Section XI(d); or

(C)For any claim otherwise seeking a remedy or judgment of any kind against the Plan, the Pension Board, the Company, or an Affiliate, the earliest date on which the employee knew or should have known of the material facts on which such claim or action is based, regardless of whether the employee was aware of the legal theory underlying the claim.

(3)The limitations period shall end on the first anniversary of the beginning date described in Section XI(e)(2); provided, however, that if a request for administrative review pursuant to Section XI(d) is pending at such time, the limitations period shall be extended to end on the date that is 60 days after the final denial of such claim on administrative review.

(4)The limitations period described in this Section XI(e) replaces and supersedes any limitations period that otherwise might be deemed applicable under state or federal law in the absence of this Section XI(e). A claim filed after the expiration of the limitations period shall be deemed time-barred, except that the Pension Board shall have discretion to extend the limitations period upon a showing of exceptional circumstances that, in the opinion of the Pension Board, provide good cause for an extension. The exercise of this discretion is committed solely to the Pension Board and is not subject to review.

(5)In the event of any claim brought by or on behalf of two or more employees, the requirements of this Section XI(e) shall apply separately with respect to each employee.

## **Section XII.Termination, Suspension or Amendment**

The Board of Directors may, in its sole discretion, terminate, suspend or amend this Plan at any time or from time to time, in whole or in part. However, no such termination, suspension or amendment shall adversely affect (a) the benefits of any Employee who retired under the Plan prior to the date of such termination, suspension or amendment or (b) the right of any then current Employee to receive upon retirement, or of his or her Surviving Spouse or beneficiary to receive upon such Employee's death, the amount as a Supplementary Pension or death benefit, as the case may be, to which such person would have been entitled under this Plan computed to the date of such termination, suspension or amendment, taking into account the Employee's Pension Benefit Service and Average Annual Compensation calculated as of the date of such termination, suspension or amendment. Any amendment or termination shall comply with the restrictions of Section 409A of the Code to the extent applicable. No amendment or termination of the Plan may accelerate a scheduled payment of Non-Grandfathered Plan Benefits, nor may any amendment or termination permit a subsequent deferral of Non-Grandfathered Plan Benefits. Subject to the other requirements of this Section XII, if General Electric Company or the Pension Board determines that any provision of the Plan is or might be inconsistent with the restrictions imposed by Section 409A of the Code, such provision shall be deemed to be amended to the extent that General Electric Company or the Pension Board determines is necessary to bring it into compliance with Section 409A of the Code. Any such deemed amendment shall be effective as of the earliest date such amendment is necessary under Section 409A of the Code.

## **Section XIII.Adjustments in Supplementary Pension Following Retirement**

(a)Effective January 1, 1975, the amount of Supplementary Pension then payable to any Employee who retired before January 1, 1975 shall be reduced by the



amount of any increase which becomes effective January 1, 1975 in the Pension payable under the GE Pension Plan to such Employee.

(b) If the Pension payable under the GE Pension Plan to any Employee is increased following his retirement which increase becomes effective after January 1, 1975, the amount of the Supplementary Pension thereafter payable to such Employee under this Supplementary Pension Plan shall be determined by the Board of Directors.

(c) Effective November 1, 1977, if the benefit payable to a pensioner or Surviving Spouse under the GE Pension Plan is increased in accordance with paragraphs 25 (a), (b) or (c) of Section XIV of that Plan, the Supplementary Pension or death benefit, if any, payable under this Plan to such pensioner or Surviving Spouse on and after November 1, 1977 shall be increased by the same percentage. Any such increase shall not be reduced by the percentage limitations specified in Section IX.

(d) Effective May 1, 1979, if the benefit payable to a pensioner or Surviving Spouse under the GE Pension Plan is increased by a percentage in accordance with paragraphs 26 (a), (b) or (c) of Section XIV of that Plan, or would have been increased by a percentage in accordance with such paragraphs except for the fact that such pensioner or Surviving Spouse received a lump-sum settlement under the GE Pension Plan, the Supplementary Pension or death benefit, if any, payable under this Plan to such pensioner or Surviving Spouse on and after May 1, 1979 shall be increased by the same percentage. Any such increase shall not be reduced by the percentage limitations specified in Section IX.

(e) If the Pension benefit or Service credits under the GE Pension Plan are increased for a retired employee in accordance with paragraph 27 or 28 of Section XIV of that Plan, or in accordance with the opportunity made available under that Plan effective January 1, 1980 to make up Employee contributions plus interest for periods during which the Employee was otherwise eligible but failed to participate because of late enrollment or voluntary suspension, the Supplementary Pension payable to the Employee under this Plan shall be recalculated to take any such increase into account. For this purpose, Section III of this Plan as amended effective July 1, 1979 shall apply. Any change in the Employee's Supplementary Pension shall take effect on the same date as the corresponding change under the GE Pension Plan.

(f) Effective February 1, 1981, if the benefit payable to a pensioner or Surviving Spouse under the GE Pension Plan is increased by a percentage in accordance with paragraphs 29 (a), (b) or (c) of Section XIV of that Plan, or would have been increased by a percentage in accordance with such paragraphs except for the fact that such pensioner or Surviving Spouse received a lump sum settlement under the GE Pension Plan, the Supplementary Pension or death benefit, if any, payable under this Plan to such pensioner or Surviving Spouse on and after

February 1, 1981 shall be increased by the same percentage. Any such increase shall not be reduced by the percentage limitations specified in Section IX.

(g)Effective January 1, 1983, if the benefit payable to a pensioner under the GE Pension Plan is increased in accordance with paragraph 30 of Section XIV of that Plan, the Supplementary Pension payable to the pensioner under this Plan shall be recalculated to take any such increase into account. Any change in the Supplementary Pension shall take effect on the same date as the corresponding change under the GE Pension Plan.

(h)Effective December 1, 1984, if the benefit payable to a pensioner or Surviving Spouse under the GE Pension Plan is increased by a percentage in accordance with paragraph 32 (a), (b) or (c) of Section XIV of that Plan, or would have been increased by a percentage in accordance with such paragraphs except for the fact that such pensioner or Surviving Spouse received a lump-sum settlement under the GE Pension Plan, the Supplementary Pension or death benefit, if any, payable under this Plan to such pensioner or Surviving Spouse on and after December 1, 1984, shall be increased by the same percentage. Any such increase shall not be reduced by the percentage limitations specified in Section IX.

(i)Effective July 1, 1985, if the benefit payable to a pensioner under the GE Pension Plan is increased in accordance with paragraph 34 of Section XIV of that Plan, the Supplementary Pension payable to the pensioner under this Plan shall be recalculated to take any such increase into account. Any change in the Supplementary Pension shall take effect on the same date as the corresponding change under the GE Pension Plan.

(j)Effective January 1, 1988, if the benefit payable to a pensioner or Surviving Spouse under the GE Pension Plan is increased by a percentage in accordance with paragraph 35 of Section XIV of that Plan, or would have been increased by a percentage in accordance with such paragraph except for the fact that such pensioner or Surviving Spouse received a lump sum settlement under the GE Pension Plan, the Supplementary Pension or death benefit, if any, payable under this Plan to such pensioner or Surviving Spouse on and after January 1, 1988 shall be increased by the same percentage. Any such increase shall not be reduced by the percentage limitations specified in Section IX.

(k)Effective July 1, 1988, if the benefit payable to a pensioner under the GE Pension Plan or the GE Excess Benefit Plan is increased as a result of paragraph 36 of Section XIV of the GE Pension Plan, the Supplementary Pension payable to the pensioner under this Plan shall be recalculated to take any such increase into account. Any change in the Supplementary Pension shall take effect on the same date as the corresponding increase under the GE Pension Plan or GE Excess Benefit Plan.

(l)Effective July 1, 1991, if the benefit payable to a pensioner or Surviving Spouse under the GE Pension Plan is increased by a percentage in accordance with

paragraph 37 of Section XIV of that Plan, or would have been increased by a percentage in accordance with such paragraph except for the fact that such pensioner or Surviving Spouse received a lump sum settlement under the GE Pension Plan, the Supplementary Pension or death benefit, if any, payable under this Plan to such pensioner or Surviving Spouse on and after January 1, 1991 shall be increased by the same percentage. Any such increase shall not be reduced by the percentage limitations specified in Section IX.

(m)Effective December 1, 1991, if the benefit payable to a pensioner under the GE Pension Plan, the GE Excess Benefit Plan or GE Executive Special Early Retirement Option and Plant Closing Retirement Option Plan is increased as a result of paragraph 38 of Section XIV of the GE Pension Plan, the Supplementary Pension payable to the pensioner under this Plan shall be recalculated to take any such increase into account. Any change in the Supplementary Pension shall take effect on the same date as the corresponding increase under the GE Pension Plan, GE Excess Benefit Plan or GE Executive Special Early Retirement Option and Plant Closing Retirement Option Plan.

(n)Effective December 1, 1994, if the benefit payable to a pensioner under the GE Pension Plan, the GE Excess Benefit Plan or the GE Executive Special Early Retirement Option and Plant Closing Retirement Option Plan is increased as a result of paragraph 39 of Section XIV of the GE Pension Plan, the Supplementary Pension payable to the pensioner under this Plan shall be recalculated to take any such increase into account. Any change in the Supplementary Pension shall take effect on the same date as the corresponding increase under the GE Pension Plan, GE Excess Benefit Plan or GE Executive Special Early Retirement Option and Plant Closing Retirement Option Plan.

(o)Effective November 1, 1996, if the benefit payable under the GE Pension Plan or the GE Excess Benefit Plan is increased as a result of paragraph 47, 48 or 49 of Section XIV of the GE Pension Plan, said increase shall be disregarded for purposes of calculating the amount payable under this Plan.

(p)Effective December 1, 1997, if the benefit payable to a pensioner under the GE Pension Plan, the GE Excess Benefit Plan or the GE Executive Special Early Retirement Option and Plant Closing Retirement Option Plan is increased as a result of paragraph 51 of Section XIV of the GE Pension Plan, the Supplementary Pension payable to the pensioner under this Plan shall be recalculated to take any such increase into account. Any change in the Supplementary Pension shall take effect on the same date as the corresponding increase under the GE Pension Plan, GE Excess Benefit Plan or GE Executive Special Early Retirement Option and Plant Closing Retirement Option Plan.

(q)Effective May 1, 2000, if the benefit payable under the GE Pension Plan or the GE Excess Benefit Plan is increased as a result of paragraph 54, 55 or 56 of Section XIV of the GE Pension Plan, said increase shall be disregarded for purposes of calculating the amount payable under this Plan.

(r)Effective December 1, 2000, if the benefit payable to a pensioner under the GE Pension Plan, the GE Excess Benefit Plan or the GE Executive Special Early Retirement Option and Plant Closing Retirement Option Plan is increased as a result of paragraph 58 of Section XIV of the GE Pension Plan, the Supplementary Pension payable to the pensioner under this Plan shall be recalculated to take any such increase into account. Any change in the Supplementary Pension shall take effect on the same date as the corresponding increase under the GE Pension Plan, GE Excess Benefit Plan or GE Executive Special Early Retirement Option and Plant Closing Retirement Option Plan.

(s)Effective December 1, 2003, if the benefit payable to a pensioner under the GE Pension Plan, the GE Excess Benefit Plan or the GE Executive Special Early Retirement Option and Plant Closing Retirement Option Plan is increased as a result of paragraph 67 of Section XIV of the GE Pension Plan, the Supplementary Pension payable to the pensioner under this Plan shall be recalculated to take any such increase into account. Any change in the Supplementary Pension shall take effect on the same date as the corresponding increase under the GE Pension Plan, GE Excess Benefit Plan or GE Executive Special Early Retirement Option and Plant Closing Retirement Option Plan.

(t)Effective December 1, 2007, if the benefit payable to a pensioner under the GE Pension Plan, the GE Excess Benefit Plan or the GE Executive Special Early Retirement Option and Plant Closing Retirement Option Plan is increased as a result of paragraph 70 of Section XIV of the GE Pension Plan, the Supplementary Pension payable to the pensioner under this Plan shall be recalculated to take any such increase into account. Any change in the Supplementary Pension shall take effect on the same date as the corresponding increase under the GE Pension Plan, GE Excess Benefit Plan or GE Executive Special Early Retirement Option and Plant Closing Retirement Option Plan.

(u)Effective December 1, 2011, if the benefit payable to a pensioner under the GE Pension Plan, the GE Excess Benefit Plan or the GE Executive Special Early Retirement Option and Plant Closing Retirement Option Plan is increased as a result of paragraph 73 of Section XIV of the GE Pension Plan, the Supplementary Pension payable to the pensioner under this Plan shall be recalculated to take any such increase into account. Any change in the Supplementary Pension shall take effect on the same date as the corresponding increase under the GE Pension Plan, GE Excess Benefit Plan or GE Executive Special Early Retirement Option and Plant Closing Retirement Option Plan.

(v)Effective November 1, 2015, if the benefit payable to a pensioner under the GE Pension Plan, the GE Excess Benefit Plan or the GE Executive Special Early Retirement Option and Plant Closing Retirement Option Plan is increased as a result of paragraph 75 of Section XIV of the GE Pension Plan, the Supplementary Pension payable to the pensioner under this Plan shall be recalculated to take any such increase into account. Any change in the Supplementary Pension shall take effect on the same date as the corresponding increase under the GE

Pension Plan, GE Excess Benefit Plan or GE Executive Special Early Retirement Option and Plant Closing Retirement Option Plan.

(w)Effective November 1, 2019, if the benefit payable to a pensioner under the GE Pension Plan, the GE Excess Benefit Plan or the GE Executive Special Early Retirement Option and Plant Closing Retirement Option Plan is increased as a result of paragraph 78 of Section XIV of the GE Pension Plan, the Supplementary Pension payable to the pensioner under this Plan shall be recalculated to take any such increase into account. Any change in the Supplementary Pension shall take effect on the same date as the corresponding increase under the GE Pension Plan, GE Excess Benefit Plan or GE Executive Special Early Retirement Option and Plant Closing Retirement Option Plan.

#### **Section XIV. General Conditions**

(a)No interest of an Employee, retired employee (whether retired before or after July 1, 1973), Surviving Spouse or beneficiary under this Plan and no benefit payable hereunder shall be assigned as security for a loan, and any such purported assignment shall be null, void and of no effect, nor shall any such interest or any such benefit be subject in any manner, either voluntarily or involuntarily, to anticipation, sale, transfer, assignment or encumbrance by or through an Employee, retired employee, Surviving Spouse or beneficiary. If any attempt is made to alienate, pledge or charge any such interest or any such benefit for any debt, liabilities in tort or contract, or otherwise, of any Employee, retired employee, Surviving Spouse, or beneficiary, contrary to the prohibitions of the preceding sentence, then the Pension Board in its discretion may suspend or forfeit the interests of such person and during the period of such suspension, or in case of forfeiture, the Pension Board shall hold such interest for the benefit of, or shall make the benefit payments to which such person would otherwise be entitled (in the same time and form) to the designated beneficiary or to some member of such Employee's, retired employee's, Surviving Spouse's or beneficiary's family to be selected in the discretion of the Pension Board. Similarly, in cases of misconduct, incapacity or disability, the Pension Board, in its sole discretion, may make payments (in the same time and form) to some member of the family of any of the foregoing to be selected by it or to whomsoever it may determine is best fitted to receive or administer such payments.

(b)In connection with an allowance granted under the GE Retirement for the Good of the Company Program, and in accordance with the terms of that program, the Company, in its discretion, may decide to provide an Employee with a non-forfeitable interest in all or a portion of his Supplementary Pension under this Plan.

(c)No Employee and no other person shall have any legal or equitable rights or interest in this Plan that are not expressly granted in this Plan. Participation in this Plan does not give any person any right to be retained in the Service of his

employer. The right and power of the Company to dismiss or discharge any Employee is expressly reserved.

(d) Except to the extent that the same are governed by the federal law (including Section 409A of the Code), the law of the State of New York shall govern the construction and administration of this Plan.

(e) The rights under this Plan of an Employee who leaves the Service of the Company at any time and the rights of anyone entitled to receive any payments under the Plan by reason of the death of such Employee, shall be governed by the provisions of the Plan in effect on the date such Employee leaves the Service of the Company, except as otherwise specifically provided in this Plan; provided, however, that with respect to Non-Grandfathered Plan Benefits:

(1) Any Employee who left the Service of the Company on or after January 1, 2005 and prior to January 1, 2009 and commenced receipt of such benefits before January 1, 2009 shall not be eligible to select the revocation feature provided in Section IX.8 of the GE Pension Plan.

(2) Any Employee who left the Service of the Company on or after January 1, 2005 and prior to January 1, 2009 and did not commence receipt of such benefits before January 1, 2009 (or anyone entitled to receive any payments under the Plan by reason of the death of such Employee who did not commence receipt of such payments before January 1, 2009) shall have the time and form of payment of such benefits determined under the terms contained herein.

(f) Benefits provided under this Plan are unfunded and unsecured obligations of the Company payable from its general assets. Nothing contained in this Plan shall require the Company to segregate any monies from its general funds, to create any trust or other funding vehicle, to make any special deposits, or to purchase any policies of insurance with respect to such obligations. If the Company elects to take any such action, such assets, investments and the proceeds therefrom shall at all times remain the sole property of the Company and subject to its creditors. No other individual shall have any economic interest or similar rights under the Plan or any ownership rights in such assets, investments or proceeds, whether by reason of being a named insured or otherwise.

This Plan is intended to comply with Section 409A of the Code with respect to amounts accrued after December 31, 2004 and amounts that were accrued but forfeitable on that date. In addition, if an Employee accrues benefits hereunder on or after January 1, 2005, the Plan is intended to comply with the requirements of Section 409A of the Code with respect to all of such Employee's benefits hereunder; provided, however, that in the case of Grandfathered Specified Employees, the requirements of Section 409A of the Code shall only apply for amounts accrued in excess of Grandfathered Plan Benefits. The Plan shall be administered and interpreted in a manner consistent with such intent; provided, however, that nothing in this Plan shall be interpreted or construed to transfer any liability for any tax (including a tax or penalty due as a result of a failure to comply

with Section 409A of the Code) from any Employee or an Employee's spouse, beneficiary, or estate to any other individual or entity. Any payment under the Plan that is subject to Section 409A of the Code and that is contingent on a termination of employment is contingent on a Separation from Service.

**Part II: Executive Retirement Installment Benefits**  
**(closed to new participants)**

As described in the Introduction (and subject to the rules thereof), this Part II of the Plan is closed effective January 1, 2021, and an Employee shall be eligible to participate under this Part II only if the Employee was eligible for and participating under Part I or Part II of the Plan on December 31, 2020 (and shall actually receive a benefit under this Part II only if the Employee meets all the other applicable requirements therefor). An Employee will be considered to be eligible for and participating under Part I of the Plan and will be eligible to participate under this Part II of the Plan on and after January 1, 2021, only if, on December 31, 2020, the Employee: (A) was assigned to the GE executive or higher career band; (B) was employed by the Company; and (C) was enrolled in the GE Pension Plan (i.e., had not waived or suspended participation in the GE Pension Plan). An Employee who was previously eligible for Part II of the Plan will not accrue future Benefit Service under Part II of the Plan if, on December 31, 2020, the Employee: (A) was not assigned to the GE executive or higher career band or (B) was not employed by the Company.

**Section XV. Eligibility for Executive Retirement Installment Benefits**

(a) An Employee shall be eligible to participate in this Plan under this Part II if he is:

(1) an Excluded Employee or Ineligible Employee under the GE Pension Plan who was assigned to the GE executive or higher career band before January 1, 2021, and has been continuously so assigned since such date;

(2) an Employee who has been continuously assigned to the GE executive or higher career band since January 1, 2021, and whose first day of work for the Company while so assigned was on or after January 1, 2011, and before January 1, 2021;

(3) an Employee who, before January 1, 2021, was assigned to the GE executive or higher career band and who has been continuously so assigned since such date and is employed by (i) an Affiliate that elected to participate in the GE Retirement Savings Plan prior to January 1, 2011 as part of a benefits program which provided neither employer-subsidized post-retirement medical coverage under the GE Life Disability and Medical Plan nor participation in the GE Pension Plan for all of its employees, or the segment of its employees in which such Employee is included; or (ii) an Affiliate that elects to participate in the GE Retirement Savings Plan on or after January 1, 2011 as part of a benefits program which provides neither participation in the GE Pension Plan nor designation of Retirement Contribution Participant status under the GE Retirement Savings Plan for all of its employees, or the segment of its employees in which such Employee is included, but in all cases, only to the extent such Affiliate elects to participate in this Part II, and such election is accepted by the Pension Board; or



(4)an Employee who has been continuously assigned to the GE executive or higher career band since January 1, 2021, and who was eligible for and participating under Part I of the Plan on December 31, 2020.

