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FINANCIAL STATEMENTS

STATEMENT OF EARNINGS

For the years ended December 31 (In millions; per-share amounts in dollars)	General Electric Company and consolidated affiliates 2014	2013	2012
Revenues and other income			
Sales of goods	$ 76,568	$ 71,873	$ 72,991
Sales of services	30,190	28,669	27,158
Other income (Note 17)	778	3,108	2,563
GECC earnings from continuing operations	-	-	-
GECC revenues from services (Note 18)	41,053	42,395	43,972
Total revenues and other income	148,589	146,045	146,684
Costs and expenses (Note 19)			
Cost of goods sold	61,257	57,867	56,785
Cost of services sold	20,054	19,274	17,525
Interest and other financial charges	9,482	10,116	12,407
Investment contracts, insurance losses and insurance annuity benefits	2,548	2,676	2,857
Provision for losses on financing receivables (Note 6)	3,993	4,818	3,832
Other costs and expenses	34,026	35,143	35,897
Total costs and expenses	131,360	129,894	129,303
Earnings from continuing operations before income taxes	17,229	16,151	17,381
Benefit (provision) for income taxes (Note 14)	(1,772)	(676)	(2,534)
Earnings from continuing operations	15,457	15,475	14,847
Earnings (loss) from discontinued operations, net of taxes (Note 2)	(112)	(2,120)	(983)
Net earnings	15,345	13,355	13,864
Less net earnings (loss) attributable to noncontrolling interests	112	298	223
Net earnings attributable to the Company	15,233	13,057	13,641
Preferred stock dividends declared	-	-	-
Net earnings attributable to GE common shareowners	$ 15,233	$ 13,057	$ 13,641
Amounts attributable to GE common shareowners			
Earnings from continuing operations	$ 15,457	$ 15,475	$ 14,847
Less net earnings (loss) attributable to noncontrolling interests	112	298	223
Earnings from continuing operations attributable to the Company	15,345	15,177	14,624
GECC preferred stock dividends declared	-	-	-
Earnings from continuing operations attributable to GE common shareowners	15,345	15,177	14,624
Earnings (loss) from discontinued operations, net of taxes	(112)	(2,120)	(983)
Net earnings attributable to GE common shareowners	$ 15,233	$ 13,057	$ 13,641
Per-share amounts (Note 20)			
Earnings from continuing operations			
Diluted earnings per share	$ 1.51	$ 1.47	$ 1.38
Basic earnings per share	$ 1.53	$ 1.48	$ 1.39
Net earnings			
Diluted earnings per share	$ 1.50	$ 1.27	$ 1.29
Basic earnings per share	$ 1.51	$ 1.28	$ 1.29
Dividends declared per common share	$ 0.89	$ 0.79	$ 0.70

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

See accompanying notes.

STATEMENT OF EARNINGS (CONTINUED)

For the years ended December 31	GE(a)			Financial Services (GECC)		
(In millions; per-share amounts in dollars)	2014	2013	2012	2014	2013	2012
Revenues and other income						
Sales of goods	$ 76,714	$ 71,951	$ 73,304	$ 121	$ 126	$ 119
Sales of services	30,594	29,063	27,571	-	-	-
Other income (Note 17)	707	2,886	2,657	-	-	-
GECC earnings from continuing operations	7,341	8,258	7,345	-	-	-
GECC revenues from services (Note 18)	-	-	-	42,604	43,941	45,245
Total revenues and other income	115,356	112,158	110,877	42,725	44,067	45,364
Costs and expenses (Note 19)						
Cost of goods sold	61,420	57,962	57,118	104	108	99
Cost of services sold	20,457	19,668	17,938	-	-	-
Interest and other financial charges	1,579	1,333	1,353	8,397	9,267	11,596
Investment contracts, insurance losses and insurance annuity benefits	-	-	-	2,678	2,779	2,984
Provision for losses on financing receivables (Note 6)	-	-	-	3,993	4,818	3,832
Other costs and expenses	14,971	16,105	17,671	19,912	19,776	18,924
Total costs and expenses	98,427	95,068	94,080	35,084	36,748	37,435
Earnings from continuing operations before income taxes	16,929	17,090	16,797	7,641	7,319	7,929
Benefit (provision) for income taxes (Note 14)	(1,634)	(1,668)	(2,013)	(138)	992	(521)
Earnings from continuing operations	15,295	15,422	14,784	7,503	8,311	7,408
Earnings (loss) from discontinued operations, net of taxes (Note 2)	(112)	(2,120)	(983)	(107)	(2,054)	(1,130)
Net earnings	15,183	13,302	13,801	7,396	6,257	6,278
Less net earnings (loss) attributable to noncontrolling interests	(50)	245	160	162	53	63
Net earnings attributable to the Company	15,233	13,057	13,641	7,234	6,204	6,215
Preferred stock dividends declared	-	-	-	(322)	(298)	(123)
Net earnings attributable to GE common shareowners	$ 15,233	$ 13,057	$ 13,641	$ 6,912	$ 5,906	$ 6,092
Amounts attributable to GE common shareowners:						
Earnings from continuing operations	$ 15,295	$ 15,422	$ 14,784	$ 7,503	$ 8,311	$ 7,408
Less net earnings (loss) attributable to noncontrolling interests	(50)	245	160	162	53	63
Earnings from continuing operations attributable to the Company	15,345	15,177	14,624	7,341	8,258	7,345
GECC preferred stock dividends declared	-	-	-	(322)	(298)	(123)
Earnings from continuing operations attributable to GE common shareowners	15,345	15,177	14,624	7,019	7,960	7,222
Earnings (loss) from discontinued operations, net of taxes	(112)	(2,120)	(983)	(107)	(2,054)	(1,130)
Net earnings attributable to GE common shareowners	$ 15,233	$ 13,057	$ 13,641	$ 6,912	$ 5,906	$ 6,092

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

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

GENERAL ELECTRIC COMPANY AND CONSOLIDATED AFFILIATES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the years ended December 31 (In millions)	2014	2013	2012
Net earnings	$ 15,345	$ 13,355	$ 13,864
Less net earnings (loss) attributable to noncontrolling interests	112	298	223
Net earnings attributable to the Company	$ 15,233	$ 13,057	$ 13,641
Other comprehensive income (loss)			
Investment securities	$ 708	$ (374)	$ 705
Currency translation adjustments	(2,729)	(308)	300
Cash flow hedges	234	467	453
Benefit plans	(7,279)	11,300	2,299
Other comprehensive income (loss)	(9,066)	11,085	3,757
Less other comprehensive income (loss) attributable to noncontrolling interests	(14)	(25)	13
Other comprehensive income (loss) attributable to the Company	$ (9,052)	$ 11,110	$ 3,744
Comprehensive income	$ 6,279	$ 24,440	$ 17,621
Less comprehensive income (loss) attributable to noncontrolling interests	98	273	236
Comprehensive income attributable to the Company	$ 6,181	$ 24,167	$ 17,385

Amounts presented net of taxes. See Note 15 for further information about other comprehensive income and noncontrolling interests.

See accompanying notes.

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

(In millions)	2014	2013	2012
GE shareowners' equity balance at January 1	$ 130,566	$ 123,026	$ 116,438
Increases from net earnings attributable to the Company	15,233	13,057	13,641
Dividends and other transactions with shareowners	(8,951)	(8,061)	(7,372)
Other comprehensive income (loss) attributable to the Company	(9,052)	11,110	3,744
Net sales (purchases) of shares for treasury	(32)	(7,990)	(2,802)
Changes in other capital	395	(576)	(623)
Ending balance at December 31	128,159	130,566	123,026
Noncontrolling interests	8,674	6,217	5,444
Total equity balance at December 31	$ 136,833	$ 136,783	$ 128,470

See Note 15 for further information about changes in shareowners' equity.

See accompanying notes.

STATEMENT OF FINANCIAL POSITION

At December 31 (In millions, except share amounts)	General Electric Company and consolidated affiliates 2014	2013
Assets		
Cash and equivalents	$ 90,208	$ 88,555
Investment securities (Note 3)	47,907	43,981
Current receivables (Note 4)	23,237	21,388
Inventories (Note 5)	17,689	17,325
Financing receivables – net (Note 6 and 27)	224,816	241,940
Other GECC receivables	9,095	9,114
Property, plant and equipment – net (Note 7)	66,387	68,827
Investment in GECC	-	-
Goodwill (Note 8)	76,553	77,648
Other intangible assets – net (Note 8)	14,156	14,310
All other assets (Note 9)	68,225	70,808
Deferred income taxes (Note 14)	2,541	275
Assets of businesses held for sale (Note 2)	6,300	50
Assets of discontinued operations (Note 2)	1,235	2,339
Total assets(a)	$ 648,349	$ 656,560
Liabilities and equity		
Short-term borrowings (Note 10)	$ 71,789	$ 77,890
Accounts payable, principally trade accounts	16,338	16,471
Progress collections and price adjustments accrued	12,537	13,125
Dividends payable	2,317	2,220
Other GE current liabilities	12,682	13,381
Non-recourse borrowings of consolidated securitization entities (Note 10)	29,938	30,124
Bank deposits (Note 10)	62,839	53,361
Long-term borrowings (Note 10)	200,414	221,665
Investment contracts, insurance liabilities and insurance annuity benefits (Note 11)	27,578	26,544
All other liabilities (Note 13)	70,484	61,057
Liabilities of businesses held for sale (Note 2)	3,375	6
Liabilities of discontinued operations (Note 2)	1,225	3,933
Total liabilities(a)	511,516	519,777
GECC preferred stock (50,000 shares outstanding at both year-end 2014 and 2013)	-	-
Common stock (10,057,380,000 and 10,060,881,000 shares outstanding at year-end 2014 and 2013, respectively)	702	702
Accumulated other comprehensive income (loss) – net attributable to GE(b)		
Investment securities	1,013	307
Currency translation adjustments	(2,427)	126
Cash flow hedges	(180)	(257)
Benefit plans	(16,578)	(9,296)
Other capital	32,889	32,494
Retained earnings	155,333	149,051
Less common stock held in treasury	(42,593)	(42,561)
Total GE shareowners' equity	128,159	130,566
Noncontrolling interests(c)	8,674	6,217
Total equity (Note 15 and 16)	136,833	136,783
Total liabilities and equity	$ 648,349	$ 656,560

(a) Our consolidated assets at December 31, 2014 included total assets of $50,453 million of certain variable interest entities (VIEs) that can only be used to settle the liabilities of those VIEs. These assets included net financing receivables of $43,620 million and investment securities of $3,374 million. Our consolidated liabilities at December 31, 2014 included liabilities of certain VIEs for which the VIE creditors do not have recourse to GE. These liabilities included non-recourse borrowings of consolidated securitization entities (CSEs) of $28,664 million. See Note 23.

(b) The sum of accumulated other comprehensive income (loss) (AOCI) attributable to the Company was $(18,172) million and $(9,120) million at December 31, 2014 and 2013, respectively.

(c) Included AOCI attributable to noncontrolling interests of $(194) million and $(180) million at December 31, 2014 and 2013, respectively.

See accompanying notes.

STATEMENT OF FINANCIAL POSITION (CONTINUED)

At December 31 (In millions, except share amounts)	GE(a) 2014	GE(a) 2013	Financial Services (GECC) 2014	Financial Services (GECC) 2013
Assets				
Cash and equivalents	$ 15,916	$ 13,682	$ 74,292	$ 74,873
Investment securities (Note 3)	84	323	47,827	43,662
Current receivables (Note 4)	11,513	10,970	-	-
Inventories (Note 5)	17,639	17,257	50	68
Financing receivables – net (Note 6 and 27)	-	-	237,018	253,029
Other GECC receivables	-	-	16,683	16,513
Property, plant and equipment – net (Note 7)	17,207	17,574	49,570	51,607
Investment in GECC	82,549	77,745	-	-
Goodwill (Note 8)	51,527	51,453	25,026	26,195
Other intangible assets – net (Note 8)	12,984	13,180	1,176	1,136
All other assets (Note 9)	24,680	23,708	43,875	47,366
Deferred income taxes	8,772	5,061	(6,231)	(4,786)
Assets of businesses held for sale (Note 2)	2,805	-	3,474	50
Assets of discontinued operations (Note 2)	10	9	1,225	2,330
Total assets	$ 245,686	$ 230,962	$ 493,985	$ 512,043
Liabilities and equity				
Short-term borrowings (Note 10)	$ 3,872	$ 1,841	$ 68,780	$ 77,298
Accounts payable, principally trade accounts	16,511	16,353	6,177	6,549
Progress collections and price adjustments accrued	12,550	13,152	-	-
Dividends payable	2,317	2,220	-	-
Other GE current liabilities	12,681	13,381	-	-
Non-recourse borrowings of consolidated securitization entities (Note 10)	-	-	29,938	30,124
Bank deposits (Note 10)	-	-	62,839	53,361
Long-term borrowings (Note 10)	12,468	11,515	187,991	210,279
Investment contracts, insurance liabilities and insurance annuity benefits (Note 11)	-	-	28,027	26,979
All other liabilities (Note 13)	54,662	40,955	16,313	20,531
Liabilities of businesses held for sale (Note 2)	1,504	-	2,434	6
Liabilities of discontinued operations (Note 2)	137	143	1,088	3,790
Total liabilities	116,702	99,560	403,587	428,917
GECC preferred stock (50,000 shares outstanding at year-end both 2014 and 2013)	-	-	-	-
Common stock (10,057,380,000 and 10,060,881,000 shares outstanding at year-end both 2014 and 2013, respectively)	702	702	-	-
Accumulated other comprehensive income (loss) - net attributable to GE				
Investment securities	1,013	307	1,010	309
Currency translation adjustments	(2,427)	126	(838)	(687)
Cash flow hedges	(180)	(257)	(172)	(293)
Benefit plans	(16,578)	(9,296)	(577)	(363)
Other capital	32,889	32,494	32,999	32,563
Retained earnings	155,333	149,051	55,077	51,165
Less common stock held in treasury	(42,593)	(42,561)	-	-
Total GE shareowners' equity	128,159	130,566	87,499	82,694
Noncontrolling interests	825	836	2,899	432
Total equity (Note 15 and 16)	128,984	131,402	90,398	83,126
Total liabilities and equity	$ 245,686	$ 230,962	$ 493,985	$ 512,043

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

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

STATEMENT OF CASH FLOWS

For the years ended December 31 (In millions)	General Electric Company and consolidated affiliates 2014	2013	2012
Cash flows – operating activities			
Net earnings	$ 15,345	$ 13,355	$ 13,864
Less net earnings (loss) attributable to noncontrolling interests	112	298	223
Net earnings attributable to the Company	15,233	13,057	13,641
(Earnings) loss from discontinued operations	112	2,120	983
Adjustments to reconcile net earnings attributable to the Company to cash provided from operating activities			
Depreciation and amortization of property, plant and equipment	9,283	9,762	9,192
Earnings from continuing operations retained by GECC	-	-	-
Deferred income taxes	(1,186)	(3,295)	(1,152)
Decrease (increase) in GE current receivables	(1,913)	(485)	(879)
Decrease (increase) in inventories	(872)	(1,368)	(1,274)
Increase (decrease) in accounts payable	305	360	(437)
Increase (decrease) in GE progress collections	(515)	1,893	(920)
Provision for losses on GECC financing receivables	3,993	4,818	3,832
All other operating activities	3,075	2,175	8,029
Cash from (used for) operating activities – continuing operations	27,515	29,037	31,015
Cash from (used for) operating activities – discontinued operations	195	(458)	316
Cash from (used for) operating activities	27,710	28,579	31,331
Cash flows – investing activities			
Additions to property, plant and equipment	(13,727)	(13,458)	(15,119)
Dispositions of property, plant and equipment	6,262	5,883	6,184
Net decrease (increase) in GECC financing receivables	(4,267)	2,715	6,979
Proceeds from sale of discontinued operations	232	528	227
Proceeds from principal business dispositions	2,950	3,324	3,618
Proceeds from sale of equity interest in NBCU LLC	-	16,699	-
Net cash from (payments for) principal businesses purchased	(2,639)	(1,642)	(1,456)
All other investing activities	6,447	14,625	11,157
Cash from (used for) investing activities – continuing operations	(4,742)	28,674	11,590
Cash from (used for) investing activities – discontinued operations	(288)	443	(288)
Cash from (used for) investing activities	(5,030)	29,117	11,302
Cash flows – financing activities			
Net increase (decrease) in borrowings (maturities of 90 days or less)	(6,112)	(14,230)	(2,231)
Net increase (decrease) in bank deposits	13,286	2,197	2,450
Newly issued debt (maturities longer than 90 days)	37,548	45,392	63,019
Repayments and other reductions (maturities longer than 90 days)	(53,380)	(61,461)	(103,942)
Proceeds from issuance of GECC preferred stock	-	990	3,960
Net dispositions (purchases) of GE shares for treasury	(1,218)	(9,278)	(4,164)
Dividends paid to shareowners	(8,851)	(7,821)	(7,189)
Proceeds from initial public offering of Synchrony Financial	2,842	-	-
All other financing activities	(1,067)	(1,418)	(2,958)
Cash from (used for) financing activities – continuing operations	(16,952)	(45,629)	(51,055)
Cash from (used for) financing activities – discontinued operations	(6)	56	(19)
Cash from (used for) financing activities	(16,958)	(45,573)	(51,074)
Effect of currency exchange rate changes on cash and equivalents	(3,492)	(795)	1,278
Increase (decrease) in cash and equivalents	2,230	11,328	(7,163)
Cash and equivalents at beginning of year	88,787	77,459	84,622
Cash and equivalents at end of year	91,017	88,787	77,459
Less cash and equivalents of discontinued operations at end of year	133	232	191
Cash and equivalents of continuing operations at end of year	$ 90,884	$ 88,555	$ 77,268
Supplemental disclosure of cash flows information			
Cash paid during the year for interest	$ (9,560)	$ (8,988)	$ (12,717)
Cash recovered (paid) during the year for income taxes	(2,955)	(2,487)	(3,237)

See accompanying notes.