(b)Notwithstanding (a), in the event liabilities and assets under the GE Pension Plan attributable to an Employee have been transferred to a plan maintained by Martin Marietta Corporation (including successors) or to any other employer which is not an Affiliate, service performed by the Employee prior to such transfer shall be disregarded in determining (1) whether such Employee participated in this Plan on or before December 31, 2010 and (2) whether his first day of work for the Company while assigned to the GE executive or higher career band is on or after January 1, 2011. Consistent with the foregoing, if after disregarding such service, an Employee is deemed not to have participated in the Plan on or before December 31, 2010, and his first day of work for the Company while assigned to the GE executive or higher career band is deemed to be on or after January 1, 2011, this Part II (and not Part I) shall apply to such Employee.

(c)Further notwithstanding (a), any Executive Retirement Installment Benefit shall be contingent upon the Employee signing, not revoking, and complying with the terms of a Release. Such Release must be in a form acceptable to General Electric Company, executed by the deadline established by General Electric Company (which shall be no later than 45 days following the date of the Employee's Termination Date), and not revoked.

(d)An Employee who was eligible to participate under this Part II of the Plan and who, before becoming entitled to a benefit under this Part II of the Plan, left the Service of the Company and all Affiliates shall not, during any period of reemployment with the Company that commences on or after January 1, 2021, again become eligible for an Executive Retirement Installment Benefit under this Part II of the Plan or accrue a new benefit under the Plan.

(e)An Employee who was eligible to participate in this Plan on January 1, 2021, but who has ceased to be eligible for the Plan as described in (a) solely as a result of no longer being assigned to the GE executive or higher career band on or after January 1, 2021, shall not earn any additional benefits under the Plan for any periods beginning on or after January 1, 2021, during which such Employee is again assigned to the GE executive or higher career band. Such an Employee is, however, eligible to receive the Executive Retirement Installment Benefit the Employee has accrued if the Employee meets the requirements of Section XVI, XVII, XVIII, or XX of the Plan, even if the Employee is not assigned to the GE executive or higher career band as of the date he meets the applicable requirements of such Section.

#### **Section XVI.Executive Retirement Installment Benefits**

(a)An Executive Retirement Installment Benefit shall be payable to an eligible Employee (i) who has been continuously in the Service of the Company or an Affiliate since January 1, 2021 (with respect to an Employee whose Termination

Date is after December 31, 2020), and (ii) whose Termination Date is on or after his 65<sup>th</sup> birthday equal to the sum of the following three amounts (if any):

(1) 10% multiplied by his Benefit Service as a participating Employee while assigned to the GE executive career band multiplied by his Average Annual Compensation.

(2) 14% multiplied by his Benefit Service as a participating Employee while assigned to the GE senior executive career band multiplied by his Average Annual Compensation.

(3) 18% multiplied by his Benefit Service as a participating Employee while a GE officer multiplied by his Average Annual Compensation.

(b) A reduced Executive Retirement Installment Benefit shall be payable to an eligible Employee (i) who has been continuously in the Service of the Company or an Affiliate since January 1, 2021 (with respect to an Employee whose Termination Date is after December 31, 2020), and (ii) whose Termination Date is before his 65<sup>th</sup> birthday, but who terminates Service with the Company on or after his 60<sup>th</sup> birthday, equal to:

(1) for a Termination Date on or after an Employee's 60<sup>th</sup> birthday, the amount calculated under subsection (a), reduced by 5/12% for each month from the day payments commence under Section XIX (Time and Form of Payment) to Normal Commencement Date, up to a maximum reduction of 25%; or

(2) for a Separation from Service before the Employee's 60<sup>th</sup> birthday in the case of an Employee who nevertheless qualifies for an Executive Retirement Installment Benefit by remaining in Service with the Company until his 60<sup>th</sup> birthday, 75% of the amount calculated under subsection (a).

(c) In all cases (subject to Section XXI(h)), Executive Retirement Installment Benefits shall only take into account Compensation as of the Termination Date, even if an Employee remains in Service with the Company thereafter or has a Separation from Service thereafter. Similarly, Executive Retirement Installment Benefits shall only take into account Benefit Service as of the date of termination of Service with the Company.

(d) An Executive Retirement Installment Benefit shall not be payable with respect to an Employee who terminates Service with the Company before his 60<sup>th</sup> birthday, except as specifically provided in Sections XVII (Disability Retirement), XVIII (Special Benefit Protection) and XX (Payments Upon Death), or except as may otherwise be provided by virtue of an exercise of Company discretion under Section XIV(b) or an exercise of Company discretion in the case of an Employee with less than 25 years of Eligibility Service who transfers to a successor employer.

(e)The terms “GE executive career band,” “GE senior executive career band” and “GE officer” refer to those classifications as determined for purposes of this Part II by the General Electric Company in its sole discretion, and not any Affiliate. Consistent with the foregoing, an Employee must be so determined to be an officer of the General Electric Company and not an Affiliate to be eligible for the accrual rate described in paragraph (a)(3).

(f)For purposes of this Part II, an Employee who has a Separation from Service shall only be treated as remaining in Service with the Company while he is on protected service in accordance with established Company procedures.

#### **Section XVII.Disability Retirement**

(a)An Executive Retirement Installment Benefit shall be payable to an eligible Employee (i) who has been continuously in the Service of the Company or an Affiliate since January 1, 2021 (with respect to an Employee whose Termination Date is after December 31, 2020), and (ii) who prior to his 60<sup>th</sup> birthday:

(1)either retires on a Disability Pension under Section VII of the GE Pension Plan or, if he has not accrued a benefit under the GE Pension Plan, would qualify to so retire if he had accrued such a benefit, but in such a case using Eligibility Service when applying the 15 years of service requirement in Section VII of the GE Pension Plan; and

(2)qualifies as disabled by receiving income replacement benefits under a Company plan for a period of not less than three months and otherwise meeting the requirements under Treasury regulation section 1.409A-3(i)(4) and regulations and other guidance issued thereunder.

(b)The amount of an Executive Retirement Installment Benefit under subsection (a) shall equal 75% of the amount calculated under Section XVI(a), taking into account only Benefit Service and Compensation as of the Termination Date (subject to Section XXI(h)).

#### **Section XVIII.Special Benefit Protection**

(a)An Executive Retirement Installment Benefit shall be payable to a former eligible Employee (i) who has been continuously in the Service of the Company or an Affiliate since January 1, 2021 (with respect to an Employee whose Termination Date is after December 31, 2020), (ii) who terminates Service with the Company before his 60<sup>th</sup> birthday and after completion of 25 or more years of Eligibility Service (or is credited with 25 or more years of Eligibility Service as a result of Company or Pension Board action in connection with Section XVIII(a)(2) below), and (iii) who meets one of the following conditions:

(1)The Employee’s Service is terminated because of a Plant Closing.

(2)The Employee's Service is terminated for transfer to a Successor Employer.

(3)The Employee's Service is terminated after one year on layoff with protected service.

(b)The amount of an Executive Retirement Installment Benefit under subsection (a) shall equal 75% of the amount calculated under Section XVI(a), taking into account only Compensation as of the Termination Date (subject to Section XXI(h)) and Benefit Service as of the date of termination of Service with the Company.

(c)In the event General Electric Company announces its intention to dispose of a predominant share of the businesses of General Electric Capital Corporation and its subsidiaries, Employees of any such GE Capital operations to be disposed of or discontinued in connection with such action will be eligible for Special Benefit Protection treatment as described in this Section XVIII by meeting the conditions for such treatment set forth in this Section XVIII, except that they will only be required to have completed at least 10 years (instead of 25 years) of Pension Qualification Service as of their termination because of a Plant Closing, transfer to Successor Employer or layoff after one year on protected service. This paragraph (c) shall not apply to an Employee who terminates Service for any other reason, or is assigned to (or offered employment with) any continuing operation of the Company or any Affiliate (including a continuing GE Capital operation). This paragraph (c) also shall not apply unless the Employee executes a release of liability and claims on such terms and in such manner as the Company may require in its absolute discretion. Notwithstanding the foregoing, the Pension Board may in its absolute discretion prescribe such additional conditions and other rules as it deems necessary or advisable in applying this paragraph (c), including the designation of groups of employees who shall and shall not be eligible for this Special Benefit Protection treatment.

This paragraph (c) is intended to serve as a special retention arrangement in connection with General Electric Company's announcement to dispose of a predominant share of the businesses of General Electric Capital Corporation and its subsidiaries. This paragraph (c) shall not apply to any employee who terminates service prior to such an announcement or is on protected service at the time of such announcement, except as otherwise provided by the Pension Board in its absolute discretion.

#### **Section XIX. Time and Form of Payment**

(a)Executive Retirement Installment Benefits shall be paid in 10 annual installments, each of which shall equal the amount calculated under Section XVI, XVII or XVIII, as applicable, divided by 10.

(b)The first annual installment of an Executive Retirement Installment Benefit described in subsection (a) shall be paid as of the first day of the month following

the later of (1) three completed calendar months after Separation from Service (or six completed calendar months after Separation from Service in the case of a Specified Employee), or (2) the Employee's 60<sup>th</sup> birthday. Notwithstanding the foregoing, in the case of payments made under Section XVII (Disability Retirement), the first annual installment of an Executive Retirement Installment Benefit shall be paid as of the first day of the month following six completed calendar months after Separation from Service. The remaining nine annual installments shall be paid as of the anniversary of the date set forth above.

(c) No interest shall be earned or paid with respect to any Executive Retirement Installment Benefits, including any payments upon death under Section XX.

(d) The Company shall be entitled to withhold all applicable withholding taxes, including, but not limited to, federal income taxes, Federal Insurance Contributions Act ("FICA") taxes, and state income taxes, from an Employee's Executive Retirement Installment Benefit. The present value of an Employee's Executive Retirement Installment Benefit is required by law to be subject to FICA taxation (Social Security tax, Medicare tax, and if applicable, additional Medicare tax) on the date on which the present value of the Employee's Executive Retirement Installment Benefit becomes reasonably ascertainable. As a condition of participation in the Plan, the Employee shall be required to make arrangements to satisfy the required FICA tax withholding, including being required to remit to the Company the amount necessary to satisfy his or her withholding requirements. The Company shall have the power and the right to withhold the amount necessary to satisfy an Employee's FICA tax obligation from the amount payable under the Plan or to establish other means to satisfy such obligation, including, to the extent permitted by law, the Company's payment of any required tax on the Employee's behalf subject to repayment by the Employee, as specified under a policy adopted by the Pension Board.

#### **Section XX. Payments Upon Death**

(a) If death occurs after installments of an Executive Retirement Installment Benefit have commenced under Section XIX(b), but before all 10 annual installments have been paid, the remaining installments shall continue to be paid to the Employee's designated beneficiary as of the yearly anniversary specified in Section XIX(b).

(b) If an eligible Employee who has been continuously in the Service of the Company or an Affiliate since January 1, 2021 (with respect to an Employee who dies after December 31, 2020), dies while in Service with the Company and before installments of an Executive Retirement Installment benefit have commenced under Section XIX(b), a death benefit shall be paid to his designated beneficiary under this Section XX(b), and not any other provision of this Part, equal to:

(1) if death occurs on or after the Employee's 65<sup>th</sup> birthday, the amount calculated under section XVI(a);

(2)if death occurs after the Employee's 60<sup>th</sup> birthday but before his 65<sup>th</sup> birthday, the amount calculated under Section XVI(a), reduced by 5/12% for each month from the day payments commence (as described below) to what would have been the Employee's Normal Commencement Date; or

(3)if death occurs on or before the Employee's 60<sup>th</sup> birthday, 75% of the amount calculated under Section XVI(a).

Death benefits under this Section XX(b) shall take into account only Benefit Service and Compensation as of death (or the Termination Date, if earlier). Such death benefits shall be paid in 10 equal annual installments (the amount determined under paragraph (1), (2) or (3) as applicable, divided by 10). The first annual installment shall be paid as of the first day of the month following three completed calendar months after death. The remaining nine annual installments shall be paid as of the anniversary of the date in the preceding sentence.

(c)If a former eligible Employee who is not in Service with the Company dies after satisfying all requirements hereunder to become entitled to receive an Executive Retirement Installment Benefit, but before payment of such benefit begins under Section XIX(b), a death benefit shall be paid to his designated beneficiary at the same time, in the same form (10 annual installments) and in the same amount as if the former Employee had survived and his benefit had commenced as scheduled.

(d)The designated beneficiary is the beneficiary or beneficiaries designated by the Employee on a beneficiary designation form properly filed by the Employee in accordance with established administrative procedures, or if there is no such designated beneficiary, the Employee's estate. Employees may name and change beneficiaries without the consent of any person.

#### **Section XXI. Impact of Reemployment and Other Status Changes**

(a)An Executive Retirement Installment Benefit that has commenced shall not stop, and the form of payment shall not be altered, upon reemployment.

(b)If an Employee is reemployed after becoming entitled to an Executive Retirement Installment Benefit but before payment of such benefit has begun, payment shall commence and be made as if the Employee had not been reemployed.

(c)An Employee who is reemployed by the Company on or after January 1, 2021, after becoming entitled to or after commencing an Executive Retirement Installment Benefit shall not be eligible for any benefits under the Plan with respect to the Employee's period of reemployment, and the amount of the Executive Retirement Installment Benefit to which such Employee was entitled prior to reemployment shall not change as a result of the Employee's reemployment.

(d) In the case of reemployment by the Company before January 1, 2021, any post-reemployment benefit:

(1) shall be subject to the principles of this Part II as if it were a separate benefit; but

(2) shall be calculated by subtracting (i) any benefit payable for the period prior to such reemployment from (ii) any benefit determined as of the subsequent Termination Date and payable as of the subsequent Separation from Service, taking into account for purposes of this clause (ii) all Benefit Service and Compensation (including pre-reemployment Benefit Service and Compensation) as of the subsequent Termination Date.

Consistent with the foregoing, if a post-reemployment benefit is payable consistent with the principles of this Part II, such benefit shall be paid at the time and in the form prescribed by Section XIX (Time and Form of Payment), and the provisions of Section XX (Payments Upon Death) shall apply separately to the post-reemployment benefit, in both cases disregarding how any pre-reemployment benefit is being or has been paid.

(e) If an Employee was eligible for an Executive Retirement Installment Benefit, leaves the Service of the Company and all Affiliates before becoming entitled to such benefit, and is rehired by the Company on or after January 1, 2021, such Employee shall not become entitled to the Executive Retirement Installment Benefit for which the Employee was previously eligible, and such Employee's prior Benefit Service, Annual Average Compensation, and Eligibility Service shall be forfeited. Such Employee also shall not be eligible for any post-reemployment benefit under the Plan.

(f) If an Employee was eligible for an Executive Retirement Installment Benefit, has a Termination Date before becoming entitled to such benefit, and remains continuously in the Service of the Company or an Affiliate following such Termination Date until the Employee is reemployed by the Company (including reemployment following a transfer to the Company from an Affiliate) on or after January 1, 2021:

(1) such Employee shall have the Eligibility Service, Benefit Service, and Annual Average Compensation that were credited to the Employee as of the Employee's Termination Date reinstated as of the Employee's first day of reemployment with the Company;

(2) such Employee shall be credited with Eligibility Service for service with an Affiliate to the extent such service is RSP Service as defined in the GE Retirement Savings Plan, regardless of whether the Employee is described in subsection (a) of the definition of "Eligibility Service" in Section XXII; and

(3)the Executive Retirement Installment Benefit to which such Employee may become entitled during a period of reemployment with the Company shall be calculated taking into account only the Employee's Benefit Service and Compensation as of the Employee's most recent Termination Date preceding the Employee's first period of reemployment with the Company that begins on or after January 1, 2021.

(g)Principles similar to those in subsections (a) through (f) shall apply if an Employee is reemployed more than once.

(h)Prior to January 1, 2021, if an Employee ceased to be eligible to continue accruing Benefit Service solely because he was no longer assigned to the GE executive or higher career band, his Executive Retirement Installment Benefit was calculated taking into account his Compensation as an Employee attributable to periods after he was no longer so assigned, even though he could earn Benefit Service only during periods while so assigned. Notwithstanding any provision in this Plan to the contrary, the Executive Retirement Installment Benefit of such an Employee who was not assigned to the GE executive or higher career band on December 31, 2020, shall be calculated taking into account only his Compensation as an Employee earned through December 31, 2020, regardless of whether such Employee is again assigned to the GE executive or higher career band on or after January 1, 2021. Further notwithstanding any provision in this Plan to the contrary, the Executive Retirement Installment Benefit of an Employee who ceases to be eligible to continue accruing Benefit Service on or after January 1, 2021, solely because he is no longer assigned to the GE executive or higher career band shall be calculated taking into account only his Compensation earned as an Employee prior to such change in career band. An Employee described in this Section XXI(h) who is again assigned to the GE executive or higher career band during a period of time beginning on or after January 1, 2021, shall not accrue Benefit Service during such period.

## **Section XXII. Definitions**

The following terms have the following meanings when used in Part II.

**Benefit Service** - means service as an Employee (including during a bona fide leave of absence) while assigned to the GE executive or higher career band and while eligible to participate in either:

(a)the GE Pension Plan; or

(b)the GE Retirement Savings Plan as either:

(1)a Retirement Contribution Participant; or

(2)otherwise, but only in the case of an Affiliate that has made an applicable election described in Section XV(a)

(3) and then only for periods after such election is effective;



provided, however, that Benefit Service shall not include (A) service performed before 2011 or service during any period after an Employee terminates Service with the Company; (B) service performed by an Employee during a period of reemployment with the Company (including reemployment following a transfer to the Company from an Affiliate) that begins on or after January 1, 2021; (C) service performed during a period of time on or after January 1, 2021, by an Employee who ceased to be eligible to continue accruing Benefit Service solely because he was no longer assigned to the GE executive or higher career band and who is again assigned to the GE executive or higher career band on or after January 1, 2021; or (D) service performed while participating in Part I of the Plan before January 1, 2021.

In addition, Benefit Service for any period in which an Employee works on a part-time schedule of less than 35 hours per week shall be reduced in accordance with established administrative procedures based on the ratio of the Employee's part-time schedule to full-time schedule.

Notwithstanding the foregoing, Benefit Service shall also include any period of Service with the Company or an Affiliate as the Pension Board may otherwise provide by rules and regulations issued with respect to this Plan; and any period of service with another employer as may be approved from time to time by the Chairman of the Board but only to the extent that any conditions specified in such approval have been met. Any grant of Benefit Service under the preceding sentence may also specify which accrual rate (the rate prescribed in Section XVI(a)(1), (a)(2) or (a)(3)) applies to such Benefit Service.

The Pension Board may also adopt such rules as it deems necessary for determining an Employee's Benefit Service, and for determining which accrual rate (the rate prescribed in Section XVI(a)(1), (a)(2) or (a)(3)) applies to such Benefit Service.

**Company** - means:

(a) Company as defined in the GE Pension Plan; and

(b) any other Affiliate that adopts this Plan on or after January 1, 2011, as approved by the Pension Board (including an Affiliate that has made an applicable election described in Section XV(a)(3)).

**Eligibility Service** - means:

(a) RSP Service as defined in the GE Retirement Savings Plan (RSP) for (1) an Employee who is a Retirement Contribution Participant under the RSP, or (2) an Employee of an Affiliate that has made an applicable election described in Section XV(a)(3); and

(b) Pension Qualification Service as defined in the GE Pension Plan for all other Employees.

An Employee who was previously eligible for but did not become entitled to an Executive Retirement Installment Benefit as of the Employee's Termination Date, who

leaves the Service of the Company and all Affiliates, and who is reemployed with the Company or an Affiliate on or after January 1, 2021, shall not have any prior Eligibility Service reinstated and shall not be credited with or accrue any Eligibility Service during any such period of reemployment.

The Pension Board may adopt such rules as it deems necessary for determining an Employee's Eligibility Service.

**Employee** - means Employee as defined in the GE Pension Plan, but substituting the term "Company" as defined in this Section XXII for the term "Company" as used in the definition of Employee in the GE Pension Plan.

**Normal Commencement Date** - means the first day of the month following three completed calendar months after an Employee's 65<sup>th</sup> birthday, except that in the case of a Specified Employee whose benefit has been delayed for six completed calendar months pursuant to Section XIX(b)(1), it means the first day of the month following six completed calendar months after his 65<sup>th</sup> birthday.

**Termination Date** - means the earlier of the date of an Employee's Separation from Service or termination of Service with the Company.

### **Section XXIII. Effect of Certain Plan Provisions**

(a) The following provisions of Part I shall not apply to Part II:

Section I, except the penultimate paragraph thereof

Section II(a)

Section II(b)

Section II(c)

Section II(f)

Section II(g)

Section II(h)

Section II(j)

Section II(k)

Section III(a)

Section III(c)

Section IV

Section V

Section VI

Section VII

Section VIII

Section IX

Section X

Section XIII

(b) The remaining provisions of Part I, or the underlying principles of such provisions, shall apply to Part II. Consistent with the foregoing and without limiting the scope of this subsection (b):

(1)the Board of Directors may, in its sole discretion, terminate, suspend or amend the Executive Retirement Installment Benefit set forth in this Part II consistent with the principles of Section XII in the same manner that the Supplementary Pension Annuity Benefit in Part I may be so terminated, suspended or amended;

(2)the Pension Board shall have the same powers, authority and absolute discretion with respect to the Executive Retirement Installment Benefit in this Part II that it has with respect to the Supplementary Pension Annuity Benefit in Part I consistent with the principles of Section XI; and

(3)the definition of Non-Grandfathered Plan Benefit in Section II(i) shall include all benefits earned under Part II.

(c)No provisions of Part II shall apply to Part I, except that, as described in the Introduction, the service disregard rule in Section XV(b) shall apply in determining eligibility for Part I.

## **GE Restoration Plan**

Effective January 1, 2021

### **Section I. Purpose**

The GE Restoration Plan (the “Plan”) is an unfunded, nonqualified deferred compensation arrangement for a select group of management and highly compensated employees of General Electric Company (“GE”) and Participating Affiliates. The Plan is effective as of January 1, 2021, and shall be interpreted and administered consistently with the intent to be a “top hat” plan that is not subject to various provisions of ERISA.

The purpose of the Plan is to provide supplemental benefits that could have been payable under the GE Retirement Savings Plan (“RSP”) if not for limits imposed by the Code. The Plan provides company credits adjusted for deemed investment gains and losses.

### **Section II. Eligibility**

An individual is eligible to participate in the Plan only if the individual is an Eligible Employee. To become an Eligible Employee during 2021 or a subsequent calendar year, an individual must be an Employee who is:

(a) a member of a select group of management or highly compensated employees within the meaning of Sections 201(2) and 301(a)(3) of ERISA;

(b) a salaried employee, as determined by the Plan Sponsor;

(c) assigned by GE to the GE executive or higher career band, or have Earnings for the immediately preceding calendar year which exceeded the Section 401(a)(17) Limit for such preceding calendar year;<sup>1</sup> and

(d) ineligible to accrue Benefit Service under the GE Executive Retirement Installment Benefit (Part II of the GE Supplementary Pension Plan), as defined therein.

Once an individual is (or has been) an Eligible Employee, the requirement of provision (c) of this Section II is waived with respect to such individual until such individual's termination of employment with the Company (including all Affiliates). If a once-Eligible Employee is reemployed, the individual must meet all requirements of this Section II, including provision (c), following reemployment in order to again become an Eligible Employee.

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<sup>1</sup> For the 2021 calendar year only, 2019 and 2020 shall each count as the immediately preceding calendar year for purposes of this provision, such that an Employee whose Earnings for 2019 were in excess of the Section 401(a)(17) limit for 2019, or whose Earnings for 2020 were in excess of the Section 401(a)(17) limit for 2020, qualifies under this provision.

### **Section III. Company Credit**

An Eligible Employee shall accrue a credit (the "Company Credit") for a calendar year if the Eligible Employee:

(a) has Eligible Earnings for such calendar year; and

(b) remains employed by the Company continuously from January 1st (or, if later, the date the individual became an Eligible Employee) through December 15th of such calendar year, unless the individual terminates employment with the Company during such calendar year due to one of the following reasons (or after having attained age 65):

(i) death;

(ii) a "total and permanent" disability as determined by the Social Security Administration qualifying for Social Security disability benefits, or a disability qualifying for disability benefits under a GE long-term disability plan or for a disability pension from the GE Pension Plan;

(iii) a layoff entitling the individual to severance benefits under the GE Layoff Benefit Plan for Salaried Employees, the GE Layoff Benefit Plan for Certain GE Affiliates or the General Electric Capital US Holdings, Inc. Layoff Benefit Plan for U.S. Based Employees, or an employer-initiated separation that is not for cause entitling the individual to severance benefits under the GE US Executive Severance Plan; or

(iv) transfer directly to a Successor Employer in connection with a Business Disposition.

An Eligible Employee's Company Credit for each calendar year shall equal 7% of Eligible Earnings paid to such individual during such calendar year while the individual is an Eligible Employee. Such Company Credit shall be added to the Eligible Employee's Account by January 31st of the next following calendar year, as determined by the Plan Administrator. No adjustment shall be made for deemed investment gains or losses with respect to any period before the Company Credit is added to the Account.

### **Section IV. Investment Credits**

Each Participant's Account shall be adjusted daily, or at such other frequency determined by the Plan Administrator that is at least annually, to reflect deemed investment gains and losses, based on the Participant's investment election for the Participant's Account.

A Participant's investment election shall be made in 1% increments (between 1% and 100%) among the available hypothetical investment options under the Plan, in the form and during the period prescribed by the Plan Administrator, and shall apply uniformly to

any future Company Credits. Once processed, the Participant's investment election shall become effective and continue to be effective until the Participant completes a new investment election in accordance with this paragraph or the Participant's Account is distributed.

A Participant may also elect to switch the deemed investment of the Participant's Account balance, in the form prescribed by the Plan Administrator, whereby:

(a) 1%, or any multiple thereof (up to 100%), of the aggregate notional investment in one hypothetical investment option is switched to a notional investment in another hypothetical investment option; or

(b) the deemed investment of the Participant's Account balance is reallocated among one or more hypothetical investment options in such whole percentage(s) (between 1% and 100%) as the Participant may designate.

The Participant may elect to make up to twelve such deemed investment switches per calendar quarter. The Participant may elect, in accordance with procedures established by the Plan Administrator, to have the deemed investment of the Participant's Account automatically rebalanced on a periodic basis as designated by the Participant, and each such periodic rebalancing shall count as a deemed investment switch when applying the twelve per calendar quarter limit. In addition, notwithstanding any provision of the Plan to the contrary, a Participant's deemed investment switches shall be subject to such additional restrictions as may be established from time to time by the Plan Administrator in order to limit excessive, short-term, round-trip and other deemed investment switching practices by Participants.

The deemed investment alternatives which a Participant may elect for the deemed investment of the Participant's Account shall be determined by the Plan Administrator in its discretion and may include an alternative based on the performance of Company stock. If there is any change in the Company stock, whether through merger, consolidation, reorganization, recapitalization, share distribution in the nature of a stock dividend, or other change in corporate structure, appropriate adjustments shall be made, as determined by the Plan Administrator in its sole discretion, in the number of shares of Company stock represented by such alternative. The Plan Administrator may change or eliminate one or more deemed investment alternatives at any time, in its sole discretion, and shall have the discretion to reallocate balances if one or more deemed investment alternatives are eliminated.

With respect to any particular Company Credit, in the absence of a valid investment election by the deadline established by the Plan Administrator, the Participant shall be deemed to have elected a default deemed investment alternative designated by the Plan Administrator.

All benefits under the Plan are subject to the risk of loss (reduction of Account balance) due to the performance of the deemed investment alternative. No Participant or

Beneficiary shall have a right to any adjustment to make up for investment results (whether a loss, gain that could have been greater or otherwise), and without regard to the cause of the investment result (whether by default, affirmative election of the Participant or Beneficiary, a decision of the Plan Administrator or otherwise).

#### **Section V. Vesting**

A Participant shall vest in the Participant's Account upon being credited with three years of RSP Service, or if earlier, upon:

(a)attaining age 65 while employed by the Company; or

(b)ceasing to be an Employee as the result of transferring directly to a Successor Employer in connection with a Business Disposition (consistent with the principles for vesting under such circumstances set forth in the RSP).

A Participant's Account that is not vested at the time of the Participant's Separation From Service shall be forfeited and is not subject to reinstatement under any circumstances.

#### **Section VI. Payments to Participants**

Upon a Participant's Separation From Service and subject to Section X, the Participant's Account shall be valued as of the close of trading on July 15th of the calendar year next following the Participant's Separation From Service (or if the New York Stock Exchange is not open for trading on such day, the next following day that the New York Stock Exchange is open for trading) and paid to the Participant in a cash lump sum by July 31st of such calendar year.

For purposes of the Plan, a payment that is made after the date prescribed by the Plan shall be treated as being made on time if made by the later of (a) the last day of the calendar year in which the prescribed payment date occurs or (b) the 15th day of the third calendar month that starts after the prescribed payment date.

#### **Section VII. Payments Following Death**

If a Participant dies before the Participant's Account has been paid, the Account shall be paid to the Participant's Beneficiary in a cash lump sum. The payment date shall be determined by the Plan Administrator and shall be no later than December 31st of the calendar year next following the calendar year in which the Participant's death occurs.

A Participant may designate one or more Beneficiaries to receive the balance of the Participant's Account after the Participant's death, in writing on a form acceptable to the Plan Administrator. The Participant may change the Participant's designation of a Beneficiary at any time before the Participant's death. If a Participant's Account is community property, any designation of a Beneficiary shall be valid or effective only as permitted under applicable law. Any valid Beneficiary designation, and any valid change

in a previous Beneficiary designation, shall become effective as of its date only once the Plan Administrator receives and accepts the Beneficiary designation form in accordance with administrative procedures, and no designation dated after the Participant's death shall be accepted. The most recent valid Beneficiary designation in effect at the time of the Participant's death shall apply.

In the absence of an effective Beneficiary designation under the Plan, or if all persons so designated have predeceased the Participant, the Participant's Beneficiary shall be the Participant's designated beneficiary under the RSP or, if none, the Participant's estate.

If a Participant's Beneficiary is a minor, a person who has been declared incompetent, or a person incapable of handling the disposition of the person's property, the balance of the Participant's Account may be paid to the guardian, legal representative, or person having the care and custody of such Beneficiary. The Plan Administrator may require proof of incompetency, minority, incapacity, or guardianship as it deems appropriate prior to payment. Such payment shall completely discharge the Company from all liability with respect to such Beneficiary's interest in the Account.

### **Section VIII. Definitions**

(a) "Account" means the bookkeeping entry used to record Company Credits that are credited to a Participant under the Plan, adjusted for deemed investment gains and losses.

(b) "Affiliate" means any company or business entity under the direct or indirect control of GE and any company or business entity in which GE has a 50% or more interest, whether or not a Participating Affiliate.

(c) "Beneficiary" means the person or persons designated under Section VII.

(d) "Business Disposition" shall mean any of the following transactions:

(i) the sale or other transfer to a Successor Employer of all or substantially all of the assets used by the Employee's Participating Employer in a trade or business conducted by the Participating Employer;

(ii) the liquidation, sale, or other means of terminating the parent-subsidary or controlled group relationship of the Participating Employer with GE, if the Employee was employed by a subsidiary corporation (within the meaning of Section 424(f) of the Code) of GE, or by a corporation that is a member of a controlled group of corporations (within the meaning of Section 1563(a) of the Code, determined by substituting "50 percent" for "80 percent" each place "80 percent" appears therein) that includes GE;



(iii) the liquidation, sale, or other means of terminating the treatment of the Participating Employer and GE as a single employer, if the Employee was employed by an entity other than a corporation that, together with GE, is treated as a single employer pursuant to Section 414(c) of the Code (determined by substituting "50 percent" for "80 percent" each place "80 percent" appears in the Treasury Department regulations thereunder);

(iv) the loss or expiration of a contract with a government agency and the entry into a successor contract by a Successor Employer and such government agency;

(v) the sale or other transfer to a Successor Employer of all or substantially all of the assets used by the Employee's Participating Employer at a plant, facility, or other business location of the Participating Employer; or

(vi) any other sale, transfer, or disposition of assets of the Employee's Participating Employer to a Successor Employer.

(e) "Cause" means, as determined in the sole discretion of the Plan Administrator, an Eligible Employee's or a Participant's:

(i) breach of the Employee Innovation and Proprietary Information Agreement or any other confidentiality, non-solicitation, or non-competition agreement with the Company or breach of a material term of any other agreement between the Eligible Employee (or Participant) and the Company;

(ii) engagement in conduct that results in, or has the potential to cause, material harm financially, reputationally, or otherwise to the Company;

(iii) commission of an act of dishonesty, fraud, embezzlement or theft;

(iv) conviction of, or plea of guilty or no contest to, a felony or crime involving moral turpitude; or

(v) failure to comply with the Company's policies and procedures, including but not limited to The Spirit and Letter.

(f) "Code" means the Internal Revenue Code of 1986, as amended.

(g) "Company" means GE or any Affiliate.

(h) "Company Credit" is defined in Section III.

(i) "Earnings" for a calendar year mean Earnings under the RSP for such calendar year, but determined without regard to the Section 401(a)(17) Limit.

(j)“Eligible Earnings” for a calendar year mean an Eligible Employee’s Earnings for a calendar year which exceed the Section 401(a)(17) Limit for such calendar year. An Eligible Employee shall not have Eligible Earnings for any calendar year or portion thereof unless and until the Eligible Employee’s cumulative Earnings for the calendar year exceed the Section 401(a)(17) Limit for such calendar year.

(k)“Eligible Employee” means an Employee of a Participating Employer who meets the requirements described in Section II.

(l)“Employee” means a common law U.S. employee of the Participating Employer (including such an employee on a bona fide leave of absence). If the Plan Administrator or a Participating Employer determines that an individual is not an “employee,” the individual will not be eligible to participate in the Plan, regardless of whether the determination is subsequently upheld by a court or tax or regulatory authority having jurisdiction over such matters or whether the individual is subsequently treated or classified as an employee for certain specified purposes. Any change to an individual’s status by reason of such reclassification or subsequent treatment will apply prospectively only.

(m)“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

(n)“Participant” means a current or former Eligible Employee who has an Account under the Plan with a balance of greater than \$0.

(o)“Participating Affiliate” means an Affiliate whose participation in the Plan is approved by the GE Pension Board, whose members are appointed by the Board of Directors of GE. As of January 1, 2021, all Affiliates that participate in the GE Supplementary Pension Plan shall be Participating Affiliates.

(p)“Participating Employer” means GE or a Participating Affiliate.

(q)“Plan Administrator” means the GE Pension Board committee designated by the Board of Directors of GE, or its designee or delegate.

(r)“Plan Sponsor” means General Electric Company (“GE”).

(s)“RSP Service” means a Participant’s service under the RSP that is credited for purposes of vesting in the Participant’s RSP account.

(t)“Section 401(a)(17) Limit” means, for a year, the adjusted dollar limitation under Section 401(a)(17) of the Code for such year.

(u)“Separation From Service” means a Participant’s termination of employment with the Company (including all Affiliates) provided that a Separation From Service for purposes of the Plan shall be interpreted consistently with the requirements of Section 409A of the Code. Solely for purposes of determining the time of

payment of benefits under the Plan (and not, for example, for purposes of determining a participant's right to a benefit, vesting, or the amount of any benefit), the Plan Sponsor may determine that a divestiture will not be treated as a Separation From Service; provided that such determination is consistent with the requirements of Section 409A of the Code.

(v) "Successor Employer" shall mean any entity that is not:

(i) a subsidiary corporation (within the meaning of Section 424(f) of the Code) of GE;

(ii) a corporation that is a member of a controlled group of corporations (within the meaning of Section 1563(a) of the Code, determined by substituting "50 percent" for "80 percent" each place "80 percent" appears therein) that includes GE;

(iii) an entity that, together with GE, is treated as a single employer pursuant to Section 414(c) or (m) of the Code (determined by substituting "50 percent" for "80 percent" each place "80 percent" appears in the Treasury Department regulations thereunder);

(iv) any entity that, in connection with the Business Disposition, becomes the sponsor of the Plan; or

(v) any entity that, together with an entity described in clause (iv), is treated as part of a controlled group of corporations or as a single employer pursuant to Section 414(b), (c), or (m) of the Code.

#### **Section IX. Other**

(a) Any benefit from the Participant's Account under the Plan shall be contingent upon the Participant signing, not revoking, and complying with the terms of a release and waiver of claims (the "Release"), which may include, among other things and where legally permissible, confidentiality, cooperation, non-competition, non-solicitation and/or non-disparagement requirements. Such release and waiver of claims must be in a form acceptable to the Plan Sponsor, executed by the deadline established by the Plan Sponsor, and not revoked or breached. Otherwise, no benefit shall be payable under the Plan.

(b) The Plan Administrator may impose such other lawful terms and conditions on participation in this Plan as it deems desirable. The Plan Administrator may require proof of death of any Participant and such evidence as the Plan Administrator determines to be appropriate of the right of any person to receive any Plan benefit. Each Participant and Beneficiary shall cooperate with the Plan Administrator by furnishing any and all information requested by the Plan

Administrator and take such other actions as may be requested in order to facilitate the administration of the Plan and the payment of benefits hereunder.

(c) If a Participant's employment is terminated for Cause or if the Plan Administrator determines in its sole discretion that a Participant has engaged in conduct that (i) constitutes a breach of the Release, (ii) results in (or has the potential to cause) material harm financially, reputationally, or otherwise to the Company or (iii) occurred prior to the Participant's Separation from Service and would give rise to a termination for Cause (regardless of whether such conduct is discovered before, during or after the Participant's Separation From Service), the Participant shall forfeit the Participant's right to any unpaid benefit from the Participant's Account under this Plan and may be required to repay any amounts previously paid under the Plan to the extent recovery is permitted by law.

The remedy under this subsection (c) is not exclusive and shall not limit any right of the Company under applicable law, including (but not limited to) a remedy under (i) Section 10D of the Securities Exchange Act of 1934, as amended, (ii) any applicable rules or regulations promulgated by the Securities and Exchange Commission or any national securities exchange or national securities association on which shares of the Company may be traded, and/or (iii) any Company policy adopted with respect to compensation recoupment.

(d) If the Company determines that a Participant is indebted to it on the effective date of the Separation From Service, including by reason of breaching a commitment to the Company, the Company reserves the right to offset the payment of any benefits under the Plan by the amount of such indebtedness, as determined by the Plan Administrator. Such offset will be made in accordance with all applicable laws (including the intent not to trigger taxes under Section 409A of the Code).

(e) No amount payable at any time under this Plan shall be subject in any manner to alienation, sale, transfer, assignment, pledge or encumbrance of any kind (except as described in subsection (d) above). Any attempt to alienate, sell, transfer, assign, pledge, commute, anticipate, mortgage or otherwise encumber, transfer, hypothecate or convey any such benefit, whether presently or subsequently payable, shall be void. Except as required by law or as described in Section X, no benefit payable under this Plan shall, prior to actual payment, in any manner be subject to seizure, garnishment, attachment, execution, sequestration or other legal process for the payment of any debts, judgments, alimony, separate maintenance or liability of any Participant or Beneficiary, or be transferrable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency.

(f) The Plan Administrator is authorized to comply with any court order in any action in which the Plan or the Plan Administrator has been named as a party, including

any action involving a determination of the rights or interests in an Employee's benefits under the Plan, to the extent permitted by Section 409A of the Code.

(g) This Plan does not provide any individual a right to continue employment with the Company, nor does it affect the Company's right to terminate the employment of any individual at any time for any reason with or without Cause.