STATEMENT OF CASH FLOWS (CONTINUED)

	GE(a)			Financial Services (GECC)		
For the years ended December 31 (In millions)	2014	2013	2012	2014	2013	2012
Cash flows – operating activities						
Net earnings	$ 15,183	$ 13,302	$ 13,801	$ 7,396	$ 6,257	$ 6,278
Less net earnings (loss) attributable to noncontrolling interests	(50)	245	160	162	53	63
Net earnings attributable to the Company	15,233	13,057	13,641	7,234	6,204	6,215
(Earnings) loss from discontinued operations	112	2,120	983	107	2,054	1,130
Adjustments to reconcile net earnings attributable to the Company to cash provided from operating activities						
Depreciation and amortization of property, plant and equipment	2,508	2,449	2,291	6,859	7,313	6,901
Earnings from continuing operations retained by GECC(b)	(4,341)	(2,273)	(919)	-	-	-
Deferred income taxes	(476)	(2,571)	(294)	(710)	(724)	(858)
Decrease (increase) in GE current receivables	(473)	(1,432)	1,105	-	-	-
Decrease (increase) in inventories	(877)	(1,351)	(1,204)	27	33	(27)
Increase (decrease) in accounts payable	884	809	158	(2)	73	(880)
Increase (decrease) in GE progress collections	(528)	1,919	(920)	-	-	-
Provision for losses on GECC financing receivables	-	-	-	3,993	4,818	3,832
All other operating activities	3,129	1,528	2,985	240	99	5,418
Cash from (used for) operating activities – continuing operations	15,171	14,255	17,826	17,748	19,870	21,731
Cash from (used for) operating activities – discontinued operations	(2)	(2)	-	197	(456)	316
Cash from (used for) operating activities	15,169	14,253	17,826	17,945	19,414	22,047
Cash flows – investing activities						
Additions to property, plant and equipment	(3,970)	(3,680)	(3,937)	(10,410)	(9,978)	(11,879)
Dispositions of property, plant and equipment	-	-	-	6,284	5,883	6,184
Net decrease (increase) in GECC financing receivables	-	-	-	(5,689)	3,589	5,490
Proceeds from sale of discontinued operations	-	-	-	232	528	227
Proceeds from principal business dispositions	602	1,316	540	2,320	1,983	2,863
Proceeds from sale of equity interest in NBCU LLC	-	16,699	-	-	-	-
Net cash from (payments for) principal businesses purchased	(2,091)	(8,026)	(1,456)	(548)	6,384	-
All other investing activities	(447)	(1,488)	(564)	6,997	14,972	11,794
Cash from (used for) investing activities – continuing operations	(5,906)	4,821	(5,417)	(814)	23,361	14,679
Cash from (used for) investing activities – discontinued operations	2	2	-	(290)	441	(288)
Cash from (used for) investing activities	(5,904)	4,823	(5,417)	(1,104)	23,802	14,391
Cash flows – financing activities						
Net increase (decrease) in borrowings (maturities of 90 days or less)	243	949	(890)	(6,781)	(13,892)	(1,401)
Net increase (decrease) in bank deposits	-	-	-	13,286	2,197	2,450
Newly issued debt (maturities longer than 90 days)	3,084	512	6,961	34,464	44,888	55,841
Repayments and other reductions (maturities longer than 90 days)	(323)	(5,032)	(34)	(53,057)	(56,429)	(103,908)
Proceeds from issuance of GECC preferred stock	-	-	-	-	990	3,960
Net dispositions (purchases) of GE shares for treasury	(1,218)	(9,278)	(4,164)	-	-	-
Dividends paid to shareowners	(8,851)	(7,821)	(7,189)	(3,322)	(6,283)	(6,549)
Proceeds from initial public offering of Synchrony Financial	-	-	-	2,842	-	-
All other financing activities	346	(211)	32	(1,091)	(909)	(2,867)
Cash from (used for) financing activities – continuing operations	(6,719)	(20,881)	(5,284)	(13,659)	(29,438)	(52,474)
Cash from (used for) financing activities – discontinued operations	-	-	-	(6)	56	(19)
Cash from (used for) financing activities	(6,719)	(20,881)	(5,284)	(13,665)	(29,382)	(52,493)
Effect of currency exchange rate changes on cash and equivalents	(312)	(22)	2	(3,180)	(773)	1,276
Increase (decrease) in cash and equivalents	2,234	(1,827)	7,127	(4)	13,061	(14,779)
Cash and equivalents at beginning of year	13,682	15,509	8,382	75,105	62,044	76,823
Cash and equivalents at end of year	15,916	13,682	15,509	75,101	75,105	62,044
Less cash and equivalents of discontinued operations at end of year	-	-	-	133	232	191
Cash and equivalents of continuing operations at end of year	$ 15,916	$ 13,682	$ 15,509	$ 74,968	$ 74,873	$ 61,853
Supplemental disclosure of cash flows information						
Cash paid during the year for interest	$ (1,215)	$ (1,132)	$ (1,182)	$ (8,910)	$ (8,146)	$ (12,172)
Cash recovered (paid) during the year for income taxes	(1,337)	(4,753)	(2,987)	(1,618)	2,266	(250)

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

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

In the consolidating data on this page, "GE" means the basis of consolidation as described in Note 1 to the consolidated financial statements; "GECC" means General Electric Capital Corporation and all of its affiliates and associated companies. Separate information is shown for "GE" and "GECC." Transactions between GE and GECC have been eliminated from the "General Electric Company and consolidated affiliates" columns on the prior page and are discussed in Note 26.

See Note 25 for supplemental information regarding the Statement of Cash Flows

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

ACCOUNTING PRINCIPLES

Our financial statements are prepared in conformity with U.S. generally accepted accounting principles (GAAP).

CONSOLIDATION

Our financial statements consolidate all of our affiliates – entities in which we have a controlling financial interest, most often because we hold a majority voting interest. To determine if we hold a controlling financial interest in an entity, we first evaluate if we are required to apply the variable interest entity (VIE) model to the entity, otherwise the entity is evaluated under the voting interest model.

Where we hold current or potential rights that give us the power to direct the activities of a VIE that most significantly impact the VIE's economic performance combined with a variable interest that gives us the right to receive potentially significant benefits or the obligation to absorb potentially significant losses, we have a controlling financial interest in that VIE. Rights held by others to remove the party with power over the VIE are not considered unless one party can exercise those rights unilaterally. When changes occur to the design of an entity, we reconsider whether it is subject to the VIE model. We continuously evaluate whether we have a controlling financial interest in a VIE.

We hold a controlling financial interest in other entities where we currently hold, directly or indirectly, more than 50% of the voting rights or where we exercise control through substantive participating rights or as a general partner. Where we are a general partner, we consider substantive removal rights held by other partners in determining if we hold a controlling financial interest. We reevaluate whether we have a controlling financial interest in these entities when our voting or substantive participating rights change.

Associated companies are unconsolidated VIEs and other entities in which we do not have a controlling financial interest, but over which we have significant influence, most often because we hold a voting interest of 20% to 50%. Associated companies are accounted for as equity method investments. Results of associated companies are presented on a one-line basis. Investments in, and advances to, associated companies are presented on a one-line basis in the caption "All other assets" in our Statement of Financial Position, net of allowance for losses, which represents our best estimate of probable losses inherent in such assets.

SYNCHRONY FINANCIAL INITIAL PUBLIC OFFERING

On August 5, 2014, we completed the initial public offering (IPO) of our North American Retail Finance business, Synchrony Financial, as a first step in a planned, staged exit from that business. Synchrony Financial closed the IPO of 125 million shares of common stock at a price to the public of $23.00 per share and on September 3, 2014, Synchrony Financial issued an additional 3.5 million shares of common stock pursuant to an option granted to the underwriters in the IPO (Underwriters' Option). We received net proceeds from the IPO and the Underwriters' Option of $2,842 million, which remain at Synchrony Financial. Following the closing of the IPO and the Underwriters' Option, we currently own approximately 85% of Synchrony Financial and as a result, GECC continues to consolidate the business. The 15% is presented as noncontrolling interests. In addition, in August 2014, Synchrony Financial completed issuances of $3,593 million of senior unsecured debt with maturities up to 10 years and $8,000 million of unsecured term loans maturing in 2019, and in October 2014 completed issuances of $750 million of unsecured term loans maturing in 2019 under the New Bank Term Loan Facility with third party lenders. Subsequent to December 31, 2014 through February 13, 2015, Synchrony Financial issued an additional $1,000 million of senior unsecured debt maturing in 2020.

FINANCIAL STATEMENT PRESENTATION

We have reclassified certain prior-year amounts to conform to the current-year's presentation.

Financial data and related measurements are presented in the following categories:

GE. This represents the adding together of all affiliates other than General Electric Capital Corporation (GECC), whose continuing operations are presented on a one-line basis, giving effect to the elimination of transactions among such affiliates.

GECC. This represents the adding together of all affiliates of GECC, giving effect to the elimination of transactions among such affiliates.

Consolidated. This represents the adding together of GE and GECC, giving effect to the elimination of transactions between GE and GECC.

Operating Segments. These comprise our eight businesses, focused on the broad markets they serve: Power & Water, Oil & Gas, Energy Management, Aviation, Healthcare, Transportation, Appliances & Lighting and GE Capital.

Unless otherwise indicated, information in these notes to consolidated financial statements relates to continuing operations. Certain of our operations have been presented as discontinued. See Note 2.

The effects of translating to U.S. dollars the financial statements of non-U.S. affiliates whose functional currency is the local currency are included in shareowners' equity. Asset and liability accounts are translated at year-end exchange rates, while revenues and expenses are translated at average rates for the respective periods.

Preparing financial statements in conformity with GAAP requires us to make estimates based on assumptions about current, and for some estimates future, economic and market conditions (for example, unemployment, market liquidity, the real estate market, etc.), which affect reported amounts and related disclosures in our financial statements. Although our current estimates contemplate current conditions and how we expect them to change in the future, as appropriate, it is reasonably possible that in 2015 actual conditions could be worse than anticipated in those estimates, which could materially affect our results of operations and financial position. Among other effects, such changes could result in future impairments of investment securities, goodwill, intangibles and long-lived assets, incremental losses on financing receivables, establishment of valuation allowances on deferred tax assets and increased tax liabilities.

SALES OF GOODS AND SERVICES

We record all sales of goods and services only when a firm sales agreement is in place, delivery has occurred or services have been rendered and collectability of the fixed or determinable sales price is reasonably assured.

Arrangements for the sale of goods and services sometimes include multiple components. Most of our multiple component arrangements involve the sale of goods and services in the Healthcare segment. Our arrangements with multiple components usually involve an upfront deliverable of large machinery or equipment and future service deliverables such as installation, commissioning, training or the future delivery of ancillary products. In most cases, the relative values of the undelivered components are not significant to the overall arrangement and are typically delivered within three to six months after the core product has been delivered. In such agreements, selling price is determined for each component and any difference between the total of the separate selling prices and total contract consideration (i.e., discount) is allocated pro rata across each of the components in the arrangement. The value assigned to each component is objectively determined and obtained primarily from sources such as the separate selling price for that or a similar item or from competitor prices for similar items. If such evidence is not available, we use our best estimate of selling price, which is established consistent with the pricing strategy of the business and considers product configuration, geography, customer type, and other market specific factors.

Except for goods sold under long-term agreements, we recognize sales of goods under the provisions of U.S. Securities and Exchange Commission (SEC) Staff Accounting Bulletin (SAB) 104, *Revenue Recognition*. We often sell consumer products and computer hardware and software products with a right of return. We use our accumulated experience to estimate and provide for such returns when we record the sale. In situations where arrangements include customer acceptance provisions based on seller or customer-specified objective criteria, we recognize revenue when we have reliably demonstrated that all specified acceptance criteria have been met or when formal acceptance occurs, respectively. In arrangements where we provide goods for trial and evaluation purposes, we only recognize revenue after customer acceptance occurs. Unless otherwise noted, we do not provide for anticipated losses before we record sales.

We recognize revenue on agreements for sales of goods and services under power generation unit and uprate contracts, nuclear fuel assemblies, larger oil drilling equipment projects, aeroderivative unit contracts, military development contracts, locomotive production contracts, and long-term construction projects, using long-term construction and production contract accounting. We estimate total long-term contract revenue net of price concessions as well as total contract costs. For goods sold under power generation unit and uprate contracts, nuclear fuel assemblies, aeroderivative unit contracts, military development contracts and locomotive production contracts, we recognize sales as we complete major contract-specified deliverables, most often when customers receive title to the goods or accept the services as performed. For larger oil drilling equipment projects and long-term construction projects, we recognize sales based on our progress toward contract completion measured by actual costs incurred in relation to our estimate of total expected costs. We measure long-term contract revenues by applying our contract-specific estimated margin rates to incurred costs. We routinely update our estimates of future costs for agreements in process and report any cumulative effects of such adjustments in current operations. We provide for any loss that we expect to incur on these agreements when that loss is probable.

We recognize revenue upon delivery for sales of aircraft engines, military propulsion equipment and related spare parts not sold under long-term product services agreements. Delivery of commercial engines, non-U.S. military equipment and all related spare parts occurs on shipment; delivery of military propulsion equipment sold to the U.S. government or agencies thereof occurs upon receipt of a Material Inspection and Receiving Report, DD Form 250 or Memorandum of Shipment. Commercial aircraft engines are complex equipment manufactured to customer order under a variety of sometimes complex, long-term agreements. We measure sales of commercial aircraft engines by applying our contract-specific estimated margin rates to incurred costs. We routinely update our estimates of future revenues and costs for commercial aircraft engine agreements in process and report any cumulative effects of such adjustments in current operations. Significant components of our revenue and cost estimates include price concessions and performance-related guarantees as well as material, labor and overhead costs. We measure revenue for military propulsion equipment and spare parts not subject to long-term product services agreements based on the specific contract on a specifically measured output basis. We provide for any loss that we expect to incur on these agreements when that loss is probable; consistent with industry practice, for commercial aircraft engines, we make such provision only if such losses are not recoverable from future highly probable sales of spare parts and services for those engines.

We sell product services under long-term product maintenance or extended warranty agreements in our Aviation, Power & Water, Oil & Gas and Transportation segments, where costs of performing services are incurred on other than a straight-line basis. We also sell product services in our Healthcare segment, where such costs generally are expected to be on a straight-line basis. For the Aviation, Power & Water, Oil & Gas and Transportation agreements, we recognize related sales based on the extent of our progress toward completion measured by actual costs incurred in relation to total expected costs. We routinely update our estimates of future costs for agreements in process and report any cumulative effects of such adjustments in current operations. For the Healthcare agreements, we recognize revenues on a straight-line basis and expense related costs as incurred. We provide for any loss that we expect to incur on any of these agreements when that loss is probable.

GECC REVENUES FROM SERVICES (EARNED INCOME)

We use the interest method to recognize income on loans. Interest on loans includes origination, commitment and other non-refundable fees related to funding (recorded in earned income on the interest method). We stop accruing interest at the earlier of the time at which collection of an account becomes doubtful or the account becomes 90 days past due, with the exception of consumer credit card accounts. Beginning in the fourth quarter of 2013, we continue to accrue interest on consumer credit cards until the accounts are written off in the period the account becomes 180 days past due. Previously, we stopped accruing interest on consumer credit cards when the account became 90 days past due. Previously recognized interest income that was accrued but not collected from the borrower is reversed, unless the terms of the loan agreement permit capitalization of accrued interest to the principal balance. Although we stop accruing interest in advance of payments, we recognize interest income as cash is collected when appropriate, provided the amount does not exceed that which would have been earned at the historical effective interest rate; otherwise, payments received are applied to reduce the principal balance of the loan.

We resume accruing interest on nonaccrual, non-restructured commercial loans only when (a) payments are brought current according to the loan's original terms and (b) future payments are reasonably assured. When we agree to restructured terms with the borrower, we resume accruing interest only when it is reasonably assured that we will recover full contractual payments, and such loans pass underwriting reviews equivalent to those applied to new loans. We resume accruing interest on nonaccrual consumer loans when the customer's account is less than 90 days past due and collection of such amounts is probable. Interest accruals on modified consumer loans that are not considered to be troubled debt restructurings (TDRs) may return to current status (re-aged) only after receipt of at least three consecutive minimum monthly payments or the equivalent cumulative amount, subject to a re-aging limitation of once a year, or twice in a five-year period.

We recognize financing lease income on the interest method to produce a level yield on funds not yet recovered. Estimated unguaranteed residual values 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 this estimate, 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 considered part of minimum lease payments. Significant assumptions we use in estimating residual values include estimated net cash flows over the remaining lease term, anticipated results of future remarketing, and estimated future component part and scrap metal prices, discounted at an appropriate rate.

We recognize operating lease income on a straight-line basis over the terms of underlying leases.

Fees include commitment fees related to loans that we do not expect to fund and line-of-credit fees. We record these fees in earned income on a straight-line basis over the period to which they relate. We record syndication fees in earned income at the time related services are performed, unless significant contingencies exist.

DEPRECIATION AND AMORTIZATION

The cost of GE manufacturing plant and equipment is depreciated over its estimated economic life. U.S. assets are depreciated using an accelerated method based on a sum-of-the-years digits formula; non-U.S. assets are generally depreciated on a straight-line basis.

The cost of GECC 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.

The cost of GECC acquired real estate investments is depreciated on a straight-line basis to the estimated salvage value over the expected useful life or the estimated proceeds upon sale of the investment at the end of the expected holding period if that approach produces a higher measure of depreciation expense.

The cost of individually significant customer relationships is amortized in proportion to estimated total related sales; cost of other intangible assets is generally amortized on a straight-line basis over the asset's estimated economic life. We review long-lived assets for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. See Notes 7 and 8.

LOSSES ON FINANCING RECEIVABLES

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

"Impaired" loans are defined as larger-balance or restructured loans for which it is probable that the lender will be unable to collect all amounts due according to the original contractual terms of the loan agreement.

The vast majority of our Consumer and a portion of our Commercial Lending and Leasing (CLL) nonaccrual receivables are excluded from this definition, as they represent smaller-balance homogeneous loans that we evaluate collectively by portfolio for impairment.

Impaired loans include nonaccrual receivables on larger-balance or restructured loans, loans that are currently paying interest under the cash basis and loans paying currently that had been previously restructured.

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

"Troubled debt restructurings" (TDRs) are those loans for which we have granted a concession to a borrower experiencing financial difficulties where we do not receive adequate compensation. Such loans are classified as impaired, and are individually reviewed for specific reserves.

"Nonaccrual financing receivables" are those on which we have stopped accruing interest. We stop accruing interest at the earlier of the time at which collection of an account becomes doubtful or the account becomes 90 days past due, with the exception of consumer credit card accounts, for which we continue to accrue interest until the accounts are written off in the period that the account becomes 180 days past due. Although we stop accruing interest in advance of payments, we recognize interest income as cash is collected when appropriate provided the amount does not exceed that which would have been earned at the historical effective interest rate. Recently restructured financing receivables are not considered delinquent when payments are brought current according to the restructured terms, but may remain classified as nonaccrual until there has been a period of satisfactory payment performance by the borrower and future payments are reasonably assured of collection.

"Delinquent" receivables are those that are 30 days or more past due based on their contractual terms.

The same financing receivable may meet more than one of the definitions above. Accordingly, these categories are not mutually exclusive and it is possible for a particular loan to meet the definitions of a TDR, impaired loan and nonaccrual loan and be included in each of these categories. The categorization of a particular loan also may not be indicative of the potential for loss.

Our consumer loan portfolio consists of smaller-balance, homogeneous loans, including credit card receivables, installment loans, auto loans and leases and residential mortgages. We collectively evaluate each portfolio for impairment quarterly. The allowance for losses on these receivables is established through a process that estimates the probable losses inherent in the portfolio based upon statistical analyses of portfolio data. These analyses include migration analysis, in which historical delinquency and credit loss experience is applied to the current aging of the portfolio, together with other analyses that reflect current trends and conditions. We also consider our historical loss experience to date based on actual defaulted loans and overall portfolio indicators including nonaccrual loans, trends in loan volume and lending terms, credit policies and other observable environmental factors such as unemployment rates and home price indices.

Our commercial loan and lease 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. Losses on such loans and leases are recorded when probable and estimable. We routinely evaluate our entire portfolio for potential specific credit or collection issues that might indicate an impairment.

For larger-balance, non-homogeneous loans and leases, we consider the financial status, payment history, collateral value, industry conditions and guarantor support related to specific customers. Any delinquencies or bankruptcies are indications of potential impairment requiring further assessment of collectability. We routinely receive financial as well as rating agency reports on our customers, and we elevate for further attention those customers whose operations we judge to be marginal or deteriorating. We also elevate customers for further attention when we observe a decline in collateral values for asset-based loans. While collateral values are not always available, when we observe such a decline, we evaluate relevant markets to assess recovery alternatives – for example, for real estate loans, relevant markets are local; for commercial aircraft loans, relevant markets are global.

Measurement of the loss on our impaired commercial loans is based on the present value of expected future cash flows discounted at the loan's effective interest rate or the fair value of collateral, net of expected selling costs, if the loan is determined to be collateral dependent. We determine whether a loan is collateral dependent if the repayment of the loan is expected to be provided solely by the underlying collateral. Our review process can often result in reserves being established in advance of a modification of terms or designation as a TDR. After providing for specific incurred losses, we then determine an allowance for losses that have been incurred in the balance of the portfolio but cannot yet be identified to a specific loan or lease. This estimate is based upon various statistical analyses considering historical and projected default rates and loss severity and aging, as well as our view on current market and economic conditions. It is prepared by each respective line of business. For Real Estate, this includes assessing the probability of default and the loss given default based on loss history of our portfolio for loans with similar loan metrics and attributes.