(h) Except to the extent preempted by ERISA or otherwise governed by federal law, the laws of the State of New York shall govern the construction and interpretation of the Plan, without regard to conflicts of law provisions therein.

(i) No credits or payments made under this Plan shall be treated as eligible "compensation" for purposes of the RSP or any other retirement, savings or similar plan of the Company.

(j) This Plan contains a complete statement of its terms. The Plan may be amended, suspended or terminated only in writing and then only as provided in Section XI. The legal or equitable rights or interests of any person in this Plan, and the Participating Employer's obligations or liabilities therefor, shall be exclusively determined by the express provisions of the Plan.

(k) If any provision of the Plan shall be held unlawful or otherwise invalid or unenforceable in whole or in part, the unlawfulness, invalidity, or unenforceability shall not affect any other provision of the Plan, each of which shall remain in full force and effect.

(l) Each reference in the Plan to a written document or delivery of a communication in writing shall include delivery by electronic means (e.g., by email or posting on an applicable website).

#### **Section X. Taxation and Compliance with Section 409A of the Code**

(a) All payments and benefits under the Plan are subject to all applicable deductions and withholdings, including obligations to withhold federal, state, and local income and employment taxes. Each recipient of benefits under the Plan (and not the Company) shall be solely responsible for the recipient's own tax liability with respect to such benefits (including imputed income), without regard to the amount withheld or reported to the Internal Revenue Service.

(b) The amount withheld shall be determined by the Company. The Company may deduct from other wages payable to the Participant any employment tax that the Company reasonably determines to be due with respect to the benefit under the Federal Insurance Contributions Act (FICA) or require the Participant or Beneficiary to remit to the Company or its designee an amount sufficient to satisfy such tax. Alternatively, the Company, in its discretion, may deduct such FICA amounts (plus an amount to cover associated federal and state income

taxes) from the unpaid portion of a Participant's benefit, in a manner consistent with Treasury Department regulation 1.409A-3(j)(4)(vi).

(c) The Plan is intended to comply with Section 409A of the Code and shall be interpreted accordingly. To the extent that a provision of this Plan does not comply with Section 409A of the Code, such provision shall be void and without effect. The Company does not warrant that the Plan will comply with Section 409A of the Code with respect to any Participant or with respect to any payment. In no event shall the Company (or any director, officer, employee, or affiliate thereof) be liable for any additional tax, interest, or penalty incurred by a recipient of benefits under the Plan as a result of the Plan's failure to satisfy the requirements of Section 409A of the Code or any other requirements of applicable tax laws.

#### **Section XI. Amendment or Termination**

The Plan may be amended or terminated by the Board of Directors of GE or its designee, at any time and for any reason, in its sole discretion and with the result that benefits under the Plan may be changed or discontinued, retroactively or prospectively.

Termination of the Plan shall be a payment event, and payments shall be made only to the extent permitted by Section 409A of the Code. All payments related to termination of the Plan (to the extent permitted) shall be made at a time determined by the Plan Sponsor in its sole discretion, consistent with the requirements of Section 409A of the Code. If the Plan Sponsor or the Plan Administrator determines that any provision of the Plan is or might be inconsistent with the restrictions imposed by Section 409A of the Code, such provision shall be deemed to be amended to the extent that the Plan Sponsor or the Plan Administrator determines is necessary to bring it into compliance with Section 409A of the Code. Any such deemed amendment shall be effective as of the earliest date such amendment is necessary under Section 409A of the Code.

#### **Section XII. Unfunded Plan**

Benefits provided under this Plan are unfunded and unsecured obligations of the Participating Employer payable from its general assets. Participant Accounts, deemed investments, and all credits and other adjustments under the Plan are for measuring purposes only and do not correspond to actual investments or otherwise signify an individual account or funded benefits.

Nothing contained in this Plan shall require a Participating Employer to segregate any monies from its general funds, to create any trust or other funding vehicle, to make any special deposits, or to purchase any policies of insurance with respect to such obligations. If a Participating Employer elects to take any such action, such assets, investments and the proceeds therefrom shall at all times remain the sole property of the Participating Employer and subject to its creditors. To the extent the Participating Employer pursues individual insurance policies on one or more Participants to fund its

obligations, such Participants shall provide any information as may be required by the insurance company for such purpose. No Participant, Beneficiary, or other individual shall have any economic interest or similar rights under the Plan or any ownership rights in such assets, investments or proceeds, whether by reason of being a named insured or otherwise.

### **Section XIII. Administration**

Except as otherwise expressly provided in the Plan, the management and control of the operation and administration of the Plan shall be vested in the Plan Administrator. The Plan Administrator has sole discretion to make all determinations with respect to eligibility and benefits under the Plan and such determinations shall be final and binding. The Plan Administrator shall act in good faith, but shall not be subject to the requirements of Title I, Part 4 of ERISA.

No liability shall attach to or be incurred by the stockholders, officers, directors or employees of the Company, in whatever capacity, under or by reason of the terms, conditions or agreements contained in the Plan or any law, rule or regulation, or for acts or decisions taken or omitted by any of them thereunder.

The Plan Administrator may, from time to time, employ agents and delegate to them such administrative duties as it sees fit. In accordance with its charter, the Plan Administrator may also delegate to other persons or other entities any or all of its authority, responsibilities, obligations and duties with respect to the Plan. If the Company, Plan Administrator or other plan fiduciary (an "Advisee") engages attorneys, accountants, actuaries, consultants, and other service providers (an "Advisor") to advise them on issues related to a Plan or the Advisee's responsibilities under the Plan:

(a) The Advisor's client is the Advisee and not any employee, participant, dependent, beneficiary, claimant, or other person;

(b) The Advisee will be entitled to preserve the attorney-client privilege and any other privilege accorded to communications with the Advisor, and all other rights to maintain confidentiality, to the full extent permitted by law; and

(c) No employee, participant, dependent, beneficiary, claimant or other person will be permitted to review any communication between the Advisee and any of its or his Advisors with respect to whom a privilege applies, unless mandated by a court order.

### **Section XIV. Claims and Appeals**

The provisions of this Section XIV shall apply to any claim for a benefit under the Plan, regardless of the basis asserted for the claim and regardless of when the act or omission upon which the claim is based occurred. Any such claim shall be addressed through the claims and appeals process described in the handbook summary for this

Plan, and no such claim may be filed in court, arbitration, or similar proceeding before the claimant has exhausted that process. Such process is intended to comply with Section 503 of ERISA and shall be administered and interpreted in a manner consistent with such intent.

The claims administrator shall be the GE Pension Board, a committee whose members are appointed by the Board of Directors, or its designee or delegate.

#### **Section XV.Limitations Period**

(a)Any claim (i) for benefits; (ii) to enforce rights under the Plan; or (iii) otherwise seeking a remedy or judgment of any kind against the Plan, the Plan Administrator or the Company must be filed within the limitations period prescribed by this Section XV (and subsequent to exhaustion as described in Section XIV).

(b)The limitations period shall begin on the following date:

(i)For a claim for benefits, the earliest of: (1) the date the first benefit payment was actually made or allegedly due, or (2) the date the Plan, the Plan Administrator or the Company first repudiated the alleged obligation to provide such benefits, regardless of whether such repudiation occurred during administrative review pursuant to Section XIV. A repudiation described in clause (2) may be made in the form of a direct communication to the employee or a more general oral or written communication related to benefits payable under the Plan (for example, a summary of the Plan or an amendment to the Plan);

(ii)For a claim to enforce an alleged right under the Plan (other than a right to benefits), the date the Plan first denied the request made on behalf of the employee to exercise such right, regardless of whether such denial occurred during administrative review pursuant to Section XIV; or

(iii)For any claim otherwise seeking a remedy or judgment of any kind against the Plan, the Plan Administrator or the Company, the earliest date on which the employee knew or should have known of the material facts on which such claim or action is based, regardless of whether the employee was aware of the legal theory underlying the claim.

(c)The limitations period shall end on the first anniversary of the beginning date described in Section XV(b); provided, however, that if a request for administrative review pursuant to Section XIV is pending at such time, the limitations period shall be extended to end on the date that is 60 days after the final denial of such claim on administrative review.



(d)The limitations period described in this Section XV replaces and supersedes any limitations period that otherwise might be deemed applicable under state or federal law in the absence of this Section XV. A claim filed after the expiration of the limitations period shall be deemed time-barred, except that the Plan Administrator shall have discretion to extend the limitations period upon a showing of exceptional circumstances that, in the opinion of the Plan Administrator, provide good cause for an extension. The exercise of this discretion is committed solely to the Plan Administrator and is not subject to review.

(e)In the event of any claim brought by or on behalf of two or more employees, the requirements of this Section XV shall apply separately with respect to each employee.

## **GE Retirement for the Good of the Company Program**

Effective January 1, 2018

The following provisions of the GE Retirement for the Good of the Company Program ("Program") shall apply for any Employee who Separates from Service on or after January 1, 2018 (and for any amounts paid by reason of the death of such Employee). The terms of the Program's prior restatement effective January 1, 2009, including Section 14 thereof, shall govern any benefits granted under the Program prior to 2018, which such benefits are reflected in a separation agreement.

### **A. Allowances**

The Chief Executive Officer of GE, Senior Vice President of Human Resources of GE or a delegate of either (a "Company Representative") may, in the Company Representative's sole discretion, take any one of the following actions:

(1) In the event a Company Representative determines, in his or her sole discretion, that an Employee's Separation from Service is in the best interest of the Company, the Employee shall be provided with an interest in the Employee's Supplementary Pension (or Executive Retirement Installment Benefit) commencing at the time prescribed by Section X(a) (or XIX) of the GE Supplementary Pension Plan (a "Deferred Termination Allowance"), provided that the Employee either has completed at least 25 years of Pension Qualification Service (or Eligibility Service) or will be receiving payments under the Plant Closing Pension Option under the GE Pension Plan. In limited circumstances to be determined by a Company Representative in his or her sole discretion, a proportionately reduced Deferred Termination Allowance may be provided to an Employee with less than 25 years of Pension Qualification Service (or Eligibility Service).

(2) In the event an Employee has attained age 55 and will be receiving payments under the Special Early Retirement Option or Plant Closing Pension Option under the GE Pension Plan, the Employee may be provided with an amount commencing on the first day of the month after the Employee's Separation from Service that shall not exceed the amount which would have been payable under this Plan if the Employee had attained age 60 before his or her Separation from Service, taking into account only the Pension Benefit Service and Average Annual Compensation to the date of Separation from Service (a "SERO/PCPO Allowance"). (This paragraph (2) shall not apply to an Executive Retirement Installment Benefit.)

Any such Deferred Termination or SERO/PCPO Allowance (each an "Allowance") shall be conferred in a separation agreement executed by the Employee and a Company Representative, and shall be contingent upon the Employee signing such an agreement which will include, among other things, a release and waiver of claims. Such release and waiver of claims must be acceptable to the Company, executed by the deadline established by the Company, and not revoked. The requirement to execute a release and waiver of claims shall not alter the time or form of payment of any benefit under the Program. To the extent the terms of such separation agreement conflict with the terms of this Program, the terms of this Program shall prevail.

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Any Allowance may be terminated at any time by the Management Development and Compensation Committee of the GE Board of Directors if such committee determines, in its sole discretion, that the Employee, or after the death of the Employee, the employee's Surviving Spouse, has acted or is acting in any way inimical to the interests of the Company. Furthermore, any Allowance may be amended, reduced, suspended or terminated by the GE Board of Directors in its discretion. Any such change shall comply with the restrictions of Section 409A of the Code, to the extent applicable. No such change may accelerate a scheduled payment of benefits hereunder, nor permit a subsequent deferral of benefits hereunder.

#### B. General Conditions

(1) All terms not otherwise defined herein shall have the meaning set forth in the GE Supplementary Pension Plan or GE Pension Plan. Consistent therewith, the form of payment of an Allowance granting an interest in the Employee's Supplementary Pension or Executive Retirement Installment Benefit shall be governed by the terms of the GE Supplementary Pension Plan.

(2) The terms of the Program shall be interpreted consistent with the requirements of Section 409A of the Code and regulations and other guidance issued thereunder. Notwithstanding any other provision of the Program to the contrary, if an Employee is a Specified Employee, payment of any Allowance shall not be made within the first six months following the Employee's Separation from Service. In the event distribution to a Specified Employee is so delayed, payment of benefits hereunder shall begin on the first day of the seventh month following Separation from Service and, in the case of an allowance based on an Employee's Supplementary Pension, the first such payment may be increased to reflect the missed payments (with interest determined in accordance with Pension Board procedures). "Specified Employee" means a specified employee as described in the Company's Procedures for Determining Specified Employees under Code Section 409A, as amended from time to time.

Except to the extent that the same are governed by the federal law (including Section 409A of the Code), the law of the State of New York shall govern the construction and administration of the Program.

(3) No Employee and no other person shall have any legal or equitable rights or interest in this Program that are not expressly granted in this Program. For example, the fact that an Allowance may be granted to any eligible Employee, or that an Allowance has been granted to other employees in the past, does not entitle any Employee to such a grant.

(4) Except as to withholding of any tax under the laws of the United States or any state or locality, no benefit payable at any time hereunder shall be subject in any manner to alienation, sale, transfer, assignment pledge, attachment or other legal process, or encumbrance of any kind. Any attempt to alienate, sell, transfer, assign, pledge or otherwise encumber any such benefit, whether currently or thereafter payable hereunder, shall be void.

## **GE US Executive Severance Plan**

Effective January 1, 2021

### **Section I. Purpose and Effective Date**

The GE US Executive Severance Plan (the “Plan”) provides severance benefits under specified conditions to Executives who experience a Qualifying Termination (and are notified in writing by the Participating Employer of such Qualifying Termination) on or after January 1, 2021. The Plan is an unfunded plan maintained primarily for the purpose of providing severance benefits to a select group of management and highly compensated employees of General Electric Company (“GE”) and Participating Affiliates. The Plan shall be interpreted and administered consistently with the intent to be a “top hat” plan that is not subject to various provisions of ERISA. All capitalized terms are defined below or in Section VII.

### **Section II. Qualifying Termination**

A “Qualifying Termination” occurs when:

(a) The Executive’s position is being eliminated (and not replaced) and the Executive is not offered a Suitable Position;

(b) The Executive’s employment is being terminated in connection with a Participating Employer-initiated separation which is not for Cause and the Executive is not offered a Suitable Position; or

(c) The Executive’s position is being changed (for reasons other than Cause) in such a way that it would no longer be a Suitable Position, and the Executive terminates employment with the Company within 30 days following written notification of such change.

However, a Qualifying Termination shall not include a termination of employment for Cause or on account of resignation, death or disability.

A “Suitable Position” means either:

(a) a continued position with a successor employer in a business disposition or a third party in an outsourcing arrangement that provides a combined base salary and annual incentive award opportunity which is at least 80% of the Executive’s combined base salary and annual incentive award opportunity immediately prior to the Executive’s termination of employment with the Company (even if a different pay mix and/or other conditions and objectives apply to the role); or

(b) a position with the Company that:

(1) is within the same career band the Executive held immediately prior to the Executive’s termination of employment;

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(2) is within 50 miles of the Executive's official job location (as assigned by the Participating Employer) immediately prior to the Executive's termination of employment; and

(3) would not result in more than a 20% decrease in the Executive's combined base salary and annual incentive award opportunity compared to the Executive's combined base salary and annual incentive award opportunity immediately prior to the Executive's termination of employment.

### **Section III. Additional Conditions**

Any benefit under this Plan shall be conferred via a separation agreement executed by the Executive, and shall be contingent upon the Executive signing, not revoking, and complying with the terms of such agreement which will include a release and waiver of claims (the "Release") and which may include, among other things and where legally permissible, confidentiality, cooperation, non-competition, non-solicitation and/or non-disparagement requirements. If the separation agreement (including the Release) is not executed in a form acceptable to the Plan Sponsor by the deadline established by the Plan Sponsor (which shall be no later than 45 days following the effective date of the Qualifying Termination), or is revoked or breached, no benefit shall be payable under the Plan. To the extent the express terms of a separation agreement conflict with the terms of this Plan, the terms of this Plan shall prevail. For the avoidance of doubt, silence in the separation agreement shall not constitute a conflict with the Plan terms.

If the Plan Administrator determines in its sole discretion that an Executive has engaged in conduct that (a) constitutes a breach of the separation agreement (including the Release), (b) results in (or has the potential to cause) material harm financially, reputationally, or otherwise to the Company or (c) occurred prior to the Qualifying Termination and would give rise to a termination for Cause (regardless of whether such conduct is discovered before, during or after the Qualifying Termination), the Executive shall forfeit the right to any unpaid benefit under this Plan and may be required to repay any amounts previously paid under the Plan to the extent recovery is permitted by law.

This remedy is not exclusive and shall not limit any right of the Company under applicable law, including (but not limited to) a remedy under (a) Section 10D of the Securities Exchange Act of 1934, as amended, (b) any applicable rules or regulations promulgated by the Securities and Exchange Commission or any national securities exchange or national securities association on which shares of the Company may be traded, and/or (c) any Company policy adopted with respect to compensation recoupment.

### **Section IV. Amount and Form of Payment**

An Executive who meets the requirements of Sections I, II and III shall be paid a lump sum within 60 days following the effective date of the Qualifying Termination equal to:

(a) 6 months of Base Salary if the Executive is an Executive Band Employee immediately prior to the Qualifying Termination;

(b) 9 months of Base Salary if the Executive is a Senior Executive Band Employee immediately prior to the Qualifying Termination;

(c) 12 months of Base Salary if the Executive is a GE Officer immediately prior to the Qualifying Termination; or

(d) 18 months of Base Salary if the Executive is a Senior Vice President of GE, or reports directly to the Chief Executive Officer of GE (regardless of band), in each case immediately prior to the Qualifying Termination.

The above classifications are determined by GE based on its career bands, and not those assigned by an Affiliate.

The lump sum payment pursuant to this Section IV shall be subject to applicable withholdings and deductions, as well as the offsets described in Section VI.

### **Section V. Outplacement Services**

An Executive who meets the requirements of Sections I, II and III shall also be eligible for outplacement services through a nationally recognized outplacement firm selected by the Plan Sponsor. To receive these outplacement services, the Executive must enroll in such services in accordance with procedures established by the Plan Sponsor and within 30 days following the effective date of the Qualifying Termination. Executives who enroll shall receive outplacement services for the number of months of Base Salary paid pursuant to Section IV; provided, however, that such services shall cease upon the Executive obtaining subsequent employment. Executives are required to notify the Participating Employer immediately upon obtaining subsequent employment.

### **Section VI. Offset and Rehire Rules**

To the extent the Executive is vested in a GE Supplementary Pension, Executive Retirement Benefit or equivalent payments, the amount of any lump sum payment described in Section IV shall be reduced by the Executive's estimated monthly benefit payable during the same number of months following the Qualifying Termination that apply under Section IV. For this purpose, the Executive's estimated monthly benefit is determined (a) during the week prior to the Executive's written notification of the Qualifying Termination, (b) applying the five-year certain benefit for GE Supplementary Pension and 1/12<sup>th</sup> of the annual Executive Retirement Benefit, and (c) disregarding any delay required by Section 409A of the Code.

In addition, the Special Early Retirement Option Offset required by the GE Pension Plan shall apply to the extent the Executive qualifies for and elects the Special Early Retirement Option or Plant Closing Pension Option under the GE Pension Plan.

In the event the Executive is rehired by the Company before the period of time for which Base Salary was paid under Section IV has expired, the Executive shall repay the portion of the lump sum attributable to the period of time during which he or she is reemployed in accordance with procedures established by the Plan Administrator.

## **Section VII. Definitions**

(a) "Affiliate" means any company or business entity under the direct or indirect control of GE and any company or business entity in which GE has a 50% or more interest, whether or not a Participating Affiliate.

(b) "Base Salary" means an Executive's salary rate (excluding bonuses, commissions or other compensation) in effect immediately prior to the Qualifying Termination.

(c) "Cause" means, as determined in the sole discretion of the Plan Administrator, an Executive's:

(1) breach of the Employee Innovation and Proprietary Information Agreement or any other confidentiality, non-solicitation, or non-competition agreement with the Company or breach of a material term of any other agreement between the Executive and the Company;

(2) engagement in conduct that results in, or has the potential to cause, material harm financially, reputationally, or otherwise to the Company;

(3) commission of an act of dishonesty, fraud, embezzlement or theft;

(4) conviction of, or plea of guilty or no contest to, a felony or crime involving moral turpitude; or

(5) failure to comply with the Company's policies and procedures, including but not limited to The Spirit and Letter.

(d) "Code" means the Internal Revenue Code of 1986, as amended.

(e) "Company" means GE or any Affiliate.

(f) "Executive" means an Employee who is (1) assigned by GE to the GE executive or higher career band and (2) not covered by an employment or other agreement with the Company that provides other severance or similar benefits. An Executive shall not be eligible for severance or similar benefits under the GE Layoff Benefit Plan for Salaried Employees, the General Electric Capital US Holdings, Inc. Layoff Benefit Plan for US Based Employees, the GE Layoff Benefit Plan for Certain GE Affiliates or any other plan or program sponsored by the Company that provides for severance or similar benefits.

(g)“Employee” means a common law U.S. employee of the Participating Employer (including such an employee on a bona fide leave of absence). If the Plan Administrator or a Participating Employer determines that an individual is not an “employee,” the individual will not be eligible to participate in the Plan, regardless of whether the determination is subsequently upheld by a court or tax or regulatory authority having jurisdiction over such matters or whether the individual is subsequently treated or classified as an employee for certain specified purposes. Any change to an individual’s status by reason of such reclassification or subsequent treatment will apply prospectively only.

(h)“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

(i)“Participating Affiliate” means an Affiliate whose participation in the Plan is approved by the GE Pension Board, whose members are appointed by the Board of Directors of GE. As of January 1, 2021, all Affiliates that participate in the GE Layoff Benefit Plan for Salaried Employees, the General Electric Capital US Holdings, Inc. Layoff Benefit Plan for U.S. Based Employees or the GE Layoff Benefit Plan for Certain GE Affiliates shall be Participating Affiliates.

(j)“Participating Employer” means GE or a Participating Affiliate.

(k)“Plan Administrator” means the GE Pension Board committee designated by the Board of Directors of GE, or its designee or delegate.

(l)“Plan Sponsor” means General Electric Company (“GE”).

(m)“Special Early Retirement Option Offset” shall have the meaning set forth in the GE Pension Plan.

#### **Section VIII. Other**

(a) Payments made under this Plan shall not be treated as eligible “compensation” for purposes of the GE Retirement Savings Plan, the GE Pension Plan, or any other retirement, savings or similar plan of the Company.

(b) If the Company determines that an Executive is indebted to it on the effective date of the Qualifying Termination, including by reason of breaching a commitment to the Company, the Company reserves the right to offset the payment of any benefits under the Plan by the amount of such indebtedness, as determined by the Plan Administrator. Such offset will be made in accordance with all applicable laws (including the intent not to trigger taxes under Section 409A of the Code).

(c) No amount payable at any time under this Plan shall be subject in any manner to alienation, sale, transfer, assignment, pledge or encumbrance of any kind (except as described in subsection (b) above). Any attempt to alienate, sell, transfer,



assign, pledge, commute, anticipate, mortgage or otherwise encumber, transfer, hypothecate or convey any such benefit, whether presently or subsequently payable, shall be void. Except as required by law or as described in Section XI, no benefit payable under this Plan shall, prior to actual payment, in any manner be subject to seizure, garnishment, attachment, execution, sequestration or other legal process for the payment of any debts, judgments, alimony, separate maintenance or liability of any Executive, or be transferrable by operation of law in the event of an Executive's or any other person's bankruptcy or insolvency.

(d) The Plan Administrator is authorized to comply with any court order in any action in which the Plan or the Plan Administrator has been named as a party, including any action involving a determination of the rights or interests in an Employee's benefits under the Plan.

(e) This Plan does not provide any individual a right to continue employment with the Company, nor does it affect the Company's right to terminate the employment of any individual at any time for any reason with or without Cause.

(f) Except to the extent preempted by ERISA or otherwise governed by federal law, the laws of the State of New York shall govern the construction and interpretation of the Plan, without regard to conflicts of law provisions therein.

(g) Benefits provided under this Plan are unfunded and unsecured obligations of the Participating Employer payable from its general assets.

(h) Each Executive shall cooperate with the Plan Administrator by furnishing any and all information requested by the Plan Administrator and take such other actions as may be requested in order to facilitate the administration of the Plan and the payment of benefits hereunder.

(i) This Plan contains a complete statement of its terms. The Plan may be amended, suspended or terminated only in writing and then only as provided in Section IX. The legal or equitable rights or interests of any person in this Plan, and the Participating Employer's obligations or liabilities therefor, shall be exclusively determined by the express provisions of the Plan.

(j) If any provision of the Plan shall be held unlawful or otherwise invalid or unenforceable in whole or in part, the unlawfulness, invalidity, or unenforceability shall not affect any other provision of the Plan, each of which shall remain in full force and effect.

## **Section IX. Amendment or Termination**

The Plan may be amended or terminated by the Board of Directors of GE or its designee, at any time and for any reason, in its sole discretion and with the result that benefits under the Plan may be changed or discontinued, retroactively or prospectively.

## **Section X.Administration**

Except as otherwise expressly provided in the Plan, the management and control of the operation and administration of the Plan shall be vested in the Plan Administrator. The Plan Administrator has sole discretion to make all determinations with respect to eligibility and benefits under the Plan and such determinations shall be final and binding.

No liability shall attach to or be incurred by the stockholders, officers, directors or employees of the Company, in whatever capacity, under or by reason of the terms, conditions or agreements contained in the Plan or any law, rule or regulation, or for acts or decisions taken or omitted by any of them thereunder.

The Plan Administrator may, from time to time, employ agents and delegate to them such administrative duties as it sees fit. In accordance with its charter, the Plan Administrator may also delegate to other persons or other entities any or all of its authority, responsibilities, obligations and duties with respect to the Plan. If the Company, Plan Administrator, or other plan fiduciary (an "Advisee") engages attorneys, accountants, actuaries, consultants, and other service providers (an "Advisor") to advise them on issues related to a Plan or the Advisee's responsibilities under the Plan:

(a)The Advisor's client is the Advisee and not any employee, participant, dependent, beneficiary, claimant, or other person;

(b)The Advisee will be entitled to preserve the attorney-client privilege and any other privilege accorded to communications with the Advisor, and all other rights to maintain confidentiality, to the full extent permitted by law; and

(c)No employee, participant, dependent, beneficiary, claimant or other person will be permitted to review any communication between the Advisee and any of its or his Advisors with respect to whom a privilege applies, unless mandated by a court order.

## **Section XI.Taxation and Section 409A**

All payments and benefits under the Plan are subject to all applicable deductions and withholdings, including obligations to withhold federal, state and local income and employment taxes. Each recipient of benefits under the Plan (and not the Company) shall be solely responsible for the recipient's own tax liability with respect to such benefits (including imputed income), without regard to the amount withheld or reported to the Internal Revenue Service. The amount withheld shall be determined by the Company. Nothing in this Plan shall be interpreted or construed to transfer any liability for any tax (including a tax or penalty due as a result of a failure to comply with Section 409A of the Code) from any Executive or an Executive's spouse, beneficiary, or estate to any other individual or entity.

The Plan shall be construed and administered consistently with the intent that payments under the Plan be exempt from the requirements of Section 409A of the Code ("Section 409A") (i.e., applying the "short-term deferral" rule described in Treas. Reg. § 1.409A-1(b)(4), the "two-year, two-time" rule described in Treas. Reg. § 1.409A-1(b)(9) and/or another exemption). To the extent Section 409A applies, the Plan shall be construed and administered consistently with the requirements thereof to avoid taxes thereunder.

Consistent therewith, where the Plan specifies a window during which a payment may be made, the payment date within such window shall be determined by the Plan Sponsor in its sole discretion. Furthermore, any installment in any series of payments shall be treated as a separate payment.

To the extent that Section 409A applies:

(a) Payment of the lump sum benefit described in Section IV shall occur on the 60th day following the Executive's Qualifying Termination;

(b) The effective date of an Executive's Qualifying Termination shall be the date he or she actually incurs a "separation from service" within the meaning of Section 409A and the regulations and other guidance issued thereunder, as determined by the Plan Administrator;

(c) If, upon separation from service, an Executive is a "specified employee" within the meaning of Section 409A, any payment under this Plan that is subject to Section 409A and would otherwise be paid within six months after the Executive's separation from service will instead be paid in the seventh month following the Executive's separation from service; and

(d) If the period during which an Executive has discretion to execute or revoke the separation agreement (including the Release) described in Section III straddles two calendar years, the Plan Sponsor shall make payments conditioned on execution of such separation agreement no earlier than January 1st of the second calendar year, regardless of which year the separation agreement becomes effective.

## **Section XII. Claims and Appeals**

The provisions of this Section XII shall apply to any claim for a benefit under the Plan, regardless of the basis asserted for the claim and regardless of when the act or omission upon which the claim is based occurred. Any such claim shall be addressed through the claims and appeals process described in the handbook summary for this Plan, and no such claim may be filed in court, arbitration, or similar proceeding before the claimant has exhausted that process. Such process is intended to comply with Section 503 of ERISA and shall be administered and interpreted in a manner consistent with such intent.

The claims administrator shall be the GE Pension Board, a committee whose members are appointed by the Board of Directors, or its designee or delegate.

### **Section XIII.Limitations Period**

(a)Any claim (1) for benefits; (2) to enforce rights under the Plan; or (3) otherwise seeking a remedy or judgment of any kind against the Plan, the Plan Administrator or the Company must be filed within the limitations period prescribed by this Section XIII (and subsequent to exhaustion as described in Section XII).

(b)The limitations period shall begin on the following date:

(1)For a claim for benefits, the earliest of: (i) the date the first benefit payment was actually made or allegedly due, or (ii) the date the Plan, the Plan Administrator or the Company first repudiated the alleged obligation to provide such benefits, regardless of whether such repudiation occurred during administrative review pursuant to Section XII. A repudiation described in clause (ii) may be made in the form of a direct communication to the employee or a more general oral or written communication related to benefits payable under the Plan (for example, a summary of the Plan or an amendment to the Plan);

(2)For a claim to enforce an alleged right under the Plan (other than a right to benefits), the date the Plan first denied the request made on behalf of the employee to exercise such right, regardless of whether such denial occurred during administrative review pursuant to Section XII; or

(3)For any claim otherwise seeking a remedy or judgment of any kind against the Plan, the Plan Administrator or the Company, the earliest date on which the employee knew or should have known of the material facts on which such claim or action is based, regardless of whether the employee was aware of the legal theory underlying the claim.

(c)The limitations period shall end on the first anniversary of the beginning date described in Section XIII(b); provided, however, that if a request for administrative review pursuant to Section XII is pending at such time, the limitations period shall be extended to end on the date that is 60 days after the final denial of such claim on administrative review.

(d)The limitations period described in this Section XIII replaces and supersedes any limitations period that otherwise might be deemed applicable under state or federal law in the absence of this Section XIII. A claim filed after the expiration of the limitations period shall be deemed time-barred, except that the Plan Administrator shall have discretion to extend the limitations period upon a showing of exceptional circumstances that, in the opinion of the Plan

Administrator, provide good cause for an extension. The exercise of this discretion is committed solely to the Plan Administrator and is not subject to review.

(e) In the event of any claim brought by or on behalf of two or more employees, the requirements of this Section XIII shall apply separately with respect to each employee.

**Amendment to  
GE Excess Benefits Plan**

The GE Excess Benefits Plan is hereby amended effective December 31, 2020, to add the following new Section II.4:

4. Benefit accruals under the GE Pension Plan are frozen as of December 31, 2020, for Employees who are Frozen Benefit Employees. Accordingly, any Excess Benefit to which an Employee may become entitled under this Plan shall continue to be calculated in conformity with the terms of the GE Pension Plan, including any provisions regarding the calculation of benefits attributable to any period during which the Employee is a Frozen Benefit Employee, and without application of the limits of Section 415 of the Code referred to in Section II.1.a above.



**<<Date>>, 2020 Equity Grant Agreement  
GE 2007 Long-Term Incentive Plan**

(as amended and restated April 26, 2017, and as further amended and restated February 15, 2019)

**GE Stock Option Grant Agreement "Grant Agreement"  
For <<Employee Name>> ("Grantee")**

| Grant Date | Option Shares<br>Granted | Option Exercise<br>Price* | Option<br>Expiration Date | Vesting Schedule           |              |
|------------|--------------------------|---------------------------|---------------------------|----------------------------|--------------|
|            |                          |                           |                           | Number of<br>Option Shares | Vesting Date |
| <<Date>>   | <<No. of<br>Options>>    | \$<< >>                   | <<Date>>                  | << >>%                     | <<Date>>     |
|            |                          |                           |                           | << >>%                     | <<Date>>     |

\*Exercise price shall be no less than the Fair Market Value of a Share on the Grant Date.

**1. Grant.** The Management Development and Compensation Committee ("Committee") of the Board of Directors of General Electric Company ("Company") has granted an Option to purchase the above number of Shares to the individual named in this Grant Agreement ("Grantee"). Once vested, the Option entitles the Grantee to purchase from the Company the vested number of Shares of Company common stock, par value \$0.06 per Share, each at the Option Exercise Price provided above, in accordance with the terms of this Grant Agreement, the GE 2007 Long-Term Incentive Plan as amended and restated April 26, 2017 and as further amended and restated February 15, 2019 ("Plan"), and any rules, procedures and sub-plans (including country addenda) adopted by the Committee.

**2. Vesting and Expiration Date.** In order for all or part of the Option to become vested, the Grantee must be continuously employed by the Company and its Affiliates from the Grant Date through the applicable Vesting Date listed above. The Option shall be cancelled and forfeited on the earlier of the Expiration Date and termination of employment for any reason, except as specifically provided below:

**i. Death or Disability.** If the Grantee's employment with the Company and its Affiliates terminates prior to the Vesting Date as a result of the Grantee's death or disability, then the Option shall vest and become immediately exercisable as of such termination and shall remain exercisable until the Expiration Date. For this purpose, "disability" shall have the same definition as provided in the long-term disability plan sponsored by the Company or an Affiliate in which the Grantee is eligible to participate.

**ii.Retirement Eligibility.** If, on or after the first anniversary of the Grant Date (and prior to the Vesting Date), the Grantee attains age 60 and completes 5 years of continuous employment with the Company and its Affiliates, then the Option shall vest and become immediately exercisable as of such date (the latter of attainment of age 60 and completion of 5 years of continuous employment) and shall remain exercisable until the Expiration Date.

**iii.Transfer of Business to Successor Employer.** If the Grantee's employment with the Company and its Affiliates terminates prior to the Vesting Date as a result of transferring directly to employment with a successor employer in connection with transfer by the Company or Affiliate of a business operation, then the Option shall vest and become immediately exercisable as of such termination, but shall remain exercisable only until the earlier of (a) 6 months after such termination and (b) the original Expiration Date.

**iv.Termination of Employment for Cause.** If the Grantee's employment with the Company and its Affiliates is terminated for Cause (as defined below and determined by the Company in its sole discretion), the Option shall be cancelled immediately (whether vested or unvested) and shall be unexercisable.

For this purpose, "Cause" shall be determined by the Company in its sole discretion and includes: (a) breach of the Employee Innovation and Proprietary Information Agreement or any other confidentiality, non-solicitation, or non-competition agreement with the Company or Affiliate, or breach of a material term of any other agreement with the Company or Affiliate; (b) engagement in conduct that results in, or has the potential to cause, material harm financially, reputationally, or otherwise to the Company; (c) commission of an act of dishonesty, fraud, embezzlement or theft; (d) conviction of, or plea of guilty or no contest to a felony or crime involving moral turpitude; (e) failure to perform satisfactorily the assigned duties of the Grantee's position after receiving written notification of the failure from the Grantee's manager; or (f) failure to comply with the Company's or Affiliate's policies and procedures, including, but not limited to, The Spirit and Letter or the Fair Employment Practices Policy.

**v.Other Termination of Employment.** If the Grantee's employment with the Company and its Affiliates terminates prior to the Vesting Date for any reason not described above, then the unvested portion of the Option shall be cancelled as of such termination and the vested portion of the Option shall remain exercisable only until the earlier of (a) 6 months after such termination and (b) the original Expiration Date.

**3. Notice and Manner of Exercise.** The Grantee may elect to exercise all or part of the Option (to the extent vested) by notifying the Company (through such administrative procedures as it may establish) of the number of Shares to be purchased (exercised) and the date or Share price upon which such Options shall be exercised. The number of

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Shares delivered shall be reduced to cover the Option Exercise Price and applicable tax withholding and fees. Delivery shall be electronic through the brokerage account established by the Company for the Grantee, or in such other medium as is determined by the Company.

The Grantee is ultimately responsible for any and all applicable taxes, regardless of the amount withheld or reported. Notwithstanding the foregoing, the date of issuance or delivery of Shares may be postponed by the Company for such period as may be required for it with reasonable diligence to comply with any applicable listing requirements of any national securities exchange and requirements under any law or regulation applicable to the issuance or transfer of such Shares to the extent such postponement is permissible under Section 409A of the Code. Likewise, the method of exercising Options under this Grant Agreement may be adjusted for compliance with applicable law in the jurisdiction applicable to the Grantee.

#### **4. Data Security and Privacy.**

**i.Data Collection, Processing and Usage.** Personal data collected, processed and used by the Company in connection with Awards granted under the Plan includes the Grantee's name, home address, email address, telephone number, date of birth, social insurance number or other identification number, salary, citizenship, job title, any Shares or directorships held in the Company, and details of all Awards granted, cancelled, exercised, vested, or outstanding. In granting Awards under the Plan, the Company will collect the Grantee's personal data for purposes of allocating Shares in settlement of the Awards and implementing, administering and managing the Plan. The Company collects, processes and uses the Grantee's personal data in compliance with GE's Employment Data Protection Standards and Uses of Employment Data for GE Entities. The Grantee may exercise rights to access, correction, or restriction or deletion where applicable, by contacting the Grantee's local HR manager or initiating a request through [www.onehr.ge.com](http://www.onehr.ge.com).

**ii.Administrative Service Provider.** The Company transfers the Grantee's personal data to UBS Financial Services, which assists with the implementation, administration and management of the Plan (the "Third-Party Administrator"). In the future, the Company may select a different Third-Party Administrator and share the Grantee's personal data with another company that serves in a similar manner. The Third-Party Administrator will open an account for the Grantee to receive and trade Shares acquired under the Plan. The Grantee will be asked to agree on separate terms and data processing practices with the Third-Party Administrator, which is a condition to the Grantee's ability to participate in the Plan. The privacy policy of the Third-Party Administrator may be reviewed here.

**5.Non-solicitation and Compliance with Agreements.** To the extent permitted under local law, during the Grantee's employment with the Company or its Affiliate, and for the one-year period following termination of such employment, the Grantee will not, without prior written approval from the Vice-President, Human Resources of the Grantee's

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business segment: (a) directly or indirectly solicit or encourage any person who is an employee of the Company or any of its Affiliates to terminate his or her employment relationship with, or accept any other employment outside of, the Company and its Affiliates; (b) directly hire, or recommend or cause to be hired by an entity for which the Grantee works, any person who is, or was within one year before or after the Grantee's termination of employment with the Company and its Affiliates, an employee of the Company or any of its Affiliates; or (c) provide any non-public information regarding an employee of the Company or its Affiliates to any external person in connection with employment outside the Company and its Affiliates, including, but not limited to, recruiters and prospective employers.

Furthermore, during the Grantee's employment with the Company or its Affiliate, and for all periods thereafter, the Grantee will not breach his or her Employee Innovation and Proprietary Information Agreement or otherwise disclose the Company's or Affiliate's non-public information.

The Grantee agrees that any breach by him or her of the foregoing obligations inevitably would cause substantial and irreparable damage to the Company and its Affiliates for which money damages may not be an adequate remedy. Accordingly, the Grantee agrees that the Company and its Affiliates will be entitled to an injunction and/or other equitable relief, without the necessity of posting security, to prevent the breach of such obligations. The Grantee also agrees to indemnify and hold the Company and its Affiliates harmless from any loss, claim or damages, including, without limitation, all reasonable attorneys' fees, costs and expenses incurred in enforcing its rights under this Grant Agreement, as well as repay any payments made hereunder (regardless of whether the Option is vested), except to the extent that such reimbursement is prohibited by law.