We consider multiple factors in evaluating the adequacy of our allowance for losses on Real Estate financing receivables, including loan-to-value ratios, collateral values at the individual loan level, debt service coverage ratios, delinquency status, and economic factors including interest rate and real estate market forecasts. In addition to these factors, we evaluate a Real Estate loan for impairment classification if its projected loan-to-value ratio at maturity is in excess of 100%, even if the loan is currently paying in accordance with its contractual terms. Substantially all of the loans in the Real Estate portfolio are considered collateral dependent and are measured for impairment based on the fair value of collateral. If foreclosure is deemed probable or if repayment is dependent solely on the sale of collateral, we also include estimated selling costs in our reserve. Collateral values for our Real Estate loans are determined based upon internal cash flow estimates discounted at an appropriate rate and corroborated by external appraisals, as appropriate. Collateral valuations are routinely monitored and updated annually, or more frequently for changes in collateral, market and economic conditions. Further discussion on determination of fair value is in the Fair Value Measurements section below.

Experience is not available for new products; therefore, while we are developing that experience, we set loss allowances based on our experience with the most closely analogous products in our portfolio.

Our loss mitigation strategy intends to minimize economic loss and, at times, can result in rate reductions, principal forgiveness, extensions, forbearance or other actions, which may cause the related loan to be classified as a TDR.

We utilize certain loan modification programs for borrowers experiencing temporary financial difficulties in our Consumer loan portfolio. These loan modification programs are primarily concentrated in our non-U.S. residential mortgage and non-U.S. installment and revolving portfolios and include short-term (three months or less) interest rate reductions and payment deferrals, which were not part of the terms of the original contract. We sold our U.S. residential mortgage business in 2007 and, as such, do not participate in the U.S. government-sponsored mortgage modification programs.

Our allowance for losses on financing receivables on these modified consumer loans is determined based upon a formulaic approach that estimates the probable losses inherent in the portfolio based upon statistical analyses of the portfolio. Data related to redefault experience is also considered in our overall reserve adequacy review. Once the loan has been modified, it returns to current status (re-aged) only after receipt of at least three consecutive minimum monthly payments or the equivalent cumulative amount, subject to a re-aging limitation of once a year, or twice in a five-year period in accordance with the Federal Financial Institutions Examination Council guidelines on Uniform Retail Credit Classification and Account Management policy issued in June 2000. We believe that the allowance for losses would not be materially different had we not re-aged these accounts.

For commercial loans, we evaluate changes in terms and conditions to determine whether those changes meet the criteria for classification as a TDR on a loan-by-loan basis. In CLL, these changes primarily include: changes to covenants, short-term payment deferrals and maturity extensions. For these changes, we receive economic consideration, including additional fees and/or increased interest rates, and evaluate them under our normal underwriting standards and criteria. Changes to Real Estate's loans primarily include maturity extensions, principal payment acceleration, changes to collateral terms, and cash sweeps, which are in addition to, or sometimes in lieu of, fees and rate increases. The determination of whether these changes to the terms and conditions of our commercial loans meet the TDR criteria includes our consideration of all of the relevant facts and circumstances. When the borrower is experiencing financial difficulty, we carefully evaluate these changes to determine whether they meet the form of a concession. In these circumstances, if the change is deemed to be a concession, we classify the loan as a TDR.

When we repossess collateral in satisfaction of a loan, we write down the receivable against the allowance for losses. Repossessed collateral is included in the caption “All other assets” in the Statement of Financial Position and carried at the lower of cost or estimated fair value less costs to sell.

For Consumer loans, we write off unsecured closed-end installment loans when they are 120 days contractually past due and unsecured open-ended revolving loans at 180 days contractually past due. We write down consumer loans secured by collateral other than residential real estate when such loans are 120 days past due. Consumer loans secured by residential real estate (both revolving and closed-end loans) are written down to the fair value of collateral, less costs to sell, no later than when they become 180 days past due. Unsecured consumer loans in bankruptcy are written off within 60 days of notification of filing by the bankruptcy court or within contractual write-off periods, whichever occurs earlier.

Write-offs on larger-balance impaired commercial loans are based on amounts deemed uncollectible and are reviewed quarterly. Write-offs are determined based on the consideration of many factors, such as expectations of the workout plan or restructuring of the loan, valuation of the collateral and the prioritization of our claim in bankruptcy. Write-offs are recognized against the allowance for losses at the earlier of transaction confirmation (for example, discounted pay-off, restructuring, foreclosure, etc.) or not later than 360 days after initial recognition of a specific reserve for a collateral dependent loan. If foreclosure is probable, the write-off is determined based on the fair value of the collateral less costs to sell. Smaller-balance, homogeneous commercial loans are written off at the earlier of when deemed uncollectible or at 180 days past due.

PARTIAL SALES OF BUSINESS INTERESTS

Gains or losses on sales of affiliate shares where we retain a controlling financial interest are recorded in equity. Gains or losses on sales that result in our loss of a controlling financial interest are recorded in earnings along with remeasurement gains or losses on any investments in the entity that we retained.

CASH AND EQUIVALENTS

Debt securities and money market instruments with original maturities of three months or less are included in cash equivalents unless designated as available-for-sale and classified as investment securities.

INVESTMENT SECURITIES

We report investments in debt and marketable equity securities, and certain other equity securities, at fair value. See Note 21 for further information on fair value. Unrealized gains and losses on available-for-sale investment securities are included in shareowners' equity, net of applicable taxes and other adjustments. We regularly review investment securities for impairment using both quantitative and qualitative criteria.

For debt securities, if we do not intend to sell the security 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 other qualitative criteria to determine whether we do not expect to recover the amortized cost basis of the security, such as the financial health of and specific prospects for the issuer, including whether the issuer is in compliance with the terms and covenants of the security. 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 be other-than-temporarily impaired, and we record the difference between the security's amortized cost basis and its recoverable amount in earnings 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 also considered other-than-temporarily impaired and we recognize the entire difference between the security's amortized cost basis and its fair value in earnings. For equity securities, we consider the length of time and magnitude of the amount that each security is in an unrealized loss position. If we do not expect to recover the entire amortized cost basis of the security, we consider the security to be other-than-temporarily impaired, and we record the difference between the security's amortized cost basis and its fair value in earnings.

Realized gains and losses are accounted for on the specific identification method. Unrealized gains and losses on investment securities classified as trading and certain retained interests are included in earnings.

INVENTORIES

All inventories are stated at the lower of cost or realizable values. Cost for a significant portion of GE U.S. inventories is determined on a last-in, first-out (LIFO) basis. Cost of other GE inventories is determined on a first-in, first-out (FIFO) basis. LIFO was used for 40% and 39% of GE inventories at 2014 and 2013, respectively.

GOODWILL AND OTHER INTANGIBLE ASSETS

We do not amortize goodwill, but test it at least annually for impairment at the reporting unit level. A reporting unit is the operating segment, or one level below that operating segment (the component level) if discrete financial information is prepared and regularly reviewed by segment management. However, components are aggregated as a single reporting unit if they have similar economic characteristics. We recognize an impairment charge if the carrying amount of a reporting unit exceeds its fair value and the carrying amount of the reporting unit's goodwill exceeds the implied fair value of that goodwill. We use a market approach, when available and appropriate, or the income approach, or a combination of both to establish fair values. 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.

We amortize the cost of other intangibles over their estimated useful lives unless such lives are deemed indefinite. The cost of intangible assets is generally amortized on a straight-line basis over the asset's estimated economic life, except that individually significant customer-related intangible assets 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 fair value based on either discounted cash flows or appraised values. Intangible assets with indefinite lives are tested annually for impairment and written down to fair value as required.

GECC INVESTMENT CONTRACTS, INSURANCE LIABILITIES AND INSURANCE ANNUITY BENEFITS

Certain entities that we consolidate provide guaranteed investment contracts, primarily to states, municipalities and municipal authorities.

Our insurance activities include providing insurance and reinsurance for life and health risks and providing certain annuity products. Two primary product groups are provided: traditional insurance contracts and investment contracts. Insurance contracts are contracts with significant mortality and/or morbidity risks, while investment contracts are contracts without such risks.

For short-duration insurance contracts, including accident and health insurance, we report premiums as earned income over the terms of the related agreements, generally on a pro-rata basis. For traditional long-duration insurance contracts including long-term care, term, whole life and annuities payable for the life of the annuitant, we report premiums as earned income when due.

Premiums received on 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.

Liabilities for traditional long-duration insurance contracts represent the present value of such benefits less the present value of future net premiums based on mortality, morbidity, interest and other assumptions at the time the policies were issued or acquired. 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. For guaranteed investment contracts, the liability is also adjusted as a result of fair value hedging activity.

Liabilities for unpaid claims and estimated claim settlement expenses represent our best estimate of the ultimate obligations for reported and incurred-but-not-reported claims and the related estimated claim settlement expenses. Liabilities for unpaid claims and estimated claim settlement expenses are continually reviewed and adjusted through current operations.

FAIR VALUE MEASUREMENTS

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

Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect our market assumptions. Preference is given to observable inputs. These two types of inputs create the following 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.

We maintain policies and procedures to value instruments using the best and most relevant data available. In addition, we have risk management teams that review valuation, including independent price validation for certain instruments. With regard to Level 3 valuations (including instruments valued by third parties), we perform a variety of procedures to assess the reasonableness of the valuations. Such reviews, which may be performed quarterly, monthly or weekly, include an evaluation of instruments whose fair value change exceeds predefined thresholds (and/or does not change) and consider the current interest rate, currency and credit environment, as well as other published data, such as rating agency market reports and current appraisals. These reviews are performed within each business by the asset and risk managers, pricing committees and valuation committees. A detailed review of methodologies and assumptions is performed by individuals independent of the business for individual measurements with a fair value exceeding predefined thresholds. This detailed review may include the use of a third-party valuation firm.

RECURRING FAIR VALUE MEASUREMENTS

The following sections describe the valuation methodologies we use to measure different financial instruments at fair value on a recurring basis.

Investments in Debt and Equity Securities. When available, we use quoted market prices to determine the fair value of investment securities, and they are included in Level 1. Level 1 securities primarily include publicly traded equity securities.

For large numbers of investment securities for which market prices are observable for identical or similar investment securities but not readily accessible for each of those investments individually (that is, it is difficult to obtain pricing information for each individual investment security at the measurement date), we obtain pricing information from an independent pricing vendor. The pricing vendor uses various pricing models for each asset class that are consistent with what other market participants would use. The inputs and assumptions to the model of the pricing vendor 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. Since many fixed income securities do not trade on a daily basis, the methodology of the pricing vendor uses available information as applicable such as benchmark curves, benchmarking of like securities, sector groupings, and matrix pricing. The pricing vendor considers available market observable inputs in determining the evaluation for a security. Thus, certain securities may not be priced using quoted prices, but rather determined from market observable information. These investments are included in Level 2 and primarily comprise our portfolio of corporate fixed income, and government, mortgage and asset-backed securities. In infrequent circumstances, our pricing vendors may 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. While we are not provided access to proprietary models of the vendor, our reviews have included on-site walk-throughs of the pricing process, methodologies and control procedures for each asset class and level for which prices are provided. Our reviews also include an examination of the underlying inputs and assumptions for a sample of individual securities across asset classes, credit rating levels and various durations, a process we perform each reporting period. In addition, the pricing vendor has an established challenge process in place for all security valuations, which facilitates identification and resolution of potentially erroneous prices. 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. We have not adjusted the prices we have obtained. Investment securities priced using non-binding broker quotes and other third-party pricing services are included in Level 3. As is the case with our primary pricing vendor, third-party brokers and other third-party pricing services do not provide access to their proprietary valuation models, inputs and assumptions. Accordingly, our risk management personnel conduct reviews of vendors, as applicable, similar to the reviews performed of our primary pricing vendor. In addition, we conduct internal reviews of pricing for all such investment securities quarterly to ensure reasonableness of valuations used in our financial statements. These reviews are designed to identify prices that appear stale, those that have changed significantly from prior valuations, and other anomalies that may indicate that a price may not be accurate. Based on the information available, we believe that the fair values provided by the brokers and other third-party pricing services are representative of prices that would be received to sell the assets at the measurement date (exit prices).

Derivatives. We use closing prices for derivatives included in Level 1, which are traded either on exchanges or liquid over-the-counter markets.

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.

NON-RECURRING FAIR VALUE MEASUREMENTS

Certain assets are measured at fair value on a non-recurring basis. These assets are not measured at fair value on an ongoing basis, but are subject to fair value adjustments only in certain circumstances. These assets can include loans and long-lived assets that have been reduced to fair value when they are held for sale, impaired loans that have been reduced based on the fair value of the underlying collateral, cost and equity method investments and long-lived assets that are written down to fair value when they are impaired and the remeasurement of retained investments in formerly consolidated subsidiaries upon a change in control that results in deconsolidation of a subsidiary, if we sell a controlling interest and retain a noncontrolling stake in the entity. Assets that are written down to fair value when impaired and retained investments are not subsequently adjusted to fair value unless further impairment occurs.

The following sections describe the valuation methodologies we use to measure financial and non-financial instruments accounted for at fair value on a non-recurring basis and for certain assets within our pension plans and retiree benefit plans at each reporting period, as applicable.

Financing Receivables and Loans Held for Sale. When available, we use observable market data, including pricing on recent closed market transactions, to value loans that are included in Level 2. When this data is unobservable, we use valuation methodologies using current market interest rate data adjusted for inherent credit risk, and such loans are included in Level 3. When appropriate, loans may be valued using collateral values (see Long-Lived Assets below).

Cost and Equity Method Investments. Cost and equity method investments are valued using market observable data such as quoted prices when available. When market observable data is unavailable, investments are valued using a discounted cash flow model, comparative market multiples or a combination of both approaches as appropriate and other third-party pricing sources. These investments are generally included in Level 3.

Investments in private equity, real estate and collective funds are valued using net asset values. The net asset values are determined based on the fair values of the underlying investments in the funds. Investments in private equity and real estate funds are generally included in Level 3 because they are not redeemable at the measurement date. Investments in collective funds are included in Level 2.

Long-lived Assets, including Real Estate. Fair values of long-lived assets, including aircraft and real estate, are primarily derived internally and are based on observed sales transactions for similar assets. In other instances, for example, collateral types 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. For real estate, fair values are based on discounted cash flow estimates that reflect current and projected lease profiles and available industry information about capitalization rates and expected trends in rents and occupancy and are corroborated by external appraisals. These investments are generally included in Level 2 or Level 3.

Retained Investments in Formerly Consolidated Subsidiaries. Upon a change in control that results in deconsolidation of a subsidiary, the fair value measurement of our retained noncontrolling stake is valued using market observable data such as quoted prices when available, or if not available, an income approach, a market approach, or a combination of both approaches as appropriate. In applying these methodologies, we rely on a number of factors, including actual operating results, future business plans, economic projections, market observable pricing multiples of similar businesses and comparable transactions, and possible control premium. These investments are generally included in Level 1 or Level 3, as appropriate, determined at the time of the transaction.

ACCOUNTING CHANGES

In the second quarter of 2014, the Company elected to early adopt Accounting Standards Update (ASU) 2014-08, *Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*. This ASU changes the criteria for reporting discontinued operations. To be classified as a discontinued operation, the disposal of a component or group of components must represent a strategic shift that has, or will have, a major effect on an entity's operations and financial results. The ASU also expands the disclosure requirements for those transactions that meet the new criteria to be classified as discontinued operations. The revised accounting guidance applies prospectively to all disposals (or classifications as held for sale) of components of an entity and for businesses that, upon acquisition, are classified as held for sale on or after adoption. Early adoption is permitted for disposals (or classifications as held for sale) that have not been previously reported in financial statements. The effects of applying the revised guidance will vary based upon the nature and size of future disposal transactions. It is expected that fewer disposal transactions will meet the new criteria to be reported as discontinued operations.

On January 1, 2014, we adopted ASU 2013-05, *Foreign Currency Matters* (Topic 830): *Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity*. Under the revised guidance, the entire amount of the cumulative translation adjustment associated with the foreign entity will be released into earnings in the following circumstances: (a) the sale of a subsidiary or group of net assets within a foreign entity that represents a complete or substantially complete liquidation of that entity, (b) the loss of a controlling financial interest in an investment in a foreign entity, or (c) when the accounting for an investment in a foreign entity changes from the equity method to full consolidation. The revised guidance applies prospectively to transactions or events occurring on or after January 1, 2014.

On January 1, 2014, we adopted ASU 2013-11, *Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists*. Under the new guidance, an unrecognized tax benefit is required to be presented as a reduction to a deferred tax asset if the disallowance of the tax position would reduce the available tax loss or tax credit carryforward instead of resulting in a cash tax liability. The ASU applies prospectively to all unrecognized tax benefits that exist as of the adoption date and reduced both deferred tax assets and income tax liabilities by $1,224 million as of January 1, 2014.

On January 1, 2012, we adopted ASU 2011-05, an amendment to Accounting Standards Codification (ASC) 220, *Comprehensive Income*. ASU 2011-05 introduced a new statement, the Consolidated Statement of Comprehensive Income. The amendments affect only the display of those components of equity categorized as other comprehensive income and do not change existing recognition and measurement requirements that determine net earnings.

On January 1, 2012, we adopted ASU 2011-04, an amendment to ASC 820, *Fair Value Measurements*. ASU 2011-04 clarifies or changes the application of existing fair value measurements, including: that the highest and best use valuation premise in a fair value measurement is relevant only when measuring the fair value of nonfinancial assets; that a reporting entity should measure the fair value of its own equity instrument from the perspective of a market participant that holds that instrument as an asset; to permit an entity to measure the fair value of certain financial instruments on a net basis rather than based on its gross exposure when the reporting entity manages its financial instruments on the basis of such net exposure; that in the absence of a Level 1 input, a reporting entity should apply premiums and discounts when market participants would do so when pricing the asset or liability consistent with the unit of account; and that premiums and discounts related to size as a characteristic of the reporting entity's holding are not permitted in a fair value measurement. Adopting these amendments had no effect on the financial statements.

NOTE 2. ASSETS AND LIABILITIES OF BUSINESSES HELD FOR SALE AND DISCONTINUED OPERATIONS

ASSETS AND LIABILITIES OF BUSINESSES HELD FOR SALE

In the fourth quarter of 2014, we signed an agreement to sell our Signaling business at Transportation, with assets of $267 million and liabilities of $148 million to Alstom for approximately $800 million, and our consumer finance business Budapest Bank, with assets of $3,474 million and liabilities of $2,434 million to Hungary's government. The transactions remain subject to customary closing conditions and regulatory approvals, and are targeted to close in 2015.

In the third quarter of 2014, we signed an agreement to sell our Appliances business with assets of $2,538 million and liabilities of $1,356 million to Electrolux for approximately $3,300 million. The transaction remains subject to customary closing conditions and regulatory approvals, and is targeted to close in 2015.

In the second quarter of 2014, we committed to sell GE Money Bank AB, our consumer finance business in Sweden, Denmark and Norway (GEMB-Nordic). We completed the sale on November 6, 2014 for proceeds of $2,320 million.

In the first quarter of 2013, we committed to sell certain of our machining & fabrication businesses at Aviation and our Consumer auto and personal loan business in Portugal. We completed the sale of our machining & fabrication business on December 2, 2013 for proceeds of $108 million. We completed the sale of our Consumer auto and personal loan business in Portugal on July 15, 2013 for proceeds of $83 million.