**6. Additional Requirements.** The Company reserves the right to impose other requirements on the Award, Shares acquired pursuant to the Award, and the Grantee's participation in the Plan to the extent the Company determines, in its sole discretion, that such other requirements are necessary or advisable in order to comply with local law or to facilitate the operation and administration of the Award and the Plan. Without limiting the generality of the foregoing, the Company may require the Grantee to sign any agreements or undertakings that may be necessary to accomplish the foregoing.

**7. Alteration/Termination.** Under the express terms of this Grant Agreement, the Committee shall have the right at any time in its sole discretion to amend, alter, suspend, discontinue or terminate the Option without the consent of the Grantee. Furthermore, to the extent permitted under local law, the Option provided under this Grant Agreement shall be subject to the Company's policy with respect to the compensation recoupment, as in effect and amended from time to time. The Grantee agrees that the Company may take any such actions as are necessary to effectuate the recoupment policy or applicable law without further consent or action being required by the Grantee, including issuing instructions to any Third-Party Administrator to (i) hold the Grantee's Shares and other amounts acquired under the Plan and/or (ii) reconvey, transfer, or otherwise return such Shares and other assets to the Company. Also, the Option shall be null and void to the

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extent the grant of the Option or the vesting or exercise thereof is prohibited under the laws of the country of residence of the Grantee.

**8. Plan Terms and Definitions.** Except to the extent that the context clearly provides otherwise, all terms used in this Grant Agreement have the same meaning as given such terms in the Plan. This Grant Agreement is subject to the terms and provisions of the Plan, which are incorporated by reference. In the event of any conflict between the provisions of this Grant Agreement and those of the Plan, the provisions of the Plan shall control.

**9. Interpretation and Construction.** This Grant Agreement and the Plan shall be construed and interpreted by the Committee, in its sole discretion. Any interpretation or other determination by Committee (including correction of any defect or omission and reconciliation of any inconsistency) shall be binding and conclusive. All determinations regarding enforcement, waiver or modification of the cancellation and rescission and other provisions of this Grant Agreement shall be made in the Committee's sole discretion. Determinations made under this Grant Agreement and the Plan need not be uniform and may be made selectively among individuals, whether or not such individuals are similarly situated.

**10. Severability.** The invalidity or unenforceability of any provision of the Plan or this Grant Agreement will not affect the validity or enforceability of any other provision of the Plan or this Grant Agreement, and each provision of the Plan and this Grant Agreement will be severable and enforceable to the extent permitted by law.

**11. Shareholder Rights.** The Grantee shall not have any voting or other Shareholder rights unless and until Shares are actually delivered to the Grantee.

**12. No Employment Rights.** The grant of the Award described in this Grant Agreement does not give the Grantee any rights in respect of employment with the Company or any of its Affiliates.

**13. Discretionary Award, Extraordinary Benefit.** Awards under the Plan are granted to employees of the Company and its Affiliates in the Committee's sole discretion. The Award described in this Grant Agreement is a one-time benefit and does not create any contractual or other right to receive other Awards under the Plan or other benefits in lieu thereof. Future grants, if any, will be at the sole discretion of the Committee. The Grantee's participation in the Plan is voluntary. This Award (and each other Award, if any, granted under the Plan) constitutes an extraordinary item of compensation and is not part of the Grantee's normal or expected compensation for purposes of calculating any severance, retirement, or other benefit rights (unless otherwise expressly provided in an applicable benefit plan).

**14. No Transfer or Assignment.** No rights under this Award shall be assignable or transferable by the Grantee, except to the extent expressly permitted by the Plan.

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**15. Successors and Assigns.** The Company may assign any of its rights under this Grant Agreement. This Grant Agreement will be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein, this Grant Agreement will be binding upon the Grantee and the Grantee's beneficiaries, executors or administrators.

**16. Section 409A.** To the extent applicable, this Grant Agreement shall be construed and administered consistently with the intent to comply with or be exempt from the requirements of Section 409A of the Code ("Section 409A") and any state law of similar effect (i.e., applying the exemption for stock rights described in Treas. Reg. § 1.409A-1(b)(5) and/or another exemption).

**17. Entire Agreement.** This Grant Agreement, the Plan, and any rules, procedures and sub-plans (including country addenda) adopted by the Committee contain all of the provisions applicable to the Option. No other statements, documents or practices may modify, waive or alter such provisions unless expressly set forth in writing, signed by an authorized officer of the Company and delivered to the Grantee.

By acknowledging this Grant Agreement, the Grantee acknowledges and confirms that the Grantee has read this Grant Agreement and the Plan (including applicable addenda), and the Grantee accepts and agrees to the provisions therein.

**18. Electronic Delivery.** The Company may, in its sole discretion, decide to deliver any documents related to this or other Awards under the Plan by electronic means. The Grantee hereby consents to receive such documents electronically and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

**19. Global Addendum.** Notwithstanding any provisions in this document to the contrary, the Option will also be subject to the special terms and conditions set forth on Appendix A for Grantees who reside outside of the United States. Moreover, if a Grantee is not a resident of any of the countries listed on Appendix A as of the Grant Date, but relocates to one of the listed countries at any point thereafter, the special terms and conditions for such country will apply to the Grantee, to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. Appendix A constitutes part of this Grant Agreement.



**<<Date>>, 2020 Equity Grant Agreement  
GE 2007 Long-Term Incentive Plan**

(as amended and restated April 26, 2017, and as further amended and restated February 15, 2019)

**GE Restricted Stock Unit Grant Agreement (“Grant Agreement”)  
For <<Employee Name>> (“Grantee”)**

| Grant Date | RSUs Granted    | Vesting Schedule |              |
|------------|-----------------|------------------|--------------|
|            |                 | Number of RSUs   | Vesting Date |
| <<Date>>   | <<No. of RSUs>> | << >>%           | <<Date>>     |
|            |                 | << >>%           | <<Date>>     |

**1. Grant.** The Management Development and Compensation Committee (“Committee”) of the Board of Directors of General Electric Company (“Company”) has granted the above number of Restricted Stock Units (“RSUs”) to the individual named in this Grant Agreement (“Grantee”). Once vested, each RSU entitles the Grantee to receive from the Company (i) one Share of Company common stock, par value \$0.06 per share and (ii) a cash payment in respect of Dividend Equivalents (described below), each in accordance with the terms of this Grant Agreement, the GE 2007 Long-Term Incentive Plan as amended and restated April 26, 2017 and as further amended and restated February 15, 2019 (“Plan”), and any rules, procedures and sub-plans (including country addenda) adopted by the Committee.

**2. Vesting.** In order to vest in an RSU, the Grantee must be continuously employed by the Company and its Affiliates from the Grant Date through the applicable Vesting Date listed above. All unvested RSUs shall be immediately cancelled upon termination of employment for any reason before the Vesting Date, except as specifically provided below:

**i. Death or Disability.** If the Grantee’s employment with the Company and its Affiliates terminates prior to the Vesting Date as a result of the Grantee’s death or disability, then the RSU shall vest as of such date. For this purpose, “disability” shall have the same definition as provided in the long-term disability plan sponsored by the Company or an Affiliate in which the Grantee is eligible to participate.

**ii. Retirement Eligibility.** If, on or after the first anniversary of the Grant Date (and prior to the Vesting Date), the Grantee attains age 60 and completes 5 years of continuous

employment with the Company and its Affiliates, then the RSU shall vest as of such date.

**iii. Transfer of Business to Successor Employer.** If the Grantee's employment with the Company and its Affiliates terminates prior to the Vesting Date as a result of transferring directly to employment with a successor employer in connection with transfer by the Company or Affiliate of a business operation, then the RSU shall vest as of such date.

**3. Dividend Equivalents.** The Company will establish an amount for each RSU equal to the per Share quarterly dividend payments made to Shareholders during the period beginning on the Grant Date and ending on the date that such RSU vests or is cancelled ("Dividend Equivalents"). The Company shall accumulate Dividend Equivalents and, upon vesting of the related RSU, will pay the Grantee a single lump sum cash amount equal to the Dividend Equivalents on the same date that a share is delivered with respect to such RSU, as described in Section 4 of this Grant Agreement. Any accumulated and unpaid Dividend Equivalents attributable to a RSU that is cancelled are immediately forfeited upon cancellation and will not be paid.

**4. Delivery and Tax Withholding.** Within two weeks of the date the RSU vests, the Company shall deliver to the Grantee a number of Shares equal to the number of vested RSUs and the Dividend Equivalent cash amount with respect to each vested RSU (in each case net of applicable tax withholding and fees). Delivery shall be electronic, through the brokerage account established by the Company for the Grantee, or in such other medium as is determined by the Company. The Grantee is ultimately responsible for any and all applicable taxes, regardless of the amount withheld or reported. Notwithstanding the foregoing, the date of issuance or delivery of Shares may be postponed by the Company for such period as may be required for it with reasonable diligence to comply with any applicable listing requirements of any national securities exchange and requirements under any law or regulation applicable to the issuance or transfer of such Shares to the extent such postponement is permissible under Section 409A of the Code.

## **5. Data Security and Privacy.**

**i. Data Collection, Processing and Usage.** Personal data collected, processed and used by the Company in connection with Awards granted under the Plan includes the Grantee's name, home address, email address, telephone number, date of birth, social insurance number or other identification number, salary, citizenship, job title, any Shares or directorships held in the Company, and details of all Awards granted, cancelled, exercised, vested, or outstanding. In granting Awards under the Plan, the Company will collect the Grantee's personal data for purposes of allocating Shares in settlement of the Awards and implementing, administering and managing the Plan. The Company collects, processes and uses the Grantee's personal data in compliance with GE's Employment Data Protection Standards and the Uses of Employment Data for GE Entities. The Grantee may exercise rights to access, correction, or restriction or

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deletion where applicable, by contacting the Grantee's local HR manager or initiating a request through [www.onehr.ge.com](http://www.onehr.ge.com).

**ii. Administrative Service Provider.** The Company transfers the Grantee's personal data to UBS Financial Services, which assists with the implementation, administration and management of the Plan (the "Third-Party Administrator"). In the future, the Company may select a different Third-Party Administrator and share the Grantee's personal data with another company that serves in a similar manner. The Third-Party Administrator will open an account for the Grantee to receive and trade Shares acquired under the Plan. The Grantee will be asked to agree on separate terms and data processing practices with the Third-Party Administrator, which is a condition to the Grantee's ability to participate in the Plan. The privacy policy of the Third-Party Administrator may be reviewed [here](#).

**6. Non-solicitation and Compliance with Agreements.** To the extent permitted under local law, during the Grantee's employment with the Company or its Affiliate, and for the one-year period following termination of such employment, the Grantee will not, without prior written approval from the senior human resources leader of the Grantee's business segment: (a) directly or indirectly solicit or encourage any person who is an employee of the Company or any of its Affiliates to terminate his or her employment relationship with, or accept any other employment outside of, the Company and its Affiliates; (b) directly hire, or recommend or cause to be hired by an entity for which the Grantee works, any person who is, or was within one year before or after the Grantee's termination of employment with the Company and its Affiliates, an employee of the Company or any of its Affiliates; or (c) provide any non-public information regarding an employee of the Company or its Affiliates to any external person in connection with employment outside the Company and its Affiliates, including, but not limited to, recruiters and prospective employers.

Furthermore, during the Grantee's employment with the Company or its Affiliate, and for all periods thereafter, the Grantee will not breach his or her Employee Innovation and Proprietary Information Agreement or otherwise disclose the Company's or Affiliate's non-public information.

The Grantee agrees that any breach by him or her of the foregoing obligations inevitably would cause substantial and irreparable damage to the Company and its Affiliates for which money damages may not be an adequate remedy. Accordingly, the Grantee agrees that the Company and its Affiliates will be entitled to an injunction and/or other equitable relief, without the necessity of posting security, to prevent the breach of such obligations. The Grantee also agrees to indemnify and hold the Company and its Affiliates harmless from any loss, claim or damages, including, without limitation, all reasonable attorneys' fees, costs and expenses incurred in enforcing its rights under this Grant Agreement, as well as repay any payments made hereunder (regardless of whether the RSUs are vested), except to the extent that such reimbursement is prohibited by law.

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**7. Additional Requirements.** The Company reserves the right to impose other requirements on the Award, Shares acquired pursuant to the Award, and the Grantee's participation in the Plan to the extent the Company determines, in its sole discretion, that such other requirements are necessary or advisable in order to comply with local law or to facilitate the operation and administration of the Award and the Plan. Without limiting the generality of the foregoing, the Company may require the Grantee to sign any agreements or undertakings that may be necessary to accomplish the foregoing.

**8. Alteration/Termination.** Under the express terms of this Grant Agreement, the Committee shall have the right at any time in its sole discretion to amend, alter, suspend, discontinue or terminate any RSUs without the consent of the Grantee. Furthermore, to the extent permitted under local law, the RSUs provided under this Grant Agreement shall be subject to the Company's policy with respect to the compensation recoupment, as in effect and amended from time to time. The Grantee agrees that the Company may take any such actions as are necessary to effectuate the recoupment policy or applicable law without further consent or action being required by the Grantee, including issuing instructions to any Third-Party Administrator to (i) hold the Grantee's Shares and other amounts acquired under the Plan and/or (ii) reconvey, transfer, or otherwise return such Shares and other assets to the Company. Also, the RSUs shall be null and void to the extent the grant of RSUs or the vesting thereof is prohibited under the laws of the country of residence of the Grantee.

**9. Plan Terms and Definitions.** Except to the extent that the context clearly provides otherwise, all terms used in this Grant Agreement have the same meaning as given such terms in the Plan. This Grant Agreement is subject to the terms and provisions of the Plan, which are incorporated by reference. In the event of any conflict between the provisions of this Grant Agreement and those of the Plan, the provisions of the Plan shall control.

**10. Interpretation and Construction.** This Grant Agreement and the Plan shall be construed and interpreted by the Committee, in its sole discretion. Any interpretation or other determination by Committee (including correction of any defect or omission and reconciliation of any inconsistency) shall be binding and conclusive. All determinations regarding enforcement, waiver or modification of the cancellation and rescission and other provisions of this Grant Agreement shall be made in the Committee's sole discretion. Determinations made under this Grant Agreement and the Plan need not be uniform and may be made selectively among individuals, whether or not such individuals are similarly situated.

**11. Severability.** The invalidity or unenforceability of any provision of the Plan or this Grant Agreement will not affect the validity or enforceability of any other provision of the Plan or this Grant Agreement, and each provision of the Plan and this Grant Agreement will be severable and enforceable to the extent permitted by law.

**12. Shareholder Rights.** The Grantee shall not have any voting or other Shareholder rights unless and until Shares are actually delivered to the Grantee.

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**13.No Employment Rights.** The grant of the Award described in this Grant Agreement does not give the Grantee any rights in respect of employment with the Company or any of its Affiliates.

**14.Discretionary Award, Extraordinary Benefit.** Awards under the Plan are granted to employees of the Company and its Affiliates in the Committee's sole discretion. The Award described in this Grant Agreement is a one-time benefit and does not create any contractual or other right to receive other Awards under the Plan or other benefits in lieu thereof. Future grants, if any, will be at the sole discretion of the Committee. The Grantee's participation in the Plan is voluntary. This Award (and each other Award, if any, granted under the Plan) constitutes an extraordinary item of compensation and is not part of the Grantee's normal or expected compensation for purposes of calculating any severance, retirement, or other benefit rights (unless otherwise expressly provided in an applicable benefit plan).

**15.No Transfer or Assignment.** No rights under this Award shall be assignable or transferable by the Grantee, except to the extent expressly permitted by the Plan.

**16.Successors and Assigns.** The Company may assign any of its rights under this Grant Agreement. This Grant Agreement will be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein, this Grant Agreement will be binding upon the Grantee and the Grantee's beneficiaries, executors or administrators.

**17.Section 409A.** To the extent applicable, this Grant Agreement shall be construed and administered consistently with the intent to comply with or be exempt from the requirements of Section 409A of the Code ("Section 409A") and any state law of similar effect (i.e., applying the "short-term deferral" rule described in Treas. Reg. § 1.409A-1(b)(4) and/or another exemption). Where the Grant Agreement specifies a window during which a payment may be made, the payment date within such window shall be determined by the Company in its sole discretion.

**18.Entire Agreement.** This Grant Agreement, the Plan, and any rules, procedures and sub-plans (including country addenda) adopted by the Committee contain all of the provisions applicable to the RSUs. No other statements, documents or practices may modify, waive or alter such provisions unless expressly set forth in writing, signed by an authorized officer of the Company and delivered to the Grantee.

By acknowledging this Grant Agreement, the Grantee acknowledges and confirms that the Grantee has read this Grant Agreement and the Plan (including applicable addenda), and the Grantee accepts and agrees to the provisions therein.

**19.Electronic Delivery.** The Company may, in its sole discretion, decide to deliver any documents related to this or other Awards under the Plan by electronic means. The Grantee hereby consents to receive such documents electronically and agrees to

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participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

**20. Global Addendum.** Notwithstanding any provisions in this document to the contrary, the RSUs will also be subject to the special terms and conditions set forth on Appendix A for Grantees who reside outside of the United States. Moreover, if a Grantee is not a resident of any of the countries listed on Appendix A as of the Grant Date, but relocates to one of the listed countries at any point thereafter, the special terms and conditions for such country will apply to the Grantee, to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. Appendix A constitutes part of this Grant Agreement.



**<<Date>>, 2020 Equity Grant Agreement  
GE 2007 Long-Term Incentive Plan**

(as amended and restated April 26, 2017, and as further amended and restated February 15, 2019)

**GE Restricted Stock Unit Grant Agreement (“Grant Agreement”)  
For <<Employee Name>> (“Grantee”)**

| Grant Date | RSUs Granted    | Vesting Schedule |              |
|------------|-----------------|------------------|--------------|
|            |                 | Number of RSUs   | Vesting Date |
| <<Date>>   | <<No. of RSUs>> | << >>%           | <<Date>>     |
|            |                 | << >>%           | <<Date>>     |

**1. Grant.** The Management Development and Compensation Committee (“Committee”) of the Board of Directors of General Electric Company (“Company”) has granted the above number of Restricted Stock Units (“RSUs”) to the individual named in this Grant Agreement (“Grantee”). Once vested, each RSU entitles the Grantee to receive from the Company (i) one Share of Company common stock, par value \$0.06 per share and (ii) a cash payment in respect of Dividend Equivalents (described below), each in accordance with the terms of this Grant Agreement, the GE 2007 Long-Term Incentive Plan as amended and restated April 26, 2017 and as further amended and restated February 15, 2019 (“Plan”), and any rules, procedures and sub-plans (including country addenda) adopted by the Committee.

**2. Vesting.** In order to vest in an RSU, the Grantee must be continuously employed by the Company and its Affiliates from the Grant Date through the applicable Vesting Date listed above. All unvested RSUs shall be immediately cancelled upon termination of employment for any reason before the Vesting Date, except as specifically provided below:

**i. Death or Disability.** If the Grantee’s employment with the Company and its Affiliates terminates prior to the Vesting Date as a result of the Grantee’s death or disability, then the RSU shall vest as of such date. For this purpose, “disability” shall have the same definition as provided in the long-term disability plan sponsored by the Company or an Affiliate in which the Grantee is eligible to participate.

**ii. Transfer of Business to Successor Employer.** If the Grantee's employment with the Company and its Affiliates terminates prior to the Vesting Date as a result of transferring directly to employment with a successor employer in connection with transfer by the Company or Affiliate of a business operation, then the RSU shall vest as of such date.

**3.Dividend Equivalents.** The Company will establish an amount for each RSU equal to the per Share quarterly dividend payments made to Shareholders during the period beginning on the Grant Date and ending on the date that such RSU vests or is cancelled ("Dividend Equivalents"). The Company shall accumulate Dividend Equivalents and, upon vesting of the related RSU, will pay the Grantee a single lump sum cash amount equal to the Dividend Equivalents on the same date that a share is delivered with respect to such RSU, as described in Section 4 of this Grant Agreement. Any accumulated and unpaid Dividend Equivalents attributable to a RSU that is cancelled are immediately forfeited upon cancellation and will not be paid.

**4.Delivery and Tax Withholding.** Within two weeks of the date the RSU vests, the Company shall deliver to the Grantee a number of Shares equal to the number of vested RSUs and the Dividend Equivalent cash amount with respect to each vested RSU (in each case net of applicable tax withholding and fees). Delivery shall be electronic, through the brokerage account established by the Company for the Grantee, or in such other medium as is determined by the Company. The Grantee is ultimately responsible for any and all applicable taxes, regardless of the amount withheld or reported. Notwithstanding the foregoing, the date of issuance or delivery of Shares may be postponed by the Company for such period as may be required for it with reasonable diligence to comply with any applicable listing requirements of any national securities exchange and requirements under any law or regulation applicable to the issuance or transfer of such Shares to the extent such postponement is permissible under Section 409A of the Code.

## **5.Data Security and Privacy.**

**i.Data Collection, Processing and Usage.** Personal data collected, processed and used by the Company in connection with Awards granted under the Plan includes the Grantee's name, home address, email address, telephone number, date of birth, social insurance number or other identification number, salary, citizenship, job title, any Shares or directorships held in the Company, and details of all Awards granted, cancelled, exercised, vested, or outstanding. In granting Awards under the Plan, the Company will collect the Grantee's personal data for purposes of allocating Shares in settlement of the Awards and implementing, administering and managing the Plan. The Company collects, processes and uses the Grantee's personal data in compliance with GE's Employment Data Protection Standards and the Uses of Employment Data for GE Entities. The Grantee may exercise rights to access, correction, or restriction or deletion where applicable, by contacting the Grantee's local HR manager or initiating a request through [www.onehr.ge.com](http://www.onehr.ge.com).

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**ii. Administrative Service Provider.** The Company transfers the Grantee's personal data to UBS Financial Services, which assists with the implementation, administration and management of the Plan (the "Third-Party Administrator"). In the future, the Company may select a different Third-Party Administrator and share the Grantee's personal data with another company that serves in a similar manner. The Third-Party Administrator will open an account for the Grantee to receive and trade Shares acquired under the Plan. The Grantee will be asked to agree on separate terms and data processing practices with the Third-Party Administrator, which is a condition to the Grantee's ability to participate in the Plan. The privacy policy of the Third-Party Administrator may be reviewed [here](#).

**6. Non-solicitation and Compliance with Agreements.** To the extent permitted under local law, during the Grantee's employment with the Company or its Affiliate, and for the one-year period following termination of such employment, the Grantee will not, without prior written approval from the senior human resources leader of the Grantee's business segment: (a) directly or indirectly solicit or encourage any person who is an employee of the Company or any of its Affiliates to terminate his or her employment relationship with, or accept any other employment outside of, the Company and its Affiliates; (b) directly hire, or recommend or cause to be hired by an entity for which the Grantee works, any person who is, or was within one year before or after the Grantee's termination of employment with the Company and its Affiliates, an employee of the Company or any of its Affiliates; or (c) provide any non-public information regarding an employee of the Company or its Affiliates to any external person in connection with employment outside the Company and its Affiliates, including, but not limited to, recruiters and prospective employers.

Furthermore, during the Grantee's employment with the Company or its Affiliate, and for all periods thereafter, the Grantee will not breach his or her Employee Innovation and Proprietary Information Agreement or otherwise disclose the Company's or Affiliate's non-public information.

The Grantee agrees that any breach by him or her of the foregoing obligations inevitably would cause substantial and irreparable damage to the Company and its Affiliates for which money damages may not be an adequate remedy. Accordingly, the Grantee agrees that the Company and its Affiliates will be entitled to an injunction and/or other equitable relief, without the necessity of posting security, to prevent the breach of such obligations. The Grantee also agrees to indemnify and hold the Company and its Affiliates harmless from any loss, claim or damages, including, without limitation, all reasonable attorneys' fees, costs and expenses incurred in enforcing its rights under this Grant Agreement, as well as repay any payments made hereunder (regardless of whether the RSUs are vested), except to the extent that such reimbursement is prohibited by law.

**7. Additional Requirements.** The Company reserves the right to impose other requirements on the Award, Shares acquired pursuant to the Award, and the Grantee's participation in the Plan to the extent the Company determines, in its sole discretion, that such other requirements are necessary or advisable in order to comply with local law or

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to facilitate the operation and administration of the Award and the Plan. Without limiting the generality of the foregoing, the Company may require the Grantee to sign any agreements or undertakings that may be necessary to accomplish the foregoing.

**8. Alteration/Termination.** Under the express terms of this Grant Agreement, the Committee shall have the right at any time in its sole discretion to amend, alter, suspend, discontinue or terminate any RSUs without the consent of the Grantee. Furthermore, to the extent permitted under local law, the RSUs provided under this Grant Agreement shall be subject to the Company's policy with respect to the compensation recoupment, as in effect and amended from time to time. The Grantee agrees that the Company may take any such actions as are necessary to effectuate the recoupment policy or applicable law without further consent or action being required by the Grantee, including issuing instructions to any Third-Party Administrator to (i) hold the Grantee's Shares and other amounts acquired under the Plan and/or (ii) reconvey, transfer, or otherwise return such Shares and other assets to the Company. Also, the RSUs shall be null and void to the extent the grant of RSUs or the vesting thereof is prohibited under the laws of the country of residence of the Grantee.

**9. Plan Terms and Definitions.** Except to the extent that the context clearly provides otherwise, all terms used in this Grant Agreement have the same meaning as given such terms in the Plan. This Grant Agreement is subject to the terms and provisions of the Plan, which are incorporated by reference. In the event of any conflict between the provisions of this Grant Agreement and those of the Plan, the provisions of the Plan shall control.

**10. Interpretation and Construction.** This Grant Agreement and the Plan shall be construed and interpreted by the Committee, in its sole discretion. Any interpretation or other determination by Committee (including correction of any defect or omission and reconciliation of any inconsistency) shall be binding and conclusive. All determinations regarding enforcement, waiver or modification of the cancellation and rescission and other provisions of this Grant Agreement shall be made in the Committee's sole discretion. Determinations made under this Grant Agreement and the Plan need not be uniform and may be made selectively among individuals, whether or not such individuals are similarly situated.

**11. Severability.** The invalidity or unenforceability of any provision of the Plan or this Grant Agreement will not affect the validity or enforceability of any other provision of the Plan or this Grant Agreement, and each provision of the Plan and this Grant Agreement will be severable and enforceable to the extent permitted by law.

**12. Shareholder Rights.** The Grantee shall not have any voting or other Shareholder rights unless and until Shares are actually delivered to the Grantee.

**13. No Employment Rights.** The grant of the Award described in this Grant Agreement does not give the Grantee any rights in respect of employment with the Company or any of its Affiliates.

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**14. Discretionary Award, Extraordinary Benefit.** Awards under the Plan are granted to employees of the Company and its Affiliates in the Committee's sole discretion. The Award described in this Grant Agreement is a one-time benefit and does not create any contractual or other right to receive other Awards under the Plan or other benefits in lieu thereof. Future grants, if any, will be at the sole discretion of the Committee. The Grantee's participation in the Plan is voluntary. This Award (and each other Award, if any, granted under the Plan) constitutes an extraordinary item of compensation and is not part of the Grantee's normal or expected compensation for purposes of calculating any severance, retirement, or other benefit rights (unless otherwise expressly provided in an applicable benefit plan).

**15. No Transfer or Assignment.** No rights under this Award shall be assignable or transferable by the Grantee, except to the extent expressly permitted by the Plan.

**16. Successors and Assigns.** The Company may assign any of its rights under this Grant Agreement. This Grant Agreement will be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein, this Grant Agreement will be binding upon the Grantee and the Grantee's beneficiaries, executors or administrators.

**17. Section 409A.** To the extent applicable, this Grant Agreement shall be construed and administered consistently with the intent to comply with or be exempt from the requirements of Section 409A of the Code ("Section 409A") and any state law of similar effect (i.e., applying the "short-term deferral" rule described in Treas. Reg. § 1.409A-1(b)(4) and/or another exemption). Where the Grant Agreement specifies a window during which a payment may be made, the payment date within such window shall be determined by the Company in its sole discretion.

**18. Entire Agreement.** This Grant Agreement, the Plan, and any rules, procedures and sub-plans (including country addenda) adopted by the Committee contain all of the provisions applicable to the RSUs. No other statements, documents or practices may modify, waive or alter such provisions unless expressly set forth in writing, signed by an authorized officer of the Company and delivered to the Grantee.

By acknowledging this Grant Agreement, the Grantee acknowledges and confirms that the Grantee has read this Grant Agreement and the Plan (including applicable addenda), and the Grantee accepts and agrees to the provisions therein.

**19. Electronic Delivery.** The Company may, in its sole discretion, decide to deliver any documents related to this or other Awards under the Plan by electronic means. The Grantee hereby consents to receive such documents electronically and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

**20. Global Addendum.** Notwithstanding any provisions in this document to the contrary, the RSUs will also be subject to the special terms and conditions set forth on Appendix A

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for Grantees who reside outside of the United States. Moreover, if a Grantee is not a resident of any of the countries listed on Appendix A as of the Grant Date, but relocates to one of the listed countries at any point thereafter, the special terms and conditions for such country will apply to the Grantee, to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. Appendix A constitutes part of this Grant Agreement.





**<<Date>>, 2020 Equity Grant Agreement  
GE 2007 Long-Term Incentive Plan**

(as amended and restated April 26, 2017, and as further amended and restated February 15, 2019)

**GE Performance Stock Unit Grant Agreement ("Grant Agreement")  
For <<Employee Name>> ("Grantee")**

| Grant Date | PSUs Granted                 | Vesting Date |
|------------|------------------------------|--------------|
| <<Date>>   | <<No. of PSUs>>*<br>(target) | <<Date>>     |

\*Actual number of Shares delivered to be between 0% and 175% of target  
based on performance as defined below.

**1. Grant.** The Management Development and Compensation Committee ("Committee") of the Board of Directors of General Electric Company ("Company") has granted the above number of Performance Stock Units ("PSUs") to the individual named in this Grant Agreement ("Grantee"). Once vested, each PSU entitles the Grantee to receive from the Company (i) one Share of Company common stock, par value \$0.06 per share and (ii) a cash payment in respect of Dividend Equivalents (described below), each in accordance with the terms of this Grant Agreement, the GE 2007 Long-Term Incentive Plan as amended and restated April 26, 2017 and as further amended and restated February 15, 2019 ("Plan"), and any rules, procedures and sub-plans (including country addenda) adopted by the Committee.

**2. Vesting.** A PSU shall become vested only upon satisfaction of the performance criteria described in Section 2(a) and the employment criteria described in Section 2(b).

**a. Performance Criteria.** Vesting of the PSUs is contingent upon achievement of the performance goal for the period beginning on the Grant Date and ending on December 31, 2022, as follows:

i. If the Company's Total Shareholder Return ("Company TSR") is below the 35th percentile ("threshold") of the Total Shareholder Return for the S&P 500 Industrial Index Companies ("S&P 500 Industrials TSR"), then none of the PSUs will vest and all of the PSUs will be cancelled.

ii. If the Company TSR is equal to the threshold (35th percentile of the S&P 500 Industrials TSR), then one-quarter (25%) of the PSUs with respect to which the Grantee satisfies the employment criteria shall vest.

iii. If the Company TSR is equal to the 55th percentile ("target") of the S&P 500 Industrials TSR, then 100% of the PSUs with respect to which the Grantee satisfies the employment criteria shall vest.

iv. If the Company TSR is equal to or exceeds the 80th percentile ("maximum") of the S&P 500 Industrials TSR, then the PSUs with respect to which the Grantee satisfies the eligibility criteria shall vest and be increased by 75% (such that the number of vested PSUs equals 175% of the target number of PSUs).

If performance is between the threshold and target, or between the target and maximum, the number of vested PSUs shall be determined by interpolation. Determination of the Company TSR shall be made solely by the Committee in accordance with the customary accounting and financial reporting practices used by the Company for external reporting, and shall include adjustment for any recapitalization, split-up, spinoff, reorganization, restructuring or other similar corporate transaction as determined by the Committee to prevent dilution or enlargement of intended benefits.

**b. Employment Criteria.** In order to vest in a PSU with respect to which the performance criteria is satisfied, the Grantee must be continuously employed by the Company and its Affiliates from the Grant Date through the Vesting Date listed above. All unvested PSUs shall be immediately cancelled upon termination of employment for any reason before the Vesting Date, except as specifically provided below:

**i. Death or Disability.** If the Grantee's employment with the Company and its Affiliates terminates prior to the Vesting Date as a result of the Grantee's death or disability, then the employment criteria shall be deemed satisfied. For this purpose, "disability" shall have the same definition as provided in the long-term disability plan sponsored by the Company or an Affiliate in which the Grantee is eligible to participate.

**ii. Retirement Eligibility.** If, on or after the first anniversary of the Grant Date (and prior to the Vesting Date), the Grantee attains age 60 and completes 5 years of continuous employment with the Company and its Affiliates, then the employment criteria shall be deemed satisfied.

**3. Dividend Equivalents.** The Company will establish an amount for each PSU equal to the per Share quarterly dividend payments made to Shareholders during the period beginning on the Grant Date and ending on the date that such PSU vests or is cancelled ("Dividend Equivalents"). The Company shall accumulate Dividend Equivalents and, upon vesting of the related PSU, will pay the Grantee a single lump sum cash amount equal to the Dividend Equivalents on the same date that Shares are delivered with respect to such PSU, as described in Section 4 of this Grant Agreement. Any accumulated and unpaid Dividend Equivalents attributable to a PSU that is cancelled are immediately forfeited upon cancellation and will not be paid.

**4.Delivery and Tax Withholding.** As soon as practicable after the Vesting Date, but in no event later than March 15, 2023, the Company shall deliver to the Grantee a number of Shares equal to the number of vested PSUs and the Dividend Equivalent cash amount with respect to each vested PSU (in each case net of applicable tax withholding and fees). Delivery shall be electronic, through the brokerage account established by the Company for the Grantee, or in such other medium as is determined by the Company. The Grantee is ultimately responsible for any and all applicable taxes, regardless of the amount withheld or reported. Notwithstanding the foregoing, the date of issuance or delivery of Shares may be postponed by the Company for such period as may be required for it with reasonable diligence to comply with any applicable listing requirements of any national securities exchange and requirements under any law or regulation applicable to the issuance or transfer of such Shares to the extent such postponement is permissible under Section 409A of the Code.

**5.Holding Period.** Shares paid to the Grantee pursuant to this Grant Agreement must be held for at least one year following the delivery date (except for such Shares used to satisfy any tax withholding obligation or fees) and may be used to satisfy any Company stock ownership requirements imposed by the Company.

**6.Data Security and Privacy.**

**a.Data Collection, Processing and Usage.** Personal data collected, processed and used by the Company in connection with Awards granted under the Plan includes the Grantee's name, home address, email address, telephone number, date of birth, social insurance number or other identification number, salary, citizenship, job title, any Shares or directorships held in the Company, and details of all Awards granted, cancelled, exercised, vested, or outstanding. In granting Awards under the Plan, the Company will collect the Grantee's personal data for purposes of allocating Shares in settlement of the Awards and implementing, administering and managing the Plan. The Company collects, processes and uses the Grantee's personal data in compliance with GE's Employment Data Protection Standards and the Uses of Employment Data for GE Entities. The Grantee may exercise rights to access, correction, or restriction or deletion where applicable, by contacting the Grantee's local HR manager or initiating a request through [www.onehr.ge.com](http://www.onehr.ge.com).

**b.Administrative Service Provider.** The Company transfers the Grantee's personal data to UBS Financial Services, which assists with the implementation, administration and management of the Plan (the "Third-Party Administrator"). In the future, the Company may select a different Third-Party Administrator and share the Grantee's personal data with another company that serves in a similar manner. The Third-Party Administrator will open an account for the Grantee to receive and trade Shares acquired under the Plan. The Grantee will be asked to agree on separate terms and data processing practices with the Third-Party Administrator, which is a condition to the Grantee's ability to participate in the Plan. The privacy policy of the Third-Party Administrator may be reviewed here.

**7. Non-solicitation and Confidentiality.** To the extent permitted under local law, during the Grantee's employment with the Company or its Affiliate, and for the one-year period following termination of such employment, the Grantee will not, without prior written approval from the senior human resources leader of the Grantee's business segment: (a) directly or indirectly solicit or encourage any person who is an employee of the Company or any of its Affiliates to terminate his or her employment relationship with, or accept any other employment outside of, the Company and its Affiliates; (b) directly hire, or recommend or cause to be hired by an entity for which the Grantee works, any person who is, or was within one year before or after the Grantee's termination of employment with the Company and its Affiliates, an employee of the Company or any of its Affiliates; or (c) provide any non-public information regarding an employee of the Company or its Affiliates to any external person in connection with employment outside the Company and its Affiliates, including, but not limited to, recruiters and prospective employers.

Furthermore, during the Grantee's employment with the Company or its Affiliate, and for all periods thereafter, the Grantee will not breach his or her Employee Innovation and Proprietary Information Agreement or otherwise disclose the Company's or Affiliate's non-public information.

The Grantee agrees that any breach by him or her of the foregoing obligations inevitably would cause substantial and irreparable damage to the Company and its Affiliates for which money damages may not be an adequate remedy. Accordingly, the Grantee agrees that the Company and its Affiliates will be entitled to an injunction and/or other equitable relief, without the necessity of posting security, to prevent the breach of such obligations. The Grantee also agrees to indemnify and hold the Company and its Affiliates harmless from any loss, claim or damages, including, without limitation, all reasonable attorneys' fees, costs and expenses incurred in enforcing its rights under this Grant Agreement, as well as repay any payments made hereunder (regardless of whether the PSUs are vested), except to the extent that such reimbursement is prohibited by law.

**8. Additional Requirements.** The Company reserves the right to impose other requirements on the Award, Shares acquired pursuant to the Award, and the Grantee's participation in the Plan to the extent the Company determines, in its sole discretion, that such other requirements are necessary or advisable in order to comply with local law or to facilitate the operation and administration of the Award and the Plan. Without limiting the generality of the foregoing, the Company may require the Grantee to sign any agreements or undertakings that may be necessary to accomplish the foregoing.

**9. Alteration/Termination.** Under the express terms of this Grant Agreement, the Committee shall have the right at any time in its sole discretion to amend, alter, suspend, discontinue or terminate any PSUs without the consent of the Grantee. Furthermore, to the extent permitted under local law, the PSUs provided under this Grant Agreement shall be subject to the Company's policy with respect to the compensation recoupment, as in effect and amended from time to time. The Grantee agrees that the Company may take any such actions as are necessary to effectuate the recoupment policy or applicable law without further consent or action being required by the Grantee, including issuing instructions to any Third-Party Administrator to (i) hold the Grantee's Shares and other

amounts acquired under the Plan and/or (ii) reconvey, transfer, or otherwise return such Shares and other assets to the Company. Also, the PSUs shall be null and void to the extent the grant of PSUs or the vesting thereof is prohibited under the laws of the country of residence of the Grantee.

**10. Plan Terms and Definitions.** Except to the extent that the context clearly provides otherwise, all terms used in this Grant Agreement have the same meaning as given such terms in the Plan. This Grant Agreement is subject to the terms and provisions of the Plan, which are incorporated by reference. In the event of any conflict between the provisions of this Grant Agreement and those of the Plan, the provisions of the Plan shall control.

**11. Interpretation and Construction.** This Grant Agreement and the Plan shall be construed and interpreted by the Committee, in its sole discretion. Any interpretation or other determination by Committee (including correction of any defect or omission and reconciliation of any inconsistency) shall be binding and conclusive. All determinations regarding enforcement, waiver or modification of the cancellation and rescission and other provisions of this Grant Agreement shall be made in the Committee's sole discretion. Determinations made under this Grant Agreement and the Plan need not be uniform and may be made selectively among individuals, whether or not such individuals are similarly situated.