FINANCIAL INFORMATION FOR ASSETS AND LIABILITIES OF BUSINESSES HELD FOR SALE

December 31 (In millions)		2014		2013
Assets				
Cash and equivalents	$	676	$	5
Investment securities		448		7
Current receivables(a)		180		-
Inventories		588		-
Financing receivables – net		2,144		-
Property, plant, and equipment – net		1,015		-
Goodwill		539		24
Intangible assets – net		170		2
Other		540		12
Assets of businesses held for sale	$	6,300	$	50
Liabilities				
Accounts payable(a)	$	510	$	1
Other current liabilities		348		-
Bank deposits		1,931		-
Other		586		5
Liabilities of businesses held for sale	$	3,375	$	6

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

NBCU

On March 19, 2013, we closed a transaction to sell our remaining 49% common equity interest in NBCUniversal LLC (NBCU LLC) to Comcast Corporation (Comcast) for total consideration of $16,722 million, consisting of $11,997 million in cash, $4,000 million in Comcast guaranteed debt and $725 million in preferred stock. The $4,000 million of debt and the $725 million of preferred shares were both issued by a wholly-owned subsidiary of Comcast. During the three months ended March 31, 2013, both of these instruments were sold at approximately par value. In addition, Comcast is obligated to share with us potential tax savings associated with Comcast's purchase of our NBCU LLC interest, if realized. We did not recognize these potential future payments as consideration for the sale, but are recording such payments in income as they are received. GECC also sold real estate comprising certain floors located at 30 Rockefeller Center, New York and the CNBC property located in Englewood Cliffs, New Jersey to affiliates of NBCU LLC for $1,430 million in cash.

In the first quarter of 2013, as a result of the transactions, we recognized pre-tax gains of $1,096 million ($825 million after tax) on the sale of our 49% common equity interest in NBCU LLC and $921 million ($564 million after tax) on the sale of GECC's real estate properties.

DISCONTINUED OPERATIONS

Discontinued operations primarily comprised GE Money Japan (our Japanese personal loan business, Lake, and our Japanese mortgage and card businesses, excluding our investment in GE Nissen Credit Co., Ltd.), our U.S. mortgage business (WMC), our Commercial Lending and Leasing (CLL) trailer services business in Europe (CLL Trailer Services), our Consumer banking business in Russia (Consumer Russia) and our Consumer mortgage lending business in Ireland (Consumer Ireland). Results of operations, financial position and cash flows for these businesses are separately reported as discontinued operations for all periods presented.

FINANCIAL INFORMATION FOR DISCONTINUED OPERATIONS

(In millions)		2014		2013		2012
Operations						
Total revenues and other income (loss)	$	(268)	$	186	$	191
Earnings (loss) from discontinued operations before income taxes	$	(351)	$	(494)	$	(586)
Benefit (provision) for income taxes		224		155		198
Earnings (loss) from discontinued operations, net of taxes	$	(127)	$	(339)	$	(388)
Disposal						
Gain (loss) on disposal before income taxes	$	14	$	(2,027)	$	(792)
Benefit (provision) for income taxes		1		246		197
Gain (loss) on disposal, net of taxes	$	15	$	(1,781)	$	(595)
Earnings (loss) from discontinued operations, net of taxes(a)	$	(112)	$	(2,120)	$	(983)

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

December 31 (In millions)		2014		2013
Assets				
Cash and equivalents	$	133	$	232
Financing receivables – net		-		711
Other		1,102		1,396
Assets of discontinued operations	$	1,235	$	2,339
Liabilities				
Deferred income taxes	$	237	$	248
Other		988		3,685
Liabilities of discontinued operations	$	1,225	$	3,933

Other assets at December 31, 2014 and 2013 primarily comprised a deferred tax asset for a loss carryforward, which expires principally in 2017 and in part in 2019, related to the sale of our GE Money Japan business.

GE MONEY JAPAN

During the third quarter of 2008, we completed the sale of GE Money Japan, which included our Japanese personal loan business. Under the terms of the sale, we reduced the proceeds from the sale for estimated refund claims in excess of the statutory interest rate. Proceeds from the sale were to be increased or decreased based on the actual claims experienced in accordance with loss-sharing terms specified in the sale agreement, with all claims in excess of 258 billion Japanese yen (approximately $3,000 million) remaining our responsibility. On February 26, 2014, we reached an agreement with the buyer to pay 175 billion Japanese yen (approximately $1,700 million) to extinguish this obligation. We have no remaining amount payable under the February 26, 2014 agreement as our reserve for refund claims of $1,836 million at December 31, 2013 was fully paid in the six months ended June 30, 2014.

FINANCIAL INFORMATION FOR GE MONEY JAPAN

(In millions)		2014		2013		2012
Earnings (loss) from discontinued operations, net of taxes	$	59	$	(1,636)	$	(649)

WMC

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

The remaining active claims have been brought by securitization trustees or administrators seeking recovery from WMC for alleged breaches of representations and warranties on mortgage loans that serve as collateral for residential mortgage-backed securities (RMBS). At December 31, 2014, such claims consisted of $3,694 million of individual claims generally submitted before the filing of a lawsuit (compared to $5,643 million at December 31, 2013) and $9,225 million of additional claims asserted against WMC in litigation without making a prior claim (Litigation Claims) (compared to $6,780 million at December 31, 2013). The total amount of these claims, $12,919 million, reflects the purchase price or unpaid principal balances of the loans at the time of purchase and does not give effect to pay downs or potential recoveries based upon the underlying collateral, which in many cases are substantial, nor to accrued interest or fees. As of December 31, 2014, these amounts do not include approximately $1,070 million of repurchase claims relating to alleged breaches of representations that are not in litigation and that are beyond the applicable statute of limitations. WMC believes that repurchase claims brought based upon representations and warranties made more than six years before WMC was notified of the claim would be disallowed in legal proceedings under applicable statutes of limitations.

Reserves related to repurchase claims made against WMC were $809 million at December 31, 2014, reflecting a net increase to reserves in the twelve months ended December 31, 2014 of $9 million due to incremental provisions offset by settlement activity. The reserve estimate takes into account recent settlement activity and is based upon WMC's evaluation of the remaining exposures as a percentage of estimated lifetime mortgage loan losses within the pool of loans supporting each securitization. Settlements in prior periods reduced WMC's exposure on claims asserted in certain securitizations and the claim amounts reported above give effect to these settlements.

ROLLFORWARD OF THE RESERVE

December 31 (In millions)		2014		2013
Balance, beginning of period	$	800	$	633
Provision		365		354
Claim resolutions / rescissions		(356)		(187)
Balance, end of period	$	809	$	800

Given the significant litigation activity and WMC's continuing efforts to resolve the lawsuits involving claims made against WMC, it is difficult to assess whether future losses will be consistent with WMC's past experience. Adverse changes to WMC's assumptions supporting the reserve may result in an increase to these reserves. Taking into account both recent settlement activity and the potential variability of settlements, WMC estimates a range of reasonably possible loss from $0 to approximately $500 million over its recorded reserve at December 31, 2014. This estimate excludes any possible loss associated with an adverse court decision on the applicable statute of limitations, as WMC is unable at this time to develop such a meaningful estimate.

At December 31, 2014, there were 15 lawsuits involving claims made against WMC arising from alleged breaches of representations and warranties on mortgage loans included in 14 securitizations. The adverse parties in these cases are securitization trustees or parties claiming to act on their behalf. Although the alleged claims for relief vary from case to case, the complaints and counterclaims in these actions generally assert claims for breach of contract, indemnification, and/or declaratory judgment, and seek specific performance (repurchase of defective mortgage loan) and/or money damages. Adverse court decisions, including in cases not involving WMC (such as the New York Court of Appeals' decision on statute of limitations, expected in 2015), could result in new claims and lawsuits on additional loans. However, WMC continues to believe that it has defenses to the claims asserted in litigation, including, for example, based on causation and materiality requirements and applicable statutes of limitations. It is not possible to predict the outcome or impact of these defenses and other factors, any of which could materially affect the amount of any loss ultimately incurred by WMC on these claims.

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

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

FINANCIAL INFORMATION FOR WMC

(In millions)		2014		2013		2012
Total revenues and other income (loss)	$	(291)	$	(346)	$	(500)
Earnings (loss) from discontinued operations, net of taxes	$	(199)	$	(232)	$	(337)

OTHER FINANCIAL SERVICES

During the fourth quarter of 2013, we announced the planned disposition of Consumer Russia and classified the business as discontinued operations. We completed the sale in the first quarter of 2014 for proceeds of $232 million.

FINANCIAL INFORMATION FOR CONSUMER RUSSIA

(In millions)		2014		2013		2012
Total revenues and other income (loss)	$	24	$	260	$	276
Gain (loss) on disposal, net of taxes	$	4	$	(170)	$	-
Earnings (loss) from discontinued operations, net of taxes	$	(2)	$	(193)	$	33

During the first quarter of 2013, we announced the planned disposition of CLL Trailer Services and classified the business as discontinued operations. We completed the sale in the fourth quarter of 2013 for proceeds of $528 million.

FINANCIAL INFORMATION FOR CLL TRAILER SERVICES

(In millions)		2014		2013		2012
Total revenues and other income (loss)	$	1	$	271	$	399
Gain (loss) on disposal, net of taxes	$	12	$	18	$	-
Earnings (loss) from discontinued operations, net of taxes	$	37	$	(2)	$	22

During the first quarter of 2012, we announced the planned disposition of Consumer Ireland and classified the business as discontinued operations. We completed the sale in the third quarter of 2012 for proceeds of $227 million.

FINANCIAL INFORMATION FOR CONSUMER IRELAND

(In millions)		2014		2013		2012
Total revenues and other income (loss)	$	-	$	-	$	7
Gain (loss) on disposal, net of taxes	$	1	$	6	$	(121)
Earnings (loss) from discontinued operations, net of taxes	$	1	$	6	$	(195)

GE INDUSTRIAL

During the fourth quarter of 2013, we recorded an increase to our tax reserve related to Spanish taxes for the years prior to our 2007 disposition of our Plastics business. During the third quarter of 2012, we resolved with the Internal Revenue Service the tax treatment of the 2007 disposition of our Plastics business, resulting in a tax benefit of $148 million. The sum of GE industrial earnings (loss) from discontinued operations, net of taxes, and GECC earnings (loss) from discontinued operations, net of taxes, is reported as GE industrial earnings (loss) from discontinued operations, net of taxes, on the Statement of Earnings.

FINANCIAL INFORMATION FOR GE INDUSTRIAL

(In millions)		2014		2013		2012
Earnings (loss) from discontinued operations, net of taxes	$	(5)	$	(66)	$	147

NOTE 3. INVESTMENT SECURITIES

Substantially all of our investment securities are classified as available-for-sale. These comprise mainly investment-grade debt securities supporting obligations to annuitants, policyholders in our run-off insurance operations and supporting obligations to holders of guaranteed investment contracts (GICs) in Trinity and investments held in our CLL business collateralized by senior secured loans of high-quality, middle-market companies in a variety of industries. We do not have any securities classified as held-to-maturity.

	2014				2013			
December 31 (In millions)	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
GE								
Debt								
U.S. corporate	$ 12	$ -	$ -	$ 12	$ 21	$ 14	$ -	$ 35
Corporate – non-U.S.	1	-	-	1	13	-	(1)	12
Equity								
Available-for-sale	69	4	(2)	71	302	9	(41)	270
Trading	-	-	-	-	6	-	-	6
	82	4	(2)	84	342	23	(42)	323
GECC								
Debt								
U.S. corporate	19,889	3,967	(69)	23,787	19,600	2,323	(217)	21,706
State and municipal	5,181	624	(56)	5,749	4,245	235	(191)	4,289
Residential mortgage-backed(a)	1,578	153	(6)	1,725	1,819	139	(48)	1,910
Commercial mortgage-backed	2,903	170	(10)	3,063	2,929	188	(82)	3,035
Asset-backed	8,084	9	(175)	7,918	7,373	60	(46)	7,387
Corporate – non-U.S.	1,380	126	(30)	1,476	1,741	103	(86)	1,758
Government – non-U.S.	1,646	152	(2)	1,796	2,336	81	(7)	2,410
U.S. government and federal agency	1,957	56	-	2,013	752	45	(27)	770
Retained interests	20	4	-	24	64	8	-	72
Equity								
Available-for-sale	197	58	(1)	254	203	51	(3)	251
Trading	22	-	-	22	74	-	-	74
	42,857	5,319	(349)	47,827	41,136	3,233	(707)	43,662
Eliminations	(4)	-	-	(4)	(4)	-	-	(4)
Total	$ 42,935	$ 5,323	$ (351)	$ 47,907	$ 41,474	$ 3,256	$ (749)	$ 43,981

(a) Substantially collateralized by U.S. mortgages. At December 31, 2014, $1,191 million related to securities issued by government-sponsored entities and $534 million related to securities of private-label issuers. Securities issued by private-label issuers are collateralized primarily by pools of individual direct mortgage loans of financial institutions.

The fair value of investment securities increased to $47,907 million at December 31, 2014, from $43,981 million at December 31, 2013, primarily due to purchases of U.S. government and federal agency securities at Synchrony Financial, and higher net unrealized gains in U.S. corporate and State and municipal securities driven by lower interest rates in the U.S.

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

	In loss position for				
	Less than 12 months		12 months or more		
December 31 (In millions)	Estimated fair value(a)	Gross unrealized losses(a)(b)	Estimated fair value	Gross unrealized losses(b)	
2014					
Debt					
U.S. corporate	$ 554	$ (16)	$ 836	$ (53)	
State and municipal	81	(1)	348	(55)	
Residential mortgage-backed	30	-	159	(6)	
Commercial mortgage-backed	165	(1)	204	(9)	
Asset-backed	7,493	(158)	77	(17)	
Corporate – non-U.S.	42	(1)	237	(29)	
Government – non-U.S.	677	(2)	14	-	
U.S. government and federal agency	705	-	1	-	
Equity	18	(3)	-	-	
Total	$ 9,765	$ (182)	$ 1,876	$ (169)	(c)
2013					
Debt					
U.S. corporate	$ 2,170	$ (122)	$ 598	$ (95)	
State and municipal	1,076	(82)	367	(109)	
Residential mortgage-backed	232	(11)	430	(37)	
Commercial mortgage-backed	396	(24)	780	(58)	
Asset-backed	112	(2)	359	(44)	
Corporate – non-U.S.	108	(4)	454	(83)	
Government – non-U.S.	1,479	(6)	42	(1)	
U.S. government and federal agency	229	(27)	254	-	
Retained interests	2	-	-	-	
Equity	253	(44)	-	-	
Total	$ 6,057	$ (322)	$ 3,284	$ (427)	

(a) Includes the estimated fair value of and gross unrealized losses on Corporate-non-U.S. and Equity securities held by GE. At December 31, 2014, there were no Corporate-non-U.S. securities held by GE in a loss position. At December 31, 2014, the estimated fair value of and gross unrealized losses on Equity securities were $4 million and $(2) million, respectively. At December 31, 2013, the estimated fair value of and gross unrealized losses on Corporate-non-U.S. securities were $12 million and $(1) million, respectively. At December 31, 2013 the estimated fair value of and gross unrealized losses on Equity securities were $222 million and $(41) million, respectively.

(b) Included gross unrealized losses related to securities that had other-than-temporary impairments previously recognized of $29 million at December 31, 2014.

(c) The majority relate to debt securities held to support obligations to holders of GICs and more than 70% are debt securities that were considered to be investment-grade by the major rating agencies at December 31, 2014.

We regularly review investment securities for other-than-temporary impairment (OTTI) using both qualitative and quantitative criteria. For debt securities, our qualitative review considers our ability and intent to hold the security and the financial condition of and near-term prospects for the issuer, including whether the issuer is in compliance with the terms and covenants of the security. Our quantitative review considers whether there has been an adverse change in expected future cash flows. Unrealized losses are not indicative of the amount of credit loss that would be recognized and at December 31, 2014 are primarily due to increases in market yields subsequent to our purchase of the securities. We presently do not intend to sell the vast majority of our debt securities that are in an unrealized loss position and believe that it is not more likely than not that we will be required to sell the vast majority of these securities before anticipated recovery of our amortized cost. The methodologies and significant inputs used to measure the amount of credit loss for our investment securities during 2014 have not changed. For equity securities, we consider the duration and the severity of the unrealized loss. We believe that the unrealized loss associated with our equity securities will be recovered within the foreseeable future.

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

Our RMBS portfolio is collateralized primarily by pools of individual, direct mortgage loans, of which substantially all are in a senior position in the capital structure of the deals, not other structured products such as collateralized debt obligations. Of the total RMBS held at December 31, 2014, $1,191 million and $534 million related to agency and non-agency securities, respectively. Additionally, $287 million was related to residential subprime credit securities, primarily supporting our guaranteed investment contracts. Substantially all of the subprime exposure is related to securities backed by mortgage loans originated in 2006 and prior. A majority of subprime RMBS have been downgraded to below investment grade and are insured by Monoline insurers (Monolines). We continue to place partial reliance on Monolines with adequate capital and claims paying resources depending on the extent of the Monoline's anticipated ability to cover expected credit losses.

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

Our asset-backed securities (ABS) portfolio is collateralized by senior secured loans of high-quality, middle-market companies in a variety of industries, as well as a variety of diversified pools of assets such as student loans and credit cards. The vast majority of the securities in our ABS portfolio are in a senior position in the capital structure of the deals.

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

(In millions)	2014	2013	2012
Total pre-tax, OTTI recognized	$ 407	$ 798	$ 193
Pre-tax, OTTI recognized in AOCI	(16)	(31)	(52)
Pre-tax, OTTI recognized in earnings(a)	$ 391	$ 767	$ 141

(a) Included pre-tax, other-than-temporary impairments recorded in earnings related to equity securities of $221 million, $15 million and $39 million in 2014, 2013, and 2012, respectively.

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

(In millions)	2014	2013	2012
Cumulative credit loss impairments recognized, beginning of period	$ 1,193	$ 588	$ 747
Credit loss impairments recognized on securities not previously impaired	4	389	27
Incremental credit loss impairments recognized on securities previously impaired	77	336	40
Less credit loss impairments previously recognized on securities sold during the period or that we intend to sell	304	120	226
Cumulative credit loss impairments recognized, end of period	$ 970	$ 1,193	$ 588

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

(In millions)	Amortized cost	Estimated fair value
Due		
Within one year	$ 2,478	$ 2,492
After one year through five years	3,521	3,768
After five years through ten years	5,285	5,686
After ten years	18,782	22,888

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

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

(In millions)	2014	2013	2012
GE			
Gains	$ 3	$ 1	$ -
Losses, including impairments	(218)	(20)	(1)
Net	(215)	(19)	(1)
GECC			
Gains	169	239	177
Losses, including impairments	(186)	(762)	(211)
Net	(17)	(523)	(34)
Total	$ (232)	$ (542)	$ (35)

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

Proceeds from investment securities sales and early redemptions by issuers totaled $6,549 million, $19,276 million and $12,745 million in 2014, 2013 and 2012 respectively, principally from sales of short-term government securities in our bank subsidiaries and redemptions of non-U.S. corporate and asset-backed securities in our CLL business. The 2013 amount also included proceeds from the sale of Comcast guaranteed debt and short-term securities in our Treasury operations.

We recognized pre-tax gains (losses) on trading securities of $10 million, $48 million and $20 million in 2014, 2013 and 2012, respectively.

NOTE 4. CURRENT RECEIVABLES

	Consolidated(a)		GE(b)	
December 31 (In millions)	2014	2013	2014	2013
Power & Water	$ 4,984	$ 3,895	$ 2,783	$ 2,335
Oil & Gas	5,775	5,444	3,215	3,134
Energy Management	1,655	1,540	731	686
Aviation	4,656	4,307	1,997	2,260
Healthcare	4,350	4,398	2,241	2,029
Transportation	454	526	351	318
Appliances & Lighting	1,468	1,337	216	273
Corporate items and eliminations	390	388	464	377
	23,732	21,835	11,998	11,412
Less Allowance for Losses	(495)	(447)	(485)	(442)
Total	$ 23,237	$ 21,388	$ 11,513	$ 10,970

(a) Includes GE industrial customer receivables factored through a GECC affiliate and reported as financing receivables by GECC. See Note 26.
(b) GE current receivables of $254 million and $127 million at December 31, 2014 and 2013, respectively, arose from sales, principally of Aviation goods and services, on open account to various agencies of the U.S. government. As a percentage of GE revenues, approximately 3% of GE sales of goods and services were to the U.S. government in 2014, compared with 4% in 2013 and 2012.

GE current receivables balances at December 31, 2014 and 2013, before allowance for losses, included $7,808 million and $7,441 million, respectively, from sales of goods and services to customers, and $22 million and $37 million at December 31, 2014 and 2013, respectively, from transactions with associated companies. The remainder of the balances primarily relate to revenue sharing programs and other non-income taxes.

NOTE 5. INVENTORIES

December 31 (In millions)	2014	2013
GE		
Raw materials and work in process	$ 9,820	$ 9,760
Finished goods	7,126	7,161
Unbilled shipments	755	609
	17,701	17,530
Less revaluation to LIFO	(62)	(273)
Total GE	17,639	17,257
GECC		
Finished goods	50	68
Total consolidated	$ 17,689	$ 17,325

NOTE 6. GECC FINANCING RECEIVABLES AND ALLOWANCE FOR LOSSES ON FINANCING RECEIVABLES

FINANCING RECEIVABLES, NET

December 31 (In millions)	2014	2013
Loans, net of deferred income	$ 217,614	$ 231,268
Investment in financing leases, net of deferred income	24,479	26,939
	242,093	258,207
Allowance for losses	(5,075)	(5,178)
Financing receivables – net(a)	$ 237,018	$ 253,029

(a) Financing receivables at December 31, 2014 and 2013 included $264 million and $544 million, respectively, relating to loans that had been acquired in a transfer but have been subject to credit deterioration since origination.

GECC financing receivables include both loans and financing leases. Loans represent transactions in a variety of forms, including revolving charge and credit, mortgages, installment loans, intermediate-term loans and revolving loans secured by business assets. The portfolio includes loans carried at the principal amount on which finance charges are billed periodically, and loans carried at gross book value, which includes finance charges.

Investment in financing leases consists of direct financing and leveraged leases of aircraft, railroad rolling stock, autos, other transportation equipment, data processing equipment, medical equipment, commercial real estate and other manufacturing, power generation, and commercial equipment and facilities.

For federal income tax purposes, the leveraged leases and the majority of the direct financing leases are leases in which GECC depreciates the leased assets and is taxed upon the accrual of rental income. Certain direct financing leases are loans for federal income tax purposes. For these transactions, GECC is taxed only on the portion of each payment that constitutes interest, unless the interest is tax-exempt (e.g., certain obligations of state governments).

Investment in direct financing and leveraged leases represents net unpaid rentals and estimated unguaranteed residual values of leased equipment, less related deferred income. GECC has no general obligation for principal and interest on notes and other instruments representing third-party participation related to leveraged leases; such notes and other instruments have not been included in liabilities but have been offset against the related rentals receivable. The GECC share of rentals receivable on leveraged leases is subordinate to the share of other participants who also have security interests in the leased equipment. For federal income tax purposes, GECC is entitled to deduct the interest expense accruing on non-recourse financing related to leveraged leases.

NET INVESTMENT IN FINANCING LEASES

	Total financing leases		Direct financing leases(a)		Leveraged leases(b)	
December 31 (In millions)	2014	2013	2014	2013	2014	2013
Total minimum lease payments receivable	$ 26,701	$ 29,970	$ 22,133	$ 24,571	$ 4,568	$ 5,399
Less principal and interest on third-party non-recourse debt	(2,812)	(3,480)	-	-	(2,812)	(3,480)
Net rentals receivables	23,889	26,490	22,133	24,571	1,756	1,919
Estimated unguaranteed residual value of leased assets	4,268	5,073	2,529	3,067	1,739	2,006
Less deferred income	(3,678)	(4,624)	(2,759)	(3,560)	(919)	(1,064)
Investment in financing leases, net of deferred income	24,479	26,939	21,903	24,078	2,576	2,861
Less amounts to arrive at net investment						
Allowance for losses	(181)	(202)	(166)	(192)	(15)	(10)
Deferred taxes	(4,046)	(4,075)	(2,250)	(1,783)	(1,796)	(2,292)
Net investment in financing leases	$ 20,252	$ 22,662	$ 19,487	$ 22,103	$ 765	$ 559

(a) Included $284 million and $317 million of initial direct costs on direct financing leases at December 31, 2014 and 2013, respectively.
(b) Included pre-tax income of $112 million and $31 million and income tax of $43 million and $11 million during 2014 and 2013, respectively. Net investment credits recognized on leveraged leases during 2014 and 2013 were insignificant.

CONTRACTUAL MATURITIES

(In millions)	Total loans	Net rentals receivable
Due in		
2015	$ 52,175	$ 8,012
2016	18,663	5,440
2017	19,712	3,752
2018	14,034	2,564
2019	13,097	1,513
2020 and later	35,069	2,608
	152,750	23,889
Consumer revolving loans	64,864	-
Total	$ 217,614	$ 23,889

We expect actual maturities to differ from contractual maturities.

FINANCING RECEIVABLES BY PORTFOLIO AND ALLOWANCE FOR LOSSES

During the first quarter of 2014, we combined our CLL Europe and CLL Asia portfolios into CLL International and we transferred our CLL Other portfolio to the CLL Americas portfolio. During the fourth quarter of 2014, we combined our Consumer Non-U.S. auto portfolio into our Consumer Non-U.S. installment and revolving credit portfolio. Prior-period amounts were reclassified to conform to the current-period presentation.

FINANCING RECEIVABLES

(In millions)	2014	2013
Commercial		
CLL		
Americas	$ 67,096	$ 69,036
International	43,407	47,431
Total CLL	110,503	116,467
Energy Financial Services	2,580	3,107
GE Capital Aviation Services (GECAS)	8,263	9,377
Other	130	318
Total Commercial	121,476	129,269
Real Estate	19,797	19,899
Consumer		
Non-U.S. residential mortgages	24,893	30,501
Non-U.S. installment and revolving credit	10,400	15,731
U.S. installment and revolving credit	59,863	55,854
Other	5,664	6,953
Total Consumer	100,820	109,039
Total financing receivables	242,093	258,207
Allowance for losses	(5,075)	(5,178)
Total financing receivables – net	$ 237,018	$ 253,029

ALLOWANCE FOR LOSSES ON FINANCING RECEIVABLES

(In millions)	Balance at January 1	Provision charged to operations	Other(a)	Gross write-offs(b)	Recoveries(b)	Balance at December 31
2014						
Commercial						
CLL						
Americas	$ 473	$ 307	$ (3)	$ (422)	$ 100	$ 455
International	505	159	(37)	(351)	100	376
Total CLL	978	466	(40)	(773)	200	831
Energy Financial Services	8	30	(1)	(17)	6	26
GECAS	17	39	-	(10)	-	46
Other	2	-	(2)	-	-	-
Total Commercial	1,005	535	(43)	(800)	206	903
Real Estate	192	(86)	(1)	(59)	115	161
Consumer						
Non-U.S. residential mortgages	358	256	(151)	(207)	69	325
Non-U.S. installment and revolving credit	650	338	(260)	(787)	458	399
U.S. installment and revolving credit	2,823	2,875	19	(3,138)	607	3,186
Other	150	75	(33)	(151)	60	101
Total Consumer	3,981	3,544	(425)	(4,283)	1,194	4,011
Total	$ 5,178	$ 3,993	$ (469)	$ (5,142)	$ 1,515	$ 5,075
2013						
Commercial						
CLL						
Americas	$ 496	$ 289	$ (1)	$ (425)	$ 114	$ 473
International	525	445	1	(556)	90	505
Total CLL	1,021	734	-	(981)	204	978
Energy Financial Services	9	(1)	-	-	-	8
GECAS	8	9	-	-	-	17
Other	3	(1)	-	(2)	2	2
Total Commercial	1,041	741	-	(983)	206	1,005
Real Estate	320	28	(4)	(163)	11	192
Consumer						
Non-U.S. residential mortgages	480	269	10	(458)	57	358
Non-U.S. installment and revolving credit	649	647	(106)	(1,093)	553	650
U.S. installment and revolving credit	2,282	3,006	(51)	(2,954)	540	2,823
Other	172	127	11	(236)	76	150
Total Consumer	3,583	4,049	(136)	(4,741)	1,226	3,981
Total	$ 4,944	$ 4,818	$ (140)	$ (5,887)	$ 1,443	$ 5,178

(a) Other primarily included the 2014 reclassifications of Budapest Bank and GEMB-Nordic to held for sale, dispositions and the effects of currency exchange. GEMB-Nordic was subsequently sold in the fourth quarter of 2014.

(b) Net write-offs (gross write-offs less recoveries) in certain portfolios may exceed the beginning allowance for losses as a result of losses that are incurred subsequent to the beginning of the fiscal year due to information becoming available during the current year, which may identify further deterioration on existing financing receivables.

ALLOWANCE FOR LOSSES ON FINANCING RECEIVABLES

(In millions)	Balance at January 1	Provision charged to operations	Other(a)	Gross write-offs(b)	Recoveries(b)	Balance at December 31
2012						
Commercial						
CLL						
Americas	$ 893	$ 122	$ (52)	$ (578)	$ 111	$ 496
International	557	411	(6)	(524)	87	525
Total CLL	1,450	533	(58)	(1,102)	198	1,021
Energy Financial Services	26	4	-	(24)	3	9
GECAS	17	4	-	(13)	-	8
Other	37	1	(20)	(17)	2	3
Total Commercial	1,530	542	(78)	(1,156)	203	1,041
Real Estate	1,089	72	(44)	(810)	13	320
Consumer						
Non-U.S. residential mortgages	545	112	8	(261)	76	480
Non-U.S. installment and revolving credit	791	308	20	(1,120)	650	649
U.S. installment and revolving credit	2,008	2,666	(24)	(2,906)	538	2,282
Other	199	132	18	(257)	80	172
Total Consumer	3,543	3,218	22	(4,544)	1,344	3,583
Total	$ 6,162	$ 3,832	$ (100)	$ (6,510)	$ 1,560	$ 4,944

(a) Other primarily included transfers to held for sale and the effects of currency exchange.

(b) Net write-offs (gross write-offs less recoveries) in certain portfolios may exceed the beginning allowance for losses as a result of losses that are incurred subsequent to the beginning of the fiscal year due to information becoming available during the current year, which may identify further deterioration on existing financing receivables.

NOTE 7. PROPERTY, PLANT AND EQUIPMENT

December 31 (Dollars in millions)	Depreciable lives-new (in years)	Original Cost 2014	Original Cost 2013	Net Carrying Value 2014	Net Carrying Value 2013
GE					
Land and improvements	8 (a)	$ 700	$ 707	$ 689	$ 671
Buildings, structures and related equipment	8-40	7,683	8,910	3,048	4,205
Machinery and equipment	4-20	23,437	25,323	9,085	9,701
Leasehold costs and manufacturing plant under construction	1-10	4,731	3,309	4,385	2,997
		36,551	38,249	17,207	17,574
GECC(b)					
Land and improvements, buildings, structures and related equipment	1-35(a)	2,233	2,504	952	1,025
Equipment leased to others					
Aircraft(c)	20	49,280	50,337	32,795	34,938
Vehicles	1-20	14,251	14,656	8,144	8,312
Railroad rolling stock	4-50	4,379	4,636	2,998	3,129
Construction and manufacturing	1-20	3,411	2,916	2,321	1,955
All other	6-25	3,678	3,518	2,360	2,248
		77,232	78,567	49,570	51,607
Eliminations		(462)	(419)	(390)	(354)
Total		$ 113,321	$ 116,397	$ 66,387	$ 68,827

(a) Depreciable lives exclude land.

(b) Included $1,845 million and $1,353 million of original cost of assets leased to GE with accumulated amortization of $560 million and $342 million at December 31, 2014 and 2013, respectively.

(c) The GECAS business of GE Capital recognized impairment losses of $445 million and $732 million in 2014 and 2013, respectively. These losses are recorded in the caption "Other costs and expenses" in the Statement of Earnings to reflect adjustments to fair value based on an evaluation of average current market values (obtained from third parties) of similar type and age aircraft, which are adjusted for the attributes of the specific aircraft under lease.

Consolidated depreciation and amortization related to property, plant and equipment was $9,283 million, $9,762 million and $9,192 million in 2014, 2013 and 2012, respectively. Amortization of GECC equipment leased to others was $6,245 million, $6,696 million and $6,097 million in 2014, 2013 and 2012, respectively.

Noncancellable future rentals due from customers for equipment on operating leases at December 31, 2014, are as follows:

(In millions)	
Due in	
2015	$ 6,953
2016	5,731
2017	4,658
2018	3,652
2019	2,886
2020 and later	7,375
Total	$ 31,255

NOTE 8. ACQUISITIONS, GOODWILL AND OTHER INTANGIBLE ASSETS

ACQUISITIONS

Upon closing an acquisition, we estimate the fair values of assets and liabilities acquired and consolidate the acquisition as quickly as possible. Given the time it takes to obtain pertinent information to finalize the acquired company's balance sheet, then to adjust the acquired company's accounting policies, procedures, and books and records to our standards, it is often several quarters before we are able to finalize those initial fair value estimates. Accordingly, it is not uncommon for our initial estimates to be subsequently revised.

On June 20, 2014, GE's offer to acquire the Thermal, Renewables and Grid businesses of Alstom for approximately €12,350 million (to be adjusted for the assumed net cash or liability at closing) was positively recommended by Alstom's board of directors. In addition, GE, Alstom and the French Government signed a memorandum of understanding for the formation of three joint ventures in grid technology, renewable energy, and global nuclear and French steam power and Alstom will invest approximately €2,600 million in these joint ventures. In the fourth quarter of 2014, Alstom completed its review of the proposed transaction with the works council and obtained approval from its shareholders. Also in the fourth quarter of 2014, GE and Alstom entered into an amendment to the original agreement where GE has agreed to pay Alstom a net amount of approximately €260 million of additional consideration at closing. In exchange for this funding, Alstom has agreed to extend the trademark licensing of the Alstom name from 5 years to 25 years as well as other contractual amendments. The proposed transaction continues to be subject to regulatory approvals. The transaction is targeted to close in 2015.

On June 2, 2014, we acquired Cameron's Reciprocating Compression division for $550 million. The division provides reciprocating compression equipment and aftermarket services for oil and gas production, gas processing, gas distribution and independent power industries. The division is included in our Oil & Gas segment. The preliminary purchase price allocation resulted in goodwill of approximately $250 million and amortizable intangible assets of approximately $100 million. The allocation of the purchase price will be finalized upon completion of post-closing procedures.

In the first quarter of 2014, we acquired several businesses in our Healthcare segment. On February 12, 2014, we acquired API Healthcare (API) for $340 million in cash. API is a healthcare workforce management software and analytics solutions provider. The preliminary purchase price allocation resulted in goodwill of approximately $280 million and amortizable intangible assets of approximately $125 million. On March 21, 2014, we acquired certain Thermo Fisher Scientific Inc. life-science businesses for $1,065 million in cash. The primary business acquired, Hyclone, is a leading manufacturer of products used to support biopharmaceutical research and production. The preliminary purchase price allocation resulted in goodwill of approximately $700 million and amortizable intangible assets of approximately $320 million. The allocation of purchase prices will be finalized upon completion of post-closing procedures.

In August 2013, we acquired the aviation business of Avio S.p.A. (Avio) for $4,449 million in cash. We recorded a pre-tax acquisition-related charge of $96 million related to the effective settlement of Avio's pre-existing contractual relationships with GE. Avio is a manufacturer of aviation propulsion components and systems and is included in our Aviation segment. The purchase price allocation resulted in goodwill of $3,230 million and amortizable intangible assets of $1,817 million.

In July 2013, we acquired Lufkin Industries, Inc. (Lufkin) for $3,309 million in cash. Lufkin is a leading provider of artificial lift technologies for the oil and gas industry and a manufacturer of industrial gears and is included in our Oil & Gas segment. The purchase price allocation resulted in goodwill of $2,120 million and amortizable intangible assets of $997 million.

GOODWILL

CHANGES IN GOODWILL BALANCES

	2014				2013			
(In millions)	Balance at January 1	Acquisitions	Dispositions, currency exchange and other	Balance at December 31	Balance at January 1	Acquisitions	Dispositions, currency exchange and other	Balance at December 31
Power & Water	$ 8,822	$ 21	$ (89)	$ 8,754	$ 8,821	$ -	$ 1	$ 8,822
Oil & Gas	10,516	276	(220)	10,572	8,365	2,217	(66)	10,516
Energy Management	4,748	-	(178)	4,570	4,610	7	131	4,748
Aviation	9,103	-	(151)	8,952	5,975	3,043	85	9,103
Healthcare	16,643	1,004	(115)	17,532	16,762	45	(164)	16,643
Transportation	1,012	2	(127)	887	999	-	13	1,012
Appliances & Lighting	606	-	(380)	226	611	-	(5)	606
GE Capital	26,195	-	(1,169)	25,026	26,971	17	(793)	26,195
Corporate	3	31	-	34	-	4	(1)	3
Total	$ 77,648	$ 1,334	$ (2,429)	$ 76,553	$ 73,114	$ 5,333	$ (799)	$ 77,648

Goodwill balances decreased by $(1,095) million in 2014, primarily as a result of currency exchange effects of a stronger U.S. dollar, the reclassification of goodwill associated with Appliances and Budapest Bank to assets of businesses held for sale, and the sale of GEMB-Nordic and other dispositions, partially offset by acquisitions at Healthcare and Oil & Gas.

Goodwill balances increased $4,534 million in 2013, primarily as a result of the acquisitions of Avio and Lufkin, partially offset by dispositions.

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

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

Under the income approach, fair value is determined based on the present value of estimated future cash flows, discounted at an appropriate risk-adjusted rate. We use our internal forecasts to estimate future cash flows and include an estimate of long-term future growth rates based on our most recent views of the long-term outlook for each business. Actual results may differ from those assumed in our forecasts. We derive our discount rates using a capital asset pricing model and analyzing published rates for industries relevant to our reporting units to estimate the cost of equity financing. We use discount rates that are commensurate with the risks and uncertainty inherent in the respective businesses and in our internally developed forecasts. Discount rates used in our reporting unit valuations ranged from 9.0% to 16.0%.

During the third quarter of 2014, we performed our annual impairment test of goodwill for all of our reporting units. Based on the results of our step one testing, the fair values of each of the GE reporting units exceeded their carrying values; therefore, the second step of the impairment test was not required to be performed for any of our reporting units and no goodwill impairment was recognized.

While all of our reporting units passed step one of our annual impairment testing, we identified one reporting unit for which the fair value was not substantially in excess of its carrying value. Within our Energy Management operating segment, the Power Conversion reporting unit was determined to have a fair value in excess of its carrying value by approximately 10%. The goodwill associated with the Power Conversion reporting unit was $1.5 billion at December 31, 2014, representing approximately 2% of our total goodwill. While the goodwill of the reporting unit is not currently impaired, there could be an impairment in the future as a result of changes in certain estimates and assumptions. For example, the reporting unit's fair value could be adversely affected and result in an impairment of goodwill if actual cash flows are below estimated cash flows, the estimated cash flows are discounted at a higher risk-adjusted rate or market multiples decrease.