**12. Severability.** The invalidity or unenforceability of any provision of the Plan or this Grant Agreement will not affect the validity or enforceability of any other provision of the Plan or this Grant Agreement, and each provision of the Plan and this Grant Agreement will be severable and enforceable to the extent permitted by law.

**13. Shareholder Rights.** The Grantee shall not have any voting or other Shareholder rights unless and until Shares are actually delivered to the Grantee.

**14. No Employment Rights.** The grant of the Award described in this Grant Agreement does not give the Grantee any rights in respect of employment with the Company or any of its Affiliates.

**15. Discretionary Award, Extraordinary Benefit.** Awards under the Plan are granted to employees of the Company and its Affiliates in the Committee's sole discretion. The Award described in this Grant Agreement is a one-time benefit and does not create any contractual or other right to receive other Awards under the Plan or other benefits in lieu thereof. Future grants, if any, will be at the sole discretion of the Committee. The Grantee's participation in the Plan is voluntary. This Award (and each other Award, if any, granted under the Plan) constitutes an extraordinary item of compensation and is not part of the Grantee's normal or expected compensation for purposes of calculating any severance, retirement, or other benefit rights (unless otherwise expressly provided in an applicable benefit plan).

**16. No Transfer or Assignment.** No rights under this Award shall be assignable or transferable by the Grantee, except to the extent expressly permitted by the Plan.

**17. Successors and Assigns.** The Company may assign any of its rights under this Grant Agreement. This Grant Agreement will be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein, this Grant Agreement will be binding upon the Grantee and the Grantee's beneficiaries, executors or administrators.

**18. Section 409A.** To the extent applicable, this Grant Agreement shall be construed and administered consistently with the intent to comply with or be exempt from the requirements of Section 409A of the Code ("Section 409A") and any state law of similar effect (i.e., applying the "short-term deferral" rule described in Treas. Reg. § 1.409A-1(b)(4) and/or another exemption). Where the Grant Agreement specifies a window during which a payment may be made, the payment date within such window shall be determined by the Company in its sole discretion.

**19. Entire Agreement.** This Grant Agreement, the Plan, and any rules, procedures and sub-plans (including country addenda) adopted by the Committee contain all of the provisions applicable to the PSUs. No other statements, documents or practices may modify, waive or alter such provisions unless expressly set forth in writing, signed by an authorized officer of the Company and delivered to the Grantee.

By acknowledging this Grant Agreement, the Grantee acknowledges and confirms that the Grantee has read this Grant Agreement and the Plan (including applicable addenda), and the Grantee accepts and agrees to the provisions therein.

**20. Electronic Delivery.** The Company may, in its sole discretion, decide to deliver any documents related to this or other Awards under the Plan by electronic means. The Grantee hereby consents to receive such documents electronically and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

**21. Global Addendum.** Notwithstanding any provisions in this document to the contrary, the PSUs will also be subject to the special terms and conditions set forth on Appendix A for Grantees who reside outside of the United States. Moreover, if a Grantee is not a resident of any of the countries listed on Appendix A as of the Grant Date, but relocates to one of the listed countries at any point thereafter, the special terms and conditions for such country will apply to the Grantee, to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. Appendix A constitutes part of this Grant Agreement.

## SUBSIDIARIES OF REGISTRANT

General Electric's principal affiliates as of December 31, 2020, are listed below. All other affiliates, if considered in the aggregate as a single affiliate, would not constitute a significant subsidiary.

## AFFILIATES OF REGISTRANT INCLUDED IN REGISTRANT'S FINANCIAL STATEMENTS

|  | Percentage of voting securities directly or indirectly owned by registrant (1) | State or Country of incorporation or organization |
|--|--|---|
| Avio Inc.                                      | 100  | Delaware  |
| CALGEN Holdings, Inc.                          | 100  | Delaware  |
| Cardinal Cogen, Inc.                           | 100  | Delaware  |
| Caribe GE International of Puerto Rico, Inc.   | 100  | Puerto Rico                                       |
| Concept Laser GmbH                             | 75   | Germany   |
| Datex-Ohmeda, Inc.                             | 100  | Delaware  |
| Engine Investments Holding Company             | 100  | Delaware  |
| FieldCore Service, Inc.                        | 100  | Delaware  |
| GE Aero Energy Power, LLC                      | 100  | Delaware  |
| GE Albany CH GmbH                              | 100  | Switzerland                                       |
| GE Albany C.V.                                 | 100  | Netherlands                                       |
| GE Albany Global Holdings BV                   | 100  | Netherlands                                       |
| GE Albany US Holdings LLC                      | 100  | Delaware  |
| GE Aviation Systems Group Limited              |  | United Kingdom & Northern Ireland                 |
|  | 100  | Ireland   |
| GE Aviation Systems North America LLC          | 100  | Delaware  |
| GE Aviation UK                                 |  | United Kingdom & Northern Ireland                 |
|  | 100  | Ireland   |
| GE Caledonian Limited                          |  | United Kingdom & Northern Ireland                 |
|  | 100  | Ireland   |
| GE Canada Holdings, Inc.                       | 100  | Delaware  |
| GE Capital Global Financial Holdings, LLC      | 100  | Connecticut                                       |
| GE Capital Global Holdings, LLC                | 100  | Delaware  |
| GE Celma LTDA                                  | 100  | Brazil  |
| GE Digital Holdings LLC                        | 100  | Delaware  |
| GE Drives & Controls, Inc.                     | 100  | Delaware  |
| GE Energias Renovaveis Ltda.                   | 100  | Brazil  |
| GE Energy Parts, Inc.                          | 100  | Delaware  |
| GE Energy Power Conversion GmbH                | 100  | Germany   |
| GE Energy Power Conversion Group               | 100  | France  |
| GE Energy Power Conversion UK Holdings Limited |  | United Kingdom & Northern Ireland                 |
|  | 100  | Ireland   |
| GE Energy Power Conversion USA Inc.            | 100  | Delaware  |
| GE Energy Products France SNC                  | 100  | France  |
| GE Energy Services, Inc.                       | 100  | Delaware  |
| GE Energy Switzerland GmbH                     | 100  | Switzerland                                       |
| GE Energy (USA), LLC                           | 100  | Delaware  |
| GE Engine Services, LLC                        | 100  | Delaware  |
| GE Engine Services - Dallas, LP                | 100  | Delaware  |
| GE Engine Services Distribution, L.L.C.        | 100  | Delaware  |
| GE Engine Services - Miami, Inc.               | 100  | Delaware  |
| GE Engine Services UNC Holding I, Inc.         | 100  | Delaware  |
| GE Financial Assurance Holdings, LLC           | 100  | Delaware  |
| GE Financial Funding Unlimited Company         | 100  | Ireland   |
| GE Financial Ireland Unlimited Company         | 100  | Ireland   |
| GE France                                      | 100  | France  |

|  | Percentage of voting |                                   |
|--|----------------------|-----------------------------------|
| GE Gas Turbines (Greenville) L.L.C.                            | 100                  | Delaware                          |
| GE Global Parts & Products GmbH                                | 100                  | Switzerland                       |
| GE Grid Alliance B.V.  | 100                  | Netherlands                       |
| GE Grid Solutions UK B.V.                                      | 100                  | Netherlands                       |
| GE Healthcare AS   | 100                  | Norway                            |
| GE Healthcare BV   | 100                  | Belgium                           |
| GE Healthcare European Holdings SARL                           | 100                  | Luxembourg                        |
| GE Healthcare Finland Oy                                       | 100                  | Finland                           |
| GE Healthcare Holding Norge AS                                 | 100                  | Norway                            |
| GE Healthcare Japan Corporation                                | 100                  | Japan                             |
| GE Healthcare Limited  |                      | United Kingdom & Northern Ireland |
|  | 100                  | Ireland                           |
| GE Healthcare Norge AS   | 100                  | Norway                            |
| GE Healthcare Norway Holding AS                                | 100                  | Norway                            |
| GE Healthcare Sweden Holding AB                                | 100                  | Sweden                            |
| GE Healthcare USA Holding LLC                                  | 100                  | Delaware                          |
| GE HOLDINGS LUXEMBOURG & CO S.a.r.l.                           | 100                  | Luxembourg                        |
| GE Holdings (US), Inc.   | 100                  | Delaware                          |
| GE Hungary Kft.  | 100                  | Hungary                           |
| GE Industrial Consolidation Limited                            |                      | United Kingdom & Northern Ireland |
|  | 100                  | Ireland                           |
| GE Infrastructure Aviation                                     |                      | United Kingdom & Northern Ireland |
|  | 100                  | Ireland                           |
| GE Infrastructure Technology International LLC                 | 100                  | Delaware                          |
| GE Inspection and Repair Services Limited                      |                      | United Kingdom & Northern Ireland |
|  | 100                  | Ireland                           |
| GE Investments, LLC  | 100                  | Delaware                          |
| GE Italia Holding S.r.l.                                       | 100                  | Italy                             |
| GE Japan Investments Coöperatief U.A.                          | 100                  | Netherlands                       |
| GE LIGHTING SYSTEMS S.R.L.                                     | 100                  | Italy                             |
| GE Maintenance Services, Inc.                                  | 100                  | Delaware                          |
| GE Media Holdings, Inc.  | 100                  | Delaware                          |
| GE Medical Systems Global Technology Company, LLC              | 100                  | Delaware                          |
| GE Medical Systems Information Technologies, Inc.              | 100                  | Wisconsin                         |
| GE Medical Systems, Inc.                                       | 100                  | Delaware                          |
| GE Medical Systems, L.L.C.                                     | 100                  | Delaware                          |
| GE Medical Systems Societe en Commandite Simple                | 100                  | France                            |
| GE Medical Systems, Ultrasound & Primary Care Diagnostics, LLC | 100                  | Delaware                          |
| GE Mexico, S.de R.L. de C.V.                                   | 100                  | Mexico                            |
| GE Military Systems  | 100                  | Delaware                          |
| GE Oil & Gas US Holdings I, Inc.                               | 100                  | Delaware                          |
| GE Oil & Gas US Holdings IV, Inc.                              | 100                  | Delaware                          |
| GE Pacific Holdings II B.V.                                    | 100                  | Netherlands                       |
| GE Pacific Holdings Pte. Ltd.                                  | 100                  | Singapore                         |
| GE Pacific Private Limited                                     | 100                  | Singapore                         |
| GE Packaged Power, LLC   | 100                  | Delaware                          |
| GE Packaged Power, L.P.  | 100                  | Delaware                          |
| GE Power Netherlands B.V.                                      | 100                  | Netherlands                       |
| GE Precision Healthcare LLC                                    | 100                  | Delaware                          |
| GE Renewable Holding B.V.                                      | 100                  | Netherlands                       |
| GE Renewables North America, LLC                               | 100                  | Delaware                          |
| GE Repair Solutions Singapore Pte. Ltd.                        | 100                  | Singapore                         |
| GE Steam Power Systems   | 100                  | France                            |
| GE Treasury Services Industrial Ireland Limited                | 100                  | Ireland                           |



|   | Percentage of voting |                                   |
|---|----------------------|-----------------------------------|
| GE UK Group   | 100                  | United Kingdom & Northern Ireland |
| GE UK Holdings  | 100                  | United Kingdom & Northern Ireland |
| GE WIND France SAS                                      | 100                  | France                            |
| GEAE Technology, Inc.                                   | 100                  | Delaware                          |
| GEAST SAS   | 100                  | France                            |
| GEH HOLDINGS  | 100                  | United Kingdom & Northern Ireland |
| GENE Holding LLC  | 100                  | Delaware                          |
| General Electric (Bermuda) Ltd.                         | 100                  | Bermuda                           |
| General Electric Canada Company                         | 100                  | Canada                            |
| General Electric Deutschland Holding GmbH               | 100                  | Germany                           |
| GENERAL ELECTRIC ENERGY UK LIMITED                      | 100                  | United Kingdom & Northern Ireland |
| General Electric Financing C.V.                         | 100                  | Netherlands                       |
| General Electric Foreign Sales Corporation              | 100                  | The Bahamas & Eleuthera Island    |
| General Electric International (Benelux) B.V.           | 100                  | Netherlands                       |
| General Electric International, Inc.                    | 100                  | Delaware                          |
| General Electric International Japan Investments I SARL | 100                  | Luxembourg                        |
| General Electric International Operations Company, Inc. | 100                  | Delaware                          |
| General Electric Services (Bermuda) Ltd.                | 100                  | Bermuda                           |
| General Electric Services Luxembourg SARL               | 100                  | Luxembourg                        |
| General Electric (Switzerland) GmbH                     | 100                  | Switzerland                       |
| General Electric Technology GmbH                        | 100                  | Switzerland                       |
| General Electric UK Holdings Ltd.                       | 100                  | United Kingdom & Northern Ireland |
| GMC Consolidation LLC                                   | 100                  | Delaware                          |
| Grid Solutions SAS                                      | 100                  | France                            |
| Grid Solutions (U.S.) LLC                               | 100                  | Delaware                          |
| IDX Systems Corporation                                 | 100                  | Vermont                           |
| Inland Empire Energy Center, LLC                        | 100                  | Delaware                          |
| Inland Empire Holding Limited I, Inc.                   | 100                  | Delaware                          |
| Instrumentarium Holdings, Inc.                          | 100                  | Delaware                          |
| International General Electric (U.S.A.)                 | 100                  | United Kingdom & Northern Ireland |
| Midwest Electric Products, Inc.                         | 100                  | Minnesota                         |
| Nuclear Fuel Holding Co., Inc.                          | 100                  | Delaware                          |
| OEC Medical Systems, Inc.                               | 100                  | Delaware                          |
| One GE Healthcare UK                                    | 100                  | United Kingdom & Northern Ireland |
| Patent Licensing International, Inc.                    | 100                  | Delaware                          |
| Power Holding LLC                                       | 100                  | Delaware                          |
| Ropcor, Inc.  | 100                  | Delaware                          |
| Unison Industries, LLC                                  | 100                  | Delaware                          |
| Viceroy, Inc.   | 100                  | Delaware                          |
| Whatman Limited   | 100                  | United Kingdom & Northern Ireland |

(1) With respect to certain companies, shares in names of nominees and qualifying shares in names of directors are included in above percentages.

**List of Subsidiary Guarantors and Issuers of Guaranteed Securities**

As of December 31, 2020, General Electric Company (“GE”) and GE Capital International Holdings Limited (“GECIHL”) are guarantors of the senior unsecured registered notes listed below issued by GE Capital International Funding Company Unlimited Company (“GECIF”). GE owns, directly or indirectly, 100% of each of GECIHL and GECIF.

**GE Capital International Funding Company Unlimited Company**

3.373% Senior Notes due 2025

4.418% Senior Notes due 2035

As of December 31, 2020, GE is the guarantor of the senior unsecured registered notes listed below issued by the following entities. GE owns, directly or indirectly, 100% of each such entity.

**Security Capital Group Incorporated**

7.70% Exchange Notes due 2028

7.50% Debentures due 2027 (originally issued by SUSA Partnership, L.P.)

**General Electric Credit Corporation of Tennessee**

7.1% Notes due 2026 (originally issued by Franchise Finance Corporation of America)

**Consent of Independent Registered Public Accounting Firm**

The Board of Directors  
General Electric Company:

We consent to the incorporation by reference in the registration statement on Form S-3 (Registration Nos. 333-50639, 333-59671, 333-177803, 333-186882, 333-200003, 333-209821, and 333-229886), on Form S-4 (Registration Nos. 333-72566, 333-107556, 333-208604, and 333-211798), and on Form S-8 (Registration Nos. 333-42695, 333-74415, 333-83164, 333-98877, 333-94101, 333-65781, 333-88233, 333-99671, 333-102111, 333-142452, 333-155587, 333-158069, 333-158071, 333-163106, 333-177805, 333-179688, 333-181177, 333-184792, 333-194243, 333-202435, 333-219566, 333-224655, 333-224587, 333-226398, and 333-158069) of General Electric Company of our report dated February 12, 2021, with respect to the consolidated statement of financial position of General Electric Company and consolidated affiliates as of December 31, 2020 and 2019, the related consolidated statements of earnings (loss), comprehensive income (loss), changes in shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2020, and the related notes, and the effectiveness of internal control over financial reporting as of December 31, 2020, which report appears in the December 31, 2020 annual report on Form 10-K of General Electric Company.

/s/ KPMG LLP

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KPMG LLP

Boston, Massachusetts  
February 12, 2021

## POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned, being a director or officer of General Electric Company, a New York corporation (the "Company"), hereby constitutes and appoints H. Lawrence Culp, Jr., Michael J. Holston, Carolina Dybeck Happe, Thomas S. Timko, and Christoph A. Pereira, and each of them, his or her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead in any and all capacities, to sign one or more Annual Reports for the Company's fiscal year ended December 31, 2020 on Form 10-K under the Securities Exchange Act of 1934, as amended, or such other form as any such attorney-in-fact may deem necessary or desirable, any amendments thereto, and all additional amendments thereto, each in such form as they or any one of them may approve, and to file the same with all exhibits thereto and other documents in connection therewith with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done so that such Annual Report shall comply with the Securities Exchange Act of 1934, as amended, and the applicable Rules and Regulations adopted or issued pursuant thereto, as fully and to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them or their substitute or resubstitute, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, each of the undersigned has hereunto set his or her hand this 12<sup>th</sup> day of February, 2021.

/s/ H. Lawrence Culp, Jr.

H. Lawrence Culp, Jr.  
Chairman of the Board  
(Principal Executive  
Officer and Director)

/s/ Carolina Dybeck Happe

Carolina Dybeck Happe  
Senior Vice President and

Chief Financial Officer  
(Principal Financial Officer)

/s/ Thomas S. Timko

Thomas S. Timko  
Vice President, Chief Accounting

Officer and Controller  
(Principal Accounting Officer)

/s/ Sébastien M. Bazin

Sébastien M. Bazin  
Director

/s/ Catherine A. Lesjak

Catherine A. Lesjak  
Director

/s/ Francisco D'Souza

Francisco D'Souza  
Director

/s/ Paula Rosput Reynolds

Paula Rosput Reynolds  
Director

/s/ Edward P. Garden

Edward P. Garden  
Director

/s/ Leslie F. Seidman

Leslie F. Seidman  
Director

/s/ Thomas W. Horton

Thomas W. Horton  
Director

/s/ James S. Tisch

James S. Tisch  
Director

/s/ Risa Lavizzo-Mourey

Risa Lavizzo-Mourey  
Director

A MAJORITY OF THE BOARD OF DIRECTORS

**Certification Pursuant to  
Rules 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as Amended**

I, H. Lawrence Culp, Jr., certify that:

1. I have reviewed this annual report on Form 10-K of General Electric Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 12, 2021

/s/ H. Lawrence Culp, Jr.

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H. Lawrence Culp, Jr.  
Chief Executive Officer

**Certification Pursuant to  
Rules 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as Amended**

I, Carolina Dybeck Happe, certify that:

1. I have reviewed this annual report on Form 10-K of General Electric Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 12, 2021

/s/ Carolina Dybeck Happe

Carolina Dybeck Happe

Chief Financial Officer

**Certification Pursuant to  
18 U.S.C. Section 1350**

In connection with the Annual Report of General Electric Company (the "registrant") on Form 10-K for the period ended December 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "report"), we, H. Lawrence Culp, Jr. and Carolina Dybeck Happe, Chief Executive Officer and Chief Financial Officer, respectively, of the registrant, certify, pursuant to 18 U.S.C. § 1350, that to our knowledge:

(1) The report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

February 12, 2021

/s/ H. Lawrence Culp, Jr.

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H. Lawrence Culp, Jr.

Chief Executive Officer

/s/ Carolina Dybeck Happe

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Carolina Dybeck Happe

Chief Financial Officer



## Supplement to Present Required Information in Searchable Format

## FIVE-YEAR PERFORMANCE GRAPH

|                | 2015   | 2016   | 2017  | 2018  | 2019  | 2020 |
|----------------|--------|--------|-------|-------|-------|------|
| GE             | \$ 100 | \$ 105 | \$ 60 | \$ 27 | \$ 41 | 40   |
| S&P 500        | 100    | 112    | 136   | 130   | 171   | 203  |
| S&P Industrial | 100    | 119    | 144   | 125   | 161   | 179  |
| DJIA           | 100    | 116    | 149   | 144   | 180   | 198  |