As of December 31, 2014, we believe that the goodwill is recoverable for all of the reporting units; however, there can be no assurances that the goodwill will not be impaired in future periods.

In 2013, while the Real Estate reporting unit's book value was within the range of its fair value, we further substantiated our Real Estate goodwill balance by performing the second step analysis in which the implied fair value of goodwill exceeded its carrying value by approximately $3.7 billion. In the current year, it was determined that the second step was not required, as the results of step one indicated that the fair value of the Real Estate reporting unit exceeded its book value.

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

OTHER INTANGIBLE ASSETS

OTHER INTANGIBLE ASSETS - NET

(In millions)	2014	2013
Intangible assets subject to amortization	$ 14,026	$ 14,150
Indefinite-lived intangible assets(a)	130	160
Total	$ 14,156	$ 14,310

(a) Indefinite-lived intangible assets principally comprise trademarks and in-process research and development.

INTANGIBLE ASSETS SUBJECT TO AMORTIZATION

	2014			2013		
December 31 (In millions)	Gross carrying amount	Accumulated amortization	Net	Gross carrying amount	Accumulated amortization	Net
Customer-related	$ 8,484	$ (2,617)	$ 5,867	$ 7,938	$ (2,312)	$ 5,626
Patents and technology	6,772	(2,977)	3,795	6,602	(2,621)	3,981
Capitalized software	8,269	(4,973)	3,296	8,256	(5,252)	3,004
Trademarks	1,159	(271)	888	1,356	(295)	1,061
Lease valuations	485	(377)	108	703	(498)	205
Present value of future profits(a)	614	(614)	-	574	(574)	-
All other	503	(431)	72	632	(359)	273
Total	$ 26,286	$ (12,260)	$ 14,026	$ 26,061	$ (11,911)	$ 14,150

(a) Balances at December 31, 2014 and 2013 reflect adjustments of $293 million and $322 million, respectively, to the present value of future profits in our run-off insurance operation to reflect the effects that would have been recognized had the related unrealized investment securities holding gains and losses actually been realized.

During 2014, we recorded additions to intangible assets subject to amortization of $2,090 million. The components of finite-lived intangible assets acquired during 2014 and their respective weighted average amortizable period follow.

COMPONENTS OF FINITE-LIVED INTANGIBLE ASSETS ACQUIRED DURING 2014

(In millions)	Gross carrying value	Weighted-average amortizable period (in years)
Customer-related	$ 731	14.1
Patents and technology	178	10.8
Capitalized software	1,123	5.7
Trademarks	52	17.2
Lease valuations	1	7.0
All other	6	2.5

Consolidated amortization expense related to intangible assets subject to amortization was $1,789 million, $1,711 million and $1,612 million in 2014, 2013 and 2012, respectively. Estimated annual pre-tax amortization for intangible assets over the next five calendar years follows.

ESTIMATED 5 YEAR CONSOLIDATED AMORTIZATION

(In millions)	2015	2016	2017	2018	2019
Estimated annual pre-tax amortization	$ 1,725	$ 1,566	$ 1,414	$ 1,249	$ 1,077

NOTE 9. ALL OTHER ASSETS

December 31 (in millions)	2014	2013
GE		
Investments		
Associated companies	$ 3,384	$ 3,937
Other	613	626
	3,997	4,563
Contract costs and estimated earnings(a)	13,990	12,522
Long-term receivables, including notes	766	993
Derivative instruments	783	623
Other	5,144	5,007
	24,680	23,708
GECC		
Investments		
Associated companies	16,747	17,348
Real estate(b)(c)	10,891	16,163
Assets held for sale(d)	5,549	2,571
Cost method(c)	566	1,462
Other	1,621	930
	35,374	38,474
Derivative instruments	1,794	1,117
Advances to suppliers	1,406	2,328
Deferred borrowing costs	849	867
Deferred acquisition costs(e)	17	29
Other	4,435	4,551
	43,875	47,366
Eliminations	(330)	(266)
Total	$ 68,225	$ 70,808

(a) Contract costs and estimated earnings reflect revenues earned in excess of billings on our long-term contracts to construct technically complex equipment (such as power generation, aircraft engines and aeroderivative units) and long-term product maintenance or extended warranty arrangements. These amounts are presented net of related billings in excess of revenues relating to long-term product maintenance or extended warranty arrangements of $2,329 million and $1,842 million at December 31, 2014 and 2013, respectively.

(b) GECC investments in real estate consisted principally of two categories: real estate held for investment and equity method investments. Both categories contained a wide range of properties including the following at December 31, 2014: office buildings (57%), retail facilities (9%), apartment buildings (5%), industrial properties (3%), franchise properties (3%) and other (23%). At December 31, 2014, investments were located in the Americas (46%), Europe (37%) and Asia (17%).

(c) The fair value of and unrealized loss on cost method investments in a continuous loss position for less than 12 months at December 31, 2014, were $5 million and $1 million, respectively. The fair value of and unrealized loss on cost method investments in a continuous loss position for 12 months or more at December 31, 2014, were an insignificant amount and $1 million, respectively. The fair value of and unrealized loss on cost method investments in a continuous loss position for less than 12 months at December 31, 2013, were $17 million and an insignificant amount, respectively. There were no cost method investments in a continuous loss position for 12 months or more at December 31, 2013.

(d) Assets were classified as held for sale on the date a decision was made to dispose of them through sale or other means. At December 31, 2014 and 2013, such assets consisted primarily of loans, aircraft, equipment and real estate properties, and were accounted for at the lower of carrying amount or estimated fair value less costs to sell. These amounts are net of valuation allowances of $142 million and $127 million at December 31, 2014 and 2013, respectively. Assets held for sale increased $2,978 million from December 31, 2013 as a result of net increases in held for sale loans and aircraft, partially offset by net decreases in held for sale real estate, primarily due to sales.

(e) Balances at December 31, 2014 and 2013 reflect adjustments of $624 million and $700 million, respectively, to deferred acquisition costs in our run-off insurance operations to reflect the effects that would have been recognized had the related unrealized investment securities holding gains and losses actually been realized.

NOTE 10. BORROWINGS AND BANK DEPOSITS

December 31 (Dollars in millions)		2014		2013	
Short-term borrowings		Amount	Average Rate(a)	Amount	Average Rate(a)
GE					
Commercial paper		$ 500	0.10 %	$ -	- %
Payable to banks		343	1.32	346	3.38
Current portion of long-term borrowings		2,068	1.05	70	5.65
Other		961		1,425	
Total GE short-term borrowings		3,872		1,841	
GECC					
Commercial paper					
U.S.		22,019	0.19	24,877	0.18
Non-U.S.		2,993	0.25	4,168	0.33
Current portion of long-term borrowings(b)(c)(f)		37,989	2.54	39,215	2.70
GE Interest Plus notes(d)		5,467	1.01	8,699	1.11
Other(c)		312		339	
Total GECC short-term borrowings		68,780		77,298	
Eliminations		(863)		(1,249)	
Total short-term borrowings		$ 71,789		$ 77,890	
Long-term borrowings	Maturities	Amount	Average Rate(a)	Amount	Average Rate(a)
GE					
Senior notes	2017-2044	$ 11,945	4.25 %	$ 10,968	3.63 %
Payable to banks	2016-2019	5	0.89	10	1.10
Other		518		537	
Total GE long-term borrowings		12,468		11,515	
GECC					
Senior unsecured notes(b)(e)	2016-2055	162,629	2.72	186,433	2.97
Subordinated notes(f)	2021-2037	4,804	3.36	4,821	3.93
Subordinated debentures(g)	2066-2067	7,085	5.88	7,462	5.64
Other(c)(h)		13,473		11,563	
Total GECC long-term borrowings		187,991		210,279	
Eliminations		(45)		(129)	
Total long-term borrowings		$ 200,414		$ 221,665	
Non-recourse borrowings of consolidated securitization entities(i)	2015-2019	$ 29,938	1.04 %	$ 30,124	1.05 %
Bank deposits(j)		$ 62,839		$ 53,361	
Total borrowings and bank deposits		$ 364,980		$ 383,040	

(a) Based on year-end balances and year-end local currency effective interest rates, including the effects from hedging.

(b) Included $439 million and $481 million of obligations to holders of GICs at December 31, 2014 and 2013, respectively. These obligations included conditions under which certain GIC holders could require immediate repayment of their investment should the long-term credit ratings of GECC fall below AA-/Aa3. The remaining outstanding GICs will continue to be subject to their scheduled maturities and individual terms, which may include provisions permitting redemption upon a downgrade of one or more of GECC's ratings, among other things.

(c) Included $6,017 million and $9,468 million of funding secured by real estate, aircraft and other collateral at December 31, 2014 and 2013, respectively, of which $2,312 million and $2,868 million is non-recourse to GECC at December 31, 2014 and 2013, respectively.

(d) Entirely variable denomination floating-rate demand notes.

(e) Included $700 million of debt at both December 31, 2014 and 2013 raised by a funding entity related to Penske Truck Leasing Co., L.P. (PTL). GECC, as co-issuer and co-guarantor of the debt, reports this amount as borrowings in its financial statements. GECC has been indemnified by the other limited partners of PTL for their proportionate share of the debt obligation. Also included $3,593 million related to Synchrony Financial. See Note 1.

(f) Included $300 million of subordinated notes guaranteed by GE at both December 31, 2014 and 2013.

(g) Subordinated debentures receive rating agency equity credit.

(h) Included $8,245 million related to Synchrony Financial. See Note 1.

(i) Included $7,442 million and $9,047 million of current portion of long-term borrowings at December 31, 2014 and 2013, respectively. See Note 23.

(j) Included $10,258 million and $13,614 million of deposits in non-U.S. banks at December 31, 2014 and 2013, respectively, and $22,848 million and $18,275 million of certificates of deposits with maturities greater than one year at December 31, 2014 and 2013, respectively.

In the first quarter of 2014, GE issued $3,000 million senior unsecured debt, composed of $750 million aggregate principal amount of 3.375% Notes due 2024 and $2,250 million aggregate principal amount of 4.500% Notes due 2044.

Additional information about borrowings and associated swaps can be found in Note 22.

Liquidity is affected by debt maturities and our ability to repay or refinance such debt. Long-term debt maturities over the next five years follow.

(In millions)	2015	2016	2017	2018	2019
GE	$ 2,068	$ 194	$ 4,052	$ 28	$ 29
GECC	37,989(a)	31,707	27,041	19,011	21,956

(a) Fixed and floating rate notes of $474 million contain put options with exercise dates in 2015, and which have final maturity beyond 2019.

Committed credit lines totaling $44.9 billion had been extended to us by 50 banks at year-end 2014. GECC can borrow up to $44.4 billion under these credit lines. GE can borrow up to $14.2 billion under certain of these credit lines. The GECC lines include $25.1 billion of revolving credit agreements under which we can borrow funds for periods exceeding one year. Additionally, $19.3 billion are 364-day lines that contain a term-out feature that allows us to extend the borrowings for two years from the date on which such borrowings would otherwise be due.

NOTE 11. INVESTMENT CONTRACTS, INSURANCE LIABILITIES AND INSURANCE ANNUITY BENEFITS

Investment contracts, insurance liabilities and insurance annuity benefits comprise mainly obligations to annuitants and policyholders in our run-off insurance operations and holders of guaranteed investment contracts.

December 31 (In millions)	2014	2013
Investment contracts	$ 2,970	$ 3,144
Guaranteed investment contracts	1,000	1,471
Total investment contracts	3,970	4,615
Life insurance benefits(a)	20,688	18,959
Other(b)	3,369	3,405
	28,027	26,979
Eliminations	(449)	(435)
Total	$ 27,578	$ 26,544

(a) Life insurance benefits are accounted for mainly by a net-level-premium method using estimated yields generally ranging from 3.0% to 8.5% in both 2014 and 2013.
(b) Substantially all unpaid claims and claims adjustment expenses and unearned premiums.

When insurance affiliates cede insurance risk to third parties, such as reinsurers, they are not relieved of their primary obligation to policyholders. When losses on ceded risks give rise to claims for recovery, we establish allowances for probable losses on such receivables from reinsurers as required. Reinsurance recoverables are included in the caption “Other GECC receivables" on our Statement of Financial Position, and amounted to $1,759 million and $1,685 million at December 31, 2014 and 2013, respectively.

We recognize reinsurance recoveries as a reduction of the Statement of Earnings caption “Investment contracts, insurance losses and insurance annuity benefits.” Reinsurance recoveries were $240 million, $250 million and $234 million in December 31, 2014, 2013 and 2012, respectively.

NOTE 12. POSTRETIREMENT BENEFIT PLANS

PENSION BENEFITS

We sponsor a number of pension plans. Principal pension plans, together with affiliate and certain other pension plans (other pension plans) detailed in this note, represent about 99% of our total pension assets. We use a December 31 measurement date for our plans.

Principal Pension Plans are the GE Pension Plan and the GE Supplementary Pension Plan.

The GE Pension Plan provides benefits to certain U.S. employees based on the greater of a formula recognizing career earnings or a formula recognizing length of service and final average earnings. Certain benefit provisions are subject to collective bargaining. Salaried employees who commence service on or after January 1, 2011 and any employee who commences service on or after January 1, 2012 will not be eligible to participate in the GE Pension Plan, but will participate in a defined contribution retirement program.

The GE Supplementary Pension Plan is an unfunded plan providing supplementary retirement benefits primarily to higher-level, longer-service U.S. employees.

Other Pension Plans in 2014 included 40 U.S. and non-U.S. pension plans with pension assets or obligations greater than $50 million. These defined benefit plans generally provide benefits to employees based on formulas recognizing length of service and earnings.

PENSION PLAN PARTICIPANTS

December 31, 2014	Total	Principal pension plans	Other pension plans
Active employees	117,000	86,000	31,000
Vested former employees	225,000	179,000	46,000
Retirees and beneficiaries	267,000	232,000	35,000
Total	609,000	497,000	112,000

COST OF PENSION PLANS

	Total			Principal pension plans			Other pension plans		
(In millions)	2014	2013	2012	2014	2013	2012	2014	2013	2012
Service cost for benefits earned	$ 1,608	$ 1,970	$ 1,779	$ 1,205	$ 1,535	$ 1,387	$ 403	$ 435	$ 392
Prior service cost amortization	220	253	287	214	246	279	6	7	8
Expected return on plan assets	(3,979)	(4,163)	(4,394)	(3,190)	(3,500)	(3,768)	(789)	(663)	(626)
Interest cost on benefit obligations	3,332	2,983	2,993	2,745	2,460	2,479	587	523	514
Net actuarial loss amortization	2,770	4,007	3,701	2,565	3,664	3,421	205	343	280
Curtailment loss	65	-	-	65 (a)	-	-	-	-	-
Pension plans cost	$ 4,016	$ 5,050	$ 4,366	$ 3,604	$ 4,405	$ 3,798	$ 412	$ 645	$ 568

(a) Loss resulting from our agreement with Electrolux to sell the GE Appliances business.

ACTUARIAL ASSUMPTIONS

The actuarial assumptions at December 31 are used to measure the year-end benefit obligations and the pension costs for the subsequent year.

	Principal pension plans				Other pension plans (weighted average)			
December 31	2014	2013	2012	2011	2014	2013	2012	2011
Discount rate	4.02%	4.85%	3.96%	4.21%	3.53%	4.39%	3.92%	4.42%
Compensation increases	4.10	4.00	3.90	3.75	3.60	3.76	3.30	4.31
Expected return on assets	7.50	7.50	8.00	8.00	6.95	6.92	6.82	7.09

To determine the expected long-term rate of return on pension plan assets, we consider current and target asset allocations, as well as historical and expected returns on various categories of plan assets. In developing future return expectations for our principal pension plans' assets, we formulate views on the future economic environment, both in the U.S. and abroad. We evaluate general market trends and historical relationships among a number of key variables that impact asset class returns such as expected earnings growth, inflation, valuations, yields and spreads, using both internal and external sources. We also take into account expected volatility by asset class and diversification across classes to determine expected overall portfolio results given current and target allocations. Based on our analysis of future expectations of asset performance, past return results, and our current and target asset allocations, we have assumed a 7.5% long-term expected return on those assets for cost recognition in 2015. For the principal pension plans, we apply our expected rate of return to a market-related value of assets, which stabilizes variability in the amounts to which we apply that expected return.

The Society of Actuaries recently issued new mortality tables projecting longer life expectancies that will result in higher postretirement benefit obligations for U.S. companies. We updated our mortality assumptions at December 31, 2014. The new mortality assumptions increased our principal pension plans' benefit obligations by $3,953 million at December 31, 2014.

We amortize experience gains and losses, as well as the effects of changes in actuarial assumptions and plan provisions, over a period no longer than the average future service of employees.

FUNDING POLICY

The funding policy for the GE Pension Plan is to contribute amounts sufficient to meet minimum funding requirements as set forth in employee benefit and tax laws plus such additional amounts as we may determine to be appropriate. We did not make contributions to the GE Pension Plan in 2014 and 2013. The ERISA minimum funding requirements do not require a contribution in 2015. We expect to pay approximately $265 million for benefit payments under our GE Supplementary Pension Plan and administrative expenses of our principal pension plans and expect to contribute approximately $540 million to other pension plans in 2015. In 2014, comparative amounts were $236 million and $726 million, respectively.

BENEFIT OBLIGATIONS

Benefit obligations are described in the following tables. Accumulated and projected benefit obligations (ABO and PBO) represent the obligations of a pension plan for past service as of the measurement date. ABO is the present value of benefits earned to date with benefits computed based on current compensation levels. PBO is ABO increased to reflect expected future compensation.

PROJECTED BENEFIT OBLIGATION

(In millions)	Principal pension plans 2014	Principal pension plans 2013	Other pension plans 2014	Other pension plans 2013
Balance at January 1	$ 58,113	$ 63,502	$ 13,535	$ 13,584
Service cost for benefits earned	1,205	1,535	403	435
Interest cost on benefit obligations	2,745	2,460	587	523
Participant contributions	153	156	9	14
Plan amendments	-	-	(29)	11
Actuarial loss (gain)	11,718 (a)	(6,406)(b)	2,170 (b)	(575)(b)
Benefits paid	(3,199)	(3,134)	(493)	(477)
Acquisitions (dispositions) / other - net	-	-	48	46
Exchange rate adjustments	-	-	(641)	(26)
Balance at December 31(c)	$ 70,735	$ 58,113	$ 15,589	$ 13,535

(a) Principally associated with discount rate and mortality assumption changes.

(b) Principally associated with discount rate changes.

(c) The PBO for the GE Supplementary Pension Plan, which is an unfunded plan, was $6,632 million and $5,162 million at year-end 2014 and 2013, respectively.

ACCUMULATED BENEFIT OBLIGATION

December 31 (In millions)	2014	2013
GE Pension Plan	$ 61,631	$ 50,967
GE Supplementary Pension Plan	5,070	3,946
Other pension plans	14,790	12,629

PLANS WITH ASSETS LESS THAN ABO

December 31 (In millions)	2014	2013
Funded plans with assets less than ABO		
Plan assets	$ 53,126	$ 57,430
Accumulated benefit obligations	67,676	60,715
Projected benefit obligations	70,354	63,532
Unfunded plans(a)		
Accumulated benefit obligations	6,719	5,243
Projected benefit obligations	8,342	6,512

(a) Primarily related to the GE Supplementary Pension Plan.

PLAN ASSETS

The fair value of the classes of the pension plans' investments is presented below. The inputs and valuation techniques used to measure the fair value of the assets are consistently applied and described in Note 1.

FAIR VALUE OF PLAN ASSETS

	Principal pension plans		Other pension plans	
(In millions)	2014	2013	2014	2013
Balance at January 1	$ 48,297	$ 44,738	$ 11,059	$ 9,702
Actual gain on plan assets	2,793	6,312	1,537	1,212
Employer contributions	236	225	726	673
Participant contributions	153	156	9	14
Benefits paid	(3,199)	(3,134)	(493)	(477)
Acquisitions (dispositions) / other - net	-	-	-	(31)
Exchange rate adjustments	-	-	(452)	(34)
Balance at December 31	$ 48,280	$ 48,297	$ 12,386	$ 11,059

ASSET ALLOCATION

	Principal pension plans		Other pension plans (weighted average)	
	2014 Target allocation	2014 Actual allocation	2014 Target allocation	2014 Actual allocation
Equity securities(a)	17 - 57% (b)	45% (c)	39%	48%
Debt securities (including cash equivalents)	13 - 53	31	35	38
Private equities	8 - 18	11	7	2
Real estate	2 - 12	7	9	6
Other investments(d)	3 - 13	6	10	6

(a) Includes investment funds that primarily hold this type of asset.
(b) Target equally divided between U.S. equity securities and non-U.S. equity securities.
(c) Actual allocations were 25% for U.S. equity securities and 20% for non-U.S. equity securities.
(d) Substantially all represented hedge fund investments.

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, commissioning periodic asset-liability studies and setting long-term strategic targets. Long-term strategic investment objectives take into consideration a number of factors, including the funded status of the plan, a balance between risk and return and the plan's liquidity needs. 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.

Plan fiduciaries monitor the GE Pension Plan's liquidity position in order to meet the near-term benefit payment and other cash needs. The GE Pension Plan holds short-term debt securities to meet its liquidity needs.

GE Pension Trust assets are invested subject to the following additional guidelines:

- Short-term securities purchased must generally be rated A-1/P-1 or better, except for 15% of such securities that may be rated A-2/P-2 and other short-term securities as may be approved by the plan fiduciaries.
- Real estate investments may not exceed 25% of total assets.
- Investments in restricted securities (excluding real estate investments) that are not freely tradable may not exceed 30% of total assets (actual was 17% of trust assets at December 31, 2014).

According to statute, the aggregate holdings of all qualifying employer securities (e.g., GE common stock) and qualifying employer real property may not exceed 10% of the fair value of trust assets at the time of purchase. GE securities represented 3.8% and 4.5% of trust assets at year-end 2014 and 2013, respectively.

The GE Pension Plan has a broadly diversified portfolio of investments in equities, fixed income, private equities, real estate and hedge funds; these investments are both U.S. and non-U.S. in nature. As of December 31, 2014, U.S. government direct and indirect obligations represented 16% of total GE Pension Plan assets. No other sector concentration of assets exceeded 15% of total GE Pension Plan assets.

The following tables present GE Pension Plan investments measured at fair value.

(In millions)	Level 1	Level 2	Level 3	Total
December 31, 2014				
Equity securities				
U.S. equity securities(a)	$ 11,493	$ 1,463	$ -	$ 12,956
Non-U.S. equity securities(a)	7,021	2,132	-	9,153
Debt securities				
Fixed income and cash investment funds	245	4,255	-	4,500
U.S. corporate(b)	-	5,153	2	5,155
Residential mortgage-backed	-	1,118	1	1,119
Non-U.S. Corporate	-	1,097	3	1,100
U.S. government and federal agency	-	2,468	-	2,468
Other debt securities(c)	-	1,042	-	1,042
Private equities(a)	-	32	5,217	5,249
Real estate(a)	-	-	3,129	3,129
Other investments(d)	-	70	2,248	2,318
Total investments	$ 18,759	$ 18,830	$ 10,600	$ 48,189
Other(e)				91
Total assets				$ 48,280
December 31, 2013				
Equity securities				
U.S. equity securities(a)	$ 11,067	$ 1,568	$ -	$ 12,635
Non-U.S. equity securities(a)	7,832	1,292	-	9,124
Debt securities				
Fixed income and cash investment funds	-	2,078	-	2,078
U.S. corporate(b)	-	4,555	-	4,555
Residential mortgage-backed	-	1,093	-	1,093
Non-U.S. Corporate	-	1,269	-	1,269
U.S. government and federal agency	-	5,253	-	5,253
Other debt securities(c)	-	1,048	-	1,048
Private equities(a)	-	-	6,269	6,269
Real estate(a)	-	-	3,354	3,354
Other investments(d)	-	169	1,622	1,791
Total investments	$ 18,899	$ 18,325	$ 11,245	$ 48,469
Other(e)				(172)
Total assets				$ 48,297

(a) Included direct investments and investment funds.

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

(c) Primarily represented investments in state and municipal debt, non-U.S. government bonds and commercial mortgage-backed securities.

(d) Substantially all represented hedge fund investments.

(e) Primarily represented net unsettled transactions related investment activity and cash balances.

The following tables present the changes in Level 3 investments for the GE Pension Plan.

CHANGES IN LEVEL 3 INVESTMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

(In millions)	January 1, 2014	Net realized gains (losses)(a)	Net unrealized gains (losses)(a)	Purchases, issuances and settlements	Transfers in and/or out of Level 3(b)	December 31, 2014
Debt securities	$ -	$ (9)	$ 11	$ 4	$ -	$ 6
Private equities	6,269	592	(54)	(1,565)	(25)	5,217
Real estate	3,354	36	334	(595)	-	3,129
Other investments	1,622	47	86	194	299	2,248
	$ 11,245	$ 666	$ 377	$ (1,962)	$ 274	$ 10,600

(a) The realized/unrealized gains (losses) include $899 million related to assets still held and $144 million for assets no longer held.

(b) Transfers in and out of Level 3 are considered to occur at the beginning of the period.

CHANGES IN LEVEL 3 INVESTMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

(In millions)	January 1, 2013	Net realized gains (losses)(a)	Net unrealized gains (losses)(a)	Purchases, issuances and settlements	Transfers in and/or out of Level 3(b)	December 31, 2013
Debt securities	$ 75	$ (7)	$ -	$ (65)	$ (3)	$ -
Private equities	6,878	525	588	(1,675)	(47)	6,269
Real estate	3,356	23	330	(355)	-	3,354
Other investments	1,694	(1)	200	(77)	(194)	1,622
	$ 12,003	$ 540	$ 1,118	$ (2,172)	$ (244)	$ 11,245

(a) The realized/unrealized gains (losses) include $1,616 million related to assets still held and $42 million for assets no longer held.

(b) Transfers in and out of Level 3 are considered to occur at the beginning of the period.

Other pension plans' assets were $12,386 million and $11,059 million at December 31, 2014 and 2013, respectively. Public equity and debt securities amounting to $10,578 million and $9,781 million represented approximately 86% and 89% of total investments at December 31, 2014 and 2013, respectively. The plans' investments were classified as 9% Level 1, 77% Level 2 and 14% Level 3 at December 31, 2014. The plans' investments were classified as 11% Level 1, 78% Level 2 and 11% Level 3 at December 31, 2013. The changes in Level 3 investments between the years ended December 31, 2014 and 2013 were primarily due to investments in hedge funds and real estate. Other changes in Level 3 investments were insignificant for the years ended December 31, 2014 and 2013.

PENSION ASSET (LIABILITY)

December 31 (In millions)	Principal pension plans 2014	Principal pension plans 2013	Other pension plans 2014	Other pension plans 2013
Funded status(a)(b)	$ (22,455)	$ (9,816)	$ (3,203)	$ (2,476)
Pension asset (liability) recorded in the Statement of Financial Position				
Pension asset	$ -	$ -	$ 295	$ 325
Pension liabilities				
Due within one year(c)	(190)	(170)	(72)	(67)
Due after one year	(22,265)	(9,646)	(3,426)	(2,734)
Net amount recognized	$ (22,455)	$ (9,816)	$ (3,203)	$ (2,476)
Amounts recorded in shareowners' equity (unamortized)				
Prior service cost (credit)	$ 881	$ 1,160	$ (23)	$ 9
Net actuarial loss	21,105	11,555	3,533	2,459
Total	$ 21,986	$ 12,715	$ 3,510	$ 2,468

(a) Fair value of assets less PBO, as shown in the preceding tables.

(b) The GE Pension Plan was underfunded by $15.8 billion and $4.7 billion at December 31, 2014 and 2013, respectively.

(c) For principal pension plans, represents the GE Supplementary Pension Plan liability.

In 2015, we estimate that we will amortize $210 million of prior service cost and $3,300 million of net actuarial loss for the principal pension plans from shareowners' equity into pension cost. For other pension plans, the estimated prior service cost and net actuarial loss to be amortized in 2015 will be $5 million and $305 million, respectively. Comparable amortized amounts in 2014, respectively, were $214 million and $2,565 million for the principal pension plans and $6 million and $205 million for other pension plans.

ESTIMATED FUTURE BENEFIT PAYMENTS

(In millions)	2015	2016	2017	2018	2019	2020 - 2024
Principal pension plans	$ 3,225	$ 3,300	$ 3,380	$ 3,465	$ 3,560	$ 19,430
Other pension plans	$ 505	$ 510	$ 520	$ 530	$ 540	$ 2,925

RETIREE HEALTH AND LIFE BENEFITS

We sponsor a number of retiree health and life insurance benefit plans (retiree benefit plans). Principal retiree benefit plans are discussed below; other such plans are not significant individually or in the aggregate. We use a December 31 measurement date for our plans.

Principal Retiree Benefit Plans provide health and life insurance benefits to eligible participants and these participants share in the cost of healthcare benefits. These plans cover approximately 193,000 retirees and dependents. In 2012, we amended our principal retiree benefit plans such that, effective January 1, 2015, our post-65 retiree health plans will be closed to certain salaried and retired salaried employees who are not enrolled in the plans as of that date, and we will no longer offer company-provided life insurance in retirement for certain salaried employees who retire after that date. In 2014, we amended our post-65 retiree health plans for certain former salaried employees and eligible dependents. Effective January 1, 2015, the Company will provide eligible participants with a Retiree Reimbursement Account to help pay for coverage purchased through a private exchange instead of offering our current post-65 retiree health plans.

COST OF PRINCIPAL RETIREE BENEFIT PLANS

(In millions)	2014	2013	2012
Service cost for benefits earned	$ 164	$ 229	$ 219
Prior service cost amortization	353	393	518
Expected return on plan assets	(50)	(60)	(73)
Interest cost on benefit obligations	424	410	491
Net actuarial loss (gain) amortization	(150)	(45)	32
Net curtailment/settlement loss (gain)	48 (a)	-	(101)
Retiree benefit plans cost	$ 789	$ 927	$ 1,086

(a) Loss resulting from our agreement with Electrolux to sell the GE Appliances business.

ACTUARIAL ASSUMPTIONS

The actuarial assumptions at December 31 are used to measure the year-end benefit obligations and the retiree benefit plan costs for the subsequent year.

December 31	2014	2013	2012	2011
Discount rate	3.89%	4.61%(a)	3.74%(a)	4.09%(a)
Compensation increases	4.10	4.00	3.90	3.75
Expected return on assets	7.00	7.00	7.00	7.00
Initial healthcare trend rate(b)	6.00	6.00	6.50	7.00

(a) Weighted average discount rates of 4.47%, 3.77%, and 3.94% were used for determination of costs in 2014, 2013 and 2012, respectively.

(b) For 2014, ultimately declining to 5% for 2030 and thereafter.

To determine the expected long-term rate of return on retiree life plan assets, we consider current and target asset allocations, historical and expected returns on various categories of plan assets, as well as expected benefit payments and resulting asset levels. In developing future return expectations for retiree benefit plan assets, we formulate views on the future economic environment, both in the U.S. and abroad. We evaluate general market trends and historical relationships among a number of key variables that impact asset class returns such as expected earnings growth, inflation, valuations, yields and spreads, using both internal and external sources. We also take into account expected volatility by asset class and diversification across classes to determine expected overall portfolio results given current and target allocations. Based on our analysis of future expectations of asset performance, past return results, our current and target asset allocations as well as a shorter time horizon for retiree life plan assets, we have assumed a 7.0% long-term expected return on those assets for cost recognition in 2015. We apply our expected rate of return to a market-related value of assets, which stabilizes variability in the amounts to which we apply that expected return.

The Society of Actuaries recently issued new mortality tables projecting longer life expectancies that will result in higher postretirement obligations for U.S. companies. We updated our mortality assumptions at December 31, 2014. The new mortality assumptions increased our principal retiree benefit plans' benefit obligations by $612 million at December 31, 2014.

We amortize experience gains and losses, as well as the effects of changes in actuarial assumptions and plan provisions, over a period no longer than the average future service of employees.

FUNDING POLICY

We fund retiree health benefits on a pay-as-you-go basis. We expect to contribute approximately $540 million in 2015 to fund such benefits. We fund the retiree life insurance trust at our discretion.

Changes in the accumulated postretirement benefit obligation for retiree benefit plans follow.

ACCUMULATED POSTRETIREMENT BENEFIT OBLIGATION (APBO)

(In millions)	2014	2013
Balance at January 1	$ 9,913	$ 11,804
Service cost for benefits earned	164	229
Interest cost on benefit obligations	424	410
Participant contributions	52	52
Plan amendments	(586)	-
Actuarial loss (gain)	1,440 (a)	(1,836)(b)
Benefits paid	(704)	(746)
Balance at December 31(c)	$ 10,703	$ 9,913

(a) Primarily associated with discount rate and mortality assumption changes.

(b) Primarily associated with discount rate change and lower costs from new healthcare supplier contracts.

(c) The APBO for the retiree health plans was $8,445 million and $7,626 million at year-end 2014 and 2013, respectively.

A one percentage point change in the assumed healthcare cost trend rate would have the following effects.

(In millions)	1% Increase	1% Decrease
APBO at December 31, 2014	$ 977	$ (810)
Service and interest cost in 2014	56	(47)

PLAN ASSETS

The fair value of the classes of retiree benefit plans' investments is presented below. The inputs and valuation techniques used to measure the fair value of assets are consistently applied and described in Note 1.

FAIR VALUE OF PLAN ASSETS

(In millions)	2014	2013
Balance at January 1	$ 903	$ 946
Actual gain on plan assets	44	118
Employer contributions	518	533
Participant contributions	52	52
Benefits paid	(704)	(746)
Balance at December 31	$ 813	$ 903

ASSET ALLOCATION

December 31	2014 Target allocation	2014 Actual allocation
Equity securities(a)	35 - 75%(b)	50%(c)
Debt securities (including cash equivalents)	11 - 46	26
Private equities	0 - 25	13
Real estate	0 - 12	9
Other investments(d)	0 - 10	2

(a) Includes investment funds that primarily hold this type of asset.
(b) Target allocations were 18-38% for U.S. equity securities and 17-37% for non-U.S. equity securities.
(c) Actual allocations were 29% for U.S. equity securities and 21% for non-U.S. equity securities.
(d) Substantially all represented hedge fund investments.

Plan fiduciaries set investment policies and strategies for the trust and oversee its investment allocation, which includes selecting investment managers and setting long-term strategic targets. The primary strategic investment objectives are balancing investment risk and return and monitoring the plan's liquidity position in order to meet the near-term benefit payment and other cash needs. 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.

Short-term securities purchased must generally be rated A-1/P-1 or better, except for 15% of such securities that may be rated A-2/P-2 and other short-term securities as may be approved by the plan fiduciaries. According to statute, the aggregate holdings of all qualifying employer securities (e.g., GE common stock) and qualifying employer real property may not exceed 10% of the fair value of trust assets at the time of purchase. GE securities represented 3.9% and 4.0% of trust assets at year-end 2014 and 2013, respectively.

Retiree life plan assets were $813 million and $903 million at December 31, 2014 and 2013, respectively. Public equity and debt securities amounting to $615 million and $727 million represented approximately 78% and 77% of total investments at December 31, 2014 and 2013, respectively. The plans' investments were classified as 37% Level 1, 41% Level 2 and 22% Level 3 at December 31, 2014. The plans' investments were classified as 33% Level 1, 43% Level 2 and 24% Level 3 at December 31, 2013. The changes in Level 3 investments were insignificant for the years ended December 31, 2014 and 2013.

RETIREE BENEFIT ASSET(LIABILITY)

December 31 (In millions)		2014		2013
Funded status(a)	$	(9,890)	$	(9,010)
Liability recorded in the Statement of Financial Position				
Retiree health plans				
Due within one year	$	(518)	$	(531)
Due after one year		(7,927)		(7,095)
Retiree life plans		(1,445)		(1,384)
Net liability recognized	$	(9,890)	$	(9,010)
Amounts recorded in shareowners' equity (unamortized)				
Prior service cost (credit)	$	(24)	$	963
Net actuarial gain		(71)		(1,667)
Total	$	(95)	$	(704)

(a) Fair value of assets less APBO, as shown in the preceding tables.

In 2015, we estimate that we will amortize $125 million of prior service cost and $5 million of net actuarial loss from shareowners' equity into retiree benefit plans cost. Comparable amortized amounts in 2014 were $353 million of prior service cost and $150 million of net actuarial gain.

ESTIMATED FUTURE BENEFIT PAYMENTS

(In millions)	2015	2016	2017	2018	2019	2020 - 2024
$	680	$ 665	$ 670	$ 675	$ 685	$ 3,285

POSTRETIREMENT BENEFIT PLANS

2014 COST OF POSTRETIREMENT BENEFIT PLANS AND CHANGES IN OTHER COMPREHENSIVE INCOME

(In millions)	Total postretirement benefit plans	Principal pension plans	Other pension plans	Retiree benefit plans
Cost of postretirement benefit plans	$ 4,805	$ 3,604	$ 412	$ 789
Changes in other comprehensive income				
Prior service cost – current year	(615)	-	(29)	(586)
Net actuarial loss – current year(a)	14,843	12,115	1,282	1,446
Net curtailment/settlement	(113)	(65)	-	(48)
Prior service cost amortization	(573)	(214)	(6)	(353)
Net actuarial gain (loss) amortization	(2,620)	(2,565)	(205)	150
Total changes in other comprehensive income	10,922	9,271	1,042	609
Cost of postretirement benefit plans and changes in other comprehensive income	$ 15,727	$ 12,875	$ 1,442	$ 1,398

(a) Principally associated with discount rate and mortality assumption changes.

NOTE 13. ALL OTHER LIABILITIES

This caption includes liabilities for various items including non-current compensation and benefits, deferred income, interest on tax liabilities, unrecognized tax benefits, environmental remediation, asset retirement obligations, derivative instruments, product warranties and a variety of sundry items.

Accruals for non-current compensation and benefits amounted to $42,354 million and $27,853 million at December 31, 2014 and 2013, respectively. These amounts include compensation and benefit liabilities, such as postretirement benefits and deferred incentive compensation. See Note 12.

We are involved in numerous remediation actions to clean up hazardous wastes as required by federal and state laws. Liabilities for remediation costs exclude possible insurance recoveries and, when dates and amounts of such costs are not known, are not discounted. When there appears to be a range of possible costs with equal likelihood, liabilities are based on the low end of such range. It is reasonably possible that our environmental remediation exposure will exceed amounts accrued. However, due to uncertainties about the status of laws, regulations, technology and information related to individual sites, such amounts are not reasonably estimable. Total reserves related to environmental remediation and asbestos claims, were $2,182 million at December 31, 2014.

NOTE 14. INCOME TAXES

GE and GECC file a consolidated U.S. federal income tax return. This enables GE to use GECC tax deductions and credits to reduce the tax that otherwise would have been payable by GE. The GECC effective tax rate for each period reflects the benefit of these tax reductions in the consolidated return. GE makes cash payments to GECC for these tax reductions at the time GE's tax payments are due.

(BENEFIT) PROVISION FOR INCOME TAXES

(In millions)	2014	2013	2012
GE			
Current tax expense	$ 2,110	$ 4,239	$ 2,307
Deferred tax expense (benefit) from temporary differences	(476)	(2,571)	(294)
	1,634	1,668	2,013
GECC			
Current tax expense (benefit)	848	(268)	1,379
Deferred tax expense (benefit) from temporary differences	(710)	(724)	(858)
	138	(992)	521
Consolidated			
Current tax expense	2,958	3,971	3,686
Deferred tax expense (benefit) from temporary differences	(1,186)	(3,295)	(1,152)
Total	$ 1,772	$ 676	$ 2,534

CONSOLIDATED EARNINGS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES

(In millions)	2014	2013	2012
U.S. earnings	$ 5,421	$ 6,099	$ 8,309
Non-U.S. earnings	11,808	10,052	9,072
Total	$ 17,229	$ 16,151	$ 17,381

CONSOLIDATED (BENEFIT) PROVISION FOR INCOME TAXES

(In millions)	2014	2013	2012
U.S. Federal			
Current(a)	$ 51	$ 85	$ 685
Deferred	(177)	(2,315)	(414)
Non - U.S.			
Current	2,978	3,659	2,871
Deferred	(849)	(1,038)	(773)
Other	(231)	285	165
Total	$ 1,772	$ 676	$ 2,534

(a) Includes the benefit from GECC deductions and credits applied against GE's current U.S. tax expense.

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. For example, GE's effective tax rate is reduced because active business income earned and indefinitely reinvested outside the United States is taxed at less than the U.S. rate. A significant portion of this reduction depends upon a provision of U.S. tax law that defers the imposition of U.S. tax on certain active financial services income until that income is repatriated to the United States as a dividend. This provision is consistent with international tax norms and permits U.S. financial services companies to compete more effectively with non-U.S. financial institutions in global markets. This provision, which had expired at the end of 2013, was reinstated in December 2014 retroactively for one year through the end of 2014. The provision also had been scheduled to expire and had been extended by Congress on seven previous occasions, but there can be no assurance that it will continue to be extended. In the event the provision is not extended after 2014, the current U.S. tax imposed on active financial services income earned outside the United States would increase, making it more difficult for U.S. financial services companies to compete in global markets. If this provision is not extended, we expect our effective tax rate to increase significantly after 2015.

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

	Consolidated			GE			GECC		
	2014	2013	2012	2014	2013	2012	2014	2013	2012
U.S. federal statutory income tax rate	35.0 %	35.0 %	35.0 %	35.0 %	35.0 %	35.0 %	35.0 %	35.0 %	35.0 %
Increase (reduction) in rate resulting from inclusion of after-tax earnings of GECC in before-tax earnings of GE	-	-	-	(15.2)	(16.9)	(15.3)	-	-	-
Tax on global activities including exports(a)	(18.4)	(24.7)	(12.5)	(7.9)	(4.1)	(4.3)	(24.1)	(45.0)	(18.4)
U.S. business credits(b)	(2.6)	(3.6)	(2.6)	(0.6)	(1.5)	(0.7)	(4.6)	(4.6)	(4.3)
Business Property disposition	-	-	(1.9)	-	-	-	-	-	(4.2)
All other – net	(3.7)	(2.5)	(3.4)	(1.6)	(2.7)	(2.7)	(4.5)	1.0	(1.5)
	(24.7)	(30.8)	(20.4)	(25.3)	(25.2)	(23.0)	(33.2)	(48.6)	(28.4)
Actual income tax rate	10.3 %	4.2 %	14.6 %	9.7 %	9.8 %	12.0 %	1.8 %	(13.6)%	6.6 %

(a) Included (1.7)% and (3.8)% in consolidated and GECC, respectively, related to the sale of GEMB-Nordic in 2014 and (6.0)% and (13.3)% in consolidated and GECC, respectively, related to the sale of 68.5% of our Swiss consumer finance bank, Cembra Money Bank AG (Cembra), through an initial public offering in 2013.

(b) U.S. general business credits, primarily the credit for manufacture of energy efficient appliances, the credit for energy produced from renewable sources, the advanced energy project credit, the low-income housing credit and the credit for research performed in the U.S.

UNRECOGNIZED TAX POSITIONS

Annually, we file over 5,500 income tax returns in over 250 global taxing jurisdictions. We are under examination or engaged in tax litigation in many of these jurisdictions. During 2013, the Internal Revenue Service (IRS) completed the audit of our consolidated U.S. income tax returns for 2008-2009, except for certain issues that remain under examination. At December 31, 2014, the IRS was auditing our consolidated U.S. income tax returns for 2010-2011. In addition, certain other U.S. tax deficiency issues and refund claims for previous years were unresolved. The IRS has disallowed the tax loss on our 2003 disposition of ERC Life Reinsurance Corporation. We have contested the disallowance of this loss. It is reasonably possible that the unresolved items could be resolved during the next 12 months, which could result in a decrease in our balance of "unrecognized tax benefits" – that is, the aggregate tax effect of differences between tax return positions and the benefits recognized in our financial statements. 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. Resolution of audit matters, including the IRS audit of our consolidated U.S. income tax returns for 2008-2009, reduced our 2013 consolidated income tax rate by 2.8 percentage points.

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:

UNRECOGNIZED TAX BENEFITS

December 31 (In millions)	2014	2013
Unrecognized tax benefits	$ 5,619	$ 5,816
Portion that, if recognized, would reduce tax expense and effective tax rate(a)	4,059	4,307
Accrued interest on unrecognized tax benefits	807	975
Accrued penalties on unrecognized tax benefits	103	164
Reasonably possible reduction to the balance of unrecognized tax benefits in succeeding 12 months	0-900	0-900
Portion that, if recognized, would reduce tax expense and effective tax rate(a)	0-300	0-350

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

UNRECOGNIZED TAX BENEFITS RECONCILIATION

(In millions)	2014	2013
Balance at January 1,	$ 5,816	$ 5,445
Additions for tax positions of the current year	234	771
Additions for tax positions of prior years	673	872
Reductions for tax positions of prior years	(761)	(1,140)
Settlements with tax authorities	(305)	(98)
Expiration of the statute of limitations	(38)	(34)
Balance at December 31	$ 5,619	$ 5,816

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, 2014, 2013 and 2012, $(68) million, $22 million and $(45) million of interest expense (income), respectively, and $(45) million, an insignificant amount and $33 million of tax expense (income) related to penalties, respectively, were recognized in the Statement of Earnings.

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 taxes are actually 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 do not consider it more likely than not that a deferred tax asset will be recovered, a valuation allowance is established.

We have not provided U.S. deferred taxes on cumulative earnings of non-U.S. affiliates and associated companies that have been reinvested indefinitely. These earnings relate to ongoing operations and, at December 31, 2014 and 2013, were approximately $119 billion and $110 billion, respectively. Most of these earnings have been reinvested in active non-U.S. business operations and we do not intend to repatriate these earnings to fund U.S. operations. Because of the availability of U.S. foreign tax credits, it is not practicable to determine the U.S. federal income tax liability that would be payable if such earnings were not reinvested indefinitely. Deferred taxes are provided for earnings of non-U.S. affiliates and associated companies when we plan to remit those earnings.

Aggregated deferred income tax amounts are summarized below.

December 31 (In millions)	2014	2013
Assets		
GE	$ 19,942	$ 15,284
GECC	12,546	13,224
	32,488	28,508
Liabilities		
GE	(11,170)	(10,223)
GECC	(18,777)	(18,010)
	(29,947)	(28,233)
Net deferred income tax asset (liability)	$ 2,541	$ 275

COMPONENTS OF THE NET DEFERRED INCOME TAX ASSET (LIABILITY)

December 31 (In millions)	2014	2013
GE		
Principal pension plans	$ 7,859	$ 3,436
Provision for expenses(a)	6,192	5,934
Retiree insurance plans	3,462	3,154
Non-U.S. loss carryforwards(b)	738	874
Contract costs and estimated earnings	(3,996)	(3,550)
Intangible assets	(2,364)	(2,268)
Depreciation	(1,226)	(1,079)
Investment in global subsidiaries	(979)	(1,077)
Other – net	(914)	(363)
	8,772	5,061
GECC		
Operating leases	(6,351)	(6,284)
Financing leases	(4,046)	(4,075)
Intangible assets	(1,963)	(1,943)
Net unrealized gains (losses) on securities	(507)	(145)
Cash flow hedges	(162)	(163)
Non-U.S. loss carryforwards(b)	4,094	3,791
Allowance for losses	2,186	2,640
Investment in global subsidiaries	1,935	1,883
Other – net	(1,417)	(490)
	(6,231)	(4,786)
Net deferred income tax asset (liability)	$ 2,541	$ 275

(a) Represented the tax effects of temporary differences related to expense accruals for a wide variety of items, such as employee compensation and benefits, other pension plan liabilities, interest on tax liabilities, product warranties and other sundry items that are not currently deductible.

(b) Net of valuation allowances of $2,015 million and $2,089 million for GE and $880 million and $862 million for GECC, for 2014 and 2013, respectively. Of the net deferred tax asset as of December 31, 2014, of $4,832 million, $47 million relates to net operating loss carryforwards that expire in various years ending from December 31, 2015 through December 31, 2017; $166 million relates to net operating losses that expire in various years ending from December 31, 2018 through December 31, 2034 and $4,619 million relates to net operating loss carryforwards that may be carried forward indefinitely.

NOTE 15. SHAREOWNERS' EQUITY

(In millions)	2014	2013	2012
Preferred stock issued	$ -	$ -	$ -
Common stock issued	$ 702	$ 702	$ 702
Accumulated other comprehensive income			
Balance at January 1	$ (9,120)	$ (20,230)	$ (23,974)
Other comprehensive income before reclassifications	(12,087)	8,844	841
Reclassifications from other comprehensive income	3,035	2,266	2,903
Other comprehensive income, net, attributable to GE	(9,052)	11,110	3,744
Balance at December 31	$ (18,172)	$ (9,120)	$ (20,230)
Other capital			
Balance at January 1	$ 32,494	$ 33,070	$ 33,693
Gains (losses) on treasury stock dispositions and other(a)	395	(576)	(623)
Balance at December 31	$ 32,889	$ 32,494	$ 33,070
Retained earnings			
Balance at January 1	$ 149,051	$ 144,055	$ 137,786
Net earnings attributable to the Company	15,233	13,057	13,641
Dividends and other transactions with shareowners	(8,951)	(8,061)	(7,372)
Balance at December 31	$ 155,333	$ 149,051	$ 144,055
Common stock held in treasury			
Balance at January 1	$ (42,561)	$ (34,571)	$ (31,769)
Purchases	(1,950)	(10,466)	(5,295)
Dispositions	1,918	2,476	2,493
Balance at December 31	$ (42,593)	$ (42,561)	$ (34,571)
Total equity			
GE shareowners' equity balance at December 31	$ 128,159	$ 130,566	$ 123,026
Noncontrolling interests balance at December 31	8,674	6,217	5,444
Total equity balance at December 31	$ 136,833	$ 136,783	$ 128,470

(a) 2014 included $440 million related to the excess of the net proceeds from the Synchrony Financial IPO over the carrying value of the interest sold.

SHARES OF GE PREFERRED STOCK

On October 16, 2008, we issued 30,000 shares of 10% cumulative perpetual preferred stock (par value $1.00 per share) having an aggregate liquidation value of $3,000 million, and warrants to purchase 134,831,460 shares of common stock (par value $0.06 per share) to Berkshire Hathaway Inc. (Berkshire Hathaway) for net proceeds of $2,965 million in cash. The proceeds were allocated to the preferred shares ($2,494 million) and the warrants ($471 million) on a relative fair value basis and recorded in other capital. The warrants were exercisable through October 16, 2013, at an exercise price of $22.25 per share of common stock and were to be settled through physical share issuance. The terms of the warrants were amended in January 2013 to allow for net share settlement where the total number of issued shares is based on the amount by which the average market price of GE common stock over the 20 trading days preceding the date of exercise exceeds the exercise price of $22.25. On October 16, 2013, Berkshire Hathaway Inc. (Berkshire Hathaway) exercised in full their warrants to purchase shares of GE common stock and on October 17, 2013, GE delivered 10.7 million shares to Berkshire Hathaway. The transaction had equal and offsetting effects on other capital and common stock held in treasury.

The preferred stock was redeemable at our option three years after issuance at a price of 110% of liquidation value plus accrued and unpaid dividends. On September 13, 2011, we provided notice to Berkshire Hathaway that we would redeem the shares for the stated redemption price of $3,300 million, plus accrued and unpaid dividends. In connection with this notice, we recognized a preferred dividend of $806 million (calculated as the difference between the carrying value and redemption value of the preferred stock), which was recorded as a reduction to earnings attributable to common shareowners and common shareowners' equity. The preferred shares were redeemed on October 17, 2011.

GE has 50 million authorized shares of preferred stock ($1.00 par value). No shares were issued and outstanding as of December 31, 2014 and 2013.

SHARES OF GE COMMON STOCK

On December 14, 2012, we increased the existing authorization by $10 billion to $25 billion for our share repurchase program and extended the program (which would have otherwise expired on December 31, 2013) through 2015. On February 12, 2013, we increased the existing authorization by an additional $10 billion resulting in authorization to repurchase up to a total of $35 billion of our common stock through 2015. Under this program, on a book basis, we repurchased shares of 73.6 million, 432.6 million and 248.6 million for a total of $1,901 million, $10,375 million and $5,185 million for the years ended 2014, 2013 and 2012 respectively.

GE's authorized common stock consists of 13,200,000,000 shares having a par value of $0.06 each.

Common shares issued and outstanding are summarized in the following table.

December 31 (In thousands)	2014	2013	2012
Issued	11,693,841	11,693,841	11,693,841
In treasury	(1,636,461)	(1,632,960)	(1,288,216)
Outstanding	10,057,380	10,060,881	10,405,625

ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

(In millions)	2014	2013	2012
Investment securities			
Balance at January 1	$ 307	$ 677	$ (30)
Other comprehensive income (loss) (OCI) before reclassifications – net of deferred taxes of $353, $(407) and $387 (a)	562	(692)	683
Reclassifications from OCI – net of deferred taxes of $84, $222 and $13	146	318	22
Other comprehensive income (loss)(b)	708	(374)	705
Less OCI attributable to noncontrolling interests	2	(4)	(2)
Balance at December 31	$ 1,013	$ 307	$ 677
Currency translation adjustments (CTA)			
Balance at January 1(c)	$ 283	$ 412	$ 133
OCI before reclassifications – net of deferred taxes of $(129), $(613) and $(266)	(2,600)	510	474
Reclassifications from OCI – net of deferred taxes of $213, $793 and $54	(129)	(818)	(174)
Other comprehensive income (loss)(b)	(2,729)	(308)	300
Less OCI attributable to noncontrolling interests	(19)	(22)	21
Balance at December 31	$ (2,427)	$ 126	$ 412
Cash flow hedges			
Balance at January 1(c)	$ (414)	$ (722)	$ (1,176)
OCI before reclassifications – net of deferred taxes of $23, $250 and $392	(610)	738	385
Reclassifications from OCI – net of deferred taxes of $34, $(177) and $(245)	844	(271)	68
Other comprehensive income (loss)(b)	234	467	453
Less OCI attributable to noncontrolling interests	-	2	(1)
Balance at December 31	$ (180)	$ (257)	$ (722)
Benefit plans			
Balance at January 1	$ (9,296)	$ (20,597)	$ (22,901)
Prior service credit (costs) - net of deferred taxes of $219, $(5) and $304	396	(6)	534
Net actuarial gain (loss) – net of deferred taxes of $(5,332), $4,506 and $(574)	(9,849)	8,269	(1,396)
Net curtailment/settlement - net of deferred taxes of $41, $0 and $123	72	-	174
Prior service cost amortization – net of deferred taxes of $241, $267 and $326	349	397	497
Net actuarial loss amortization – net of deferred taxes of $859, $1,343 and $1,278	1,753	2,640	2,490
Other comprehensive income (loss)(b)	(7,279)	11,300	2,299
Less OCI attributable to noncontrolling interests	3	(1)	(5)
Balance at December 31	$ (16,578)	$ (9,296)	$ (20,597)
Accumulated other comprehensive income (loss) at December 31	$ (18,172)	$ (9,120)	$ (20,230)

(a) Includes adjustments of $960 million, $(1,171) million and $527 million in 2014, 2013 and 2012, respectively, to deferred acquisition costs, present value of future profits, and investment contracts, insurance liabilities and insurance annuity benefits in our run-off insurance operations to reflect the effects that would have been recognized had the related unrealized investment securities holding gains and losses actually been realized.

(b) Total other comprehensive income (loss) was $(9,066) million, $11,085 million and $3,757 million in 2014, 2013 and 2012, respectively.

(c) Includes a $157 million reclassification between 2014 opening balances in Currency Translation Adjustments and Cash Flow Hedges.

RECLASSIFICATION OUT OF AOCI

(In millions)	2014	2013	2012	Statement of Earnings Caption
Available-for-sale securities				
Realized gains (losses) on sale/impairment of securities	$ (230)	$ (540)	$ (35)	Other income
	84	222	13	Benefit (provision) for income taxes
	$ (146)	$ (318)	$ (22)	Net of tax
Currency translation adjustments				
Gains (losses) on dispositions	$ (84)	$ 25	$ 120	Costs and expenses
	213	793	54	Benefit (provision) for income taxes
	$ 129	$ 818	$ 174	Net of tax
Cash flow hedges				
Gains (losses) on interest rate derivatives	$ (234)	$ (364)	$ (499)	Interest and other financial charges
Foreign exchange contracts	(666)	564	792	(a)
Other	22	248	(116)	(b)
	(878)	448	177	Total before tax
	34	(177)	(245)	Benefit (provision) for income taxes
	$ (844)	$ 271	$ (68)	Net of tax
Benefit plan items				
Curtailment loss	$ (113)	$ -	$ -	(c)
Amortization of prior service costs	(590)	(664)	(823)	(c)
Amortization of actuarial gains (losses)	(2,612)	(3,983)	(3,768)	(c)
	(3,315)	(4,647)	(4,591)	Total before tax
	1,141	1,610	1,604	Benefit (provision) for income taxes
	$ (2,174)	$ (3,037)	$ (2,987)	Net of tax
Total reclassification adjustments	$ (3,035)	$ (2,266)	$ (2,903)	Net of tax

(a) Included $(607) million, $608 million and $894 million in GECC revenues from services and $(59) million, $(44) million and $(102) million in interest and other financial charges in 2014, 2013 and 2012, respectively.
(b) Primarily recorded in costs and expenses.
(c) Curtailment loss, amortization of prior service costs and actuarial gains and losses out of AOCI are included in the computation of net periodic pension costs. See Note 12 for further information.

NONCONTROLLING INTERESTS

Noncontrolling interests in equity of consolidated affiliates includes common shares in consolidated affiliates and preferred stock issued by our affiliates.

GECC preferred stock is presented as noncontrolling interests in the GE consolidated Statement of Financial Position. GECC preferred stock dividends are presented as noncontrolling interests in the GE consolidated Statement of Earnings. The balance is summarized as follows.

December 31 (In millions)	2014	2013
GECC preferred stock	$ 4,950	$ 4,950
Synchrony Financial	2,531	-
Other noncontrolling interests in consolidated affiliates(a)	1,193	1,267
Total	$ 8,674	$ 6,217

(a) Consisted of a number of individually insignificant noncontrolling interests in partnerships and consolidated affiliates.

CHANGES TO NONCONTROLLING INTERESTS

(In millions)	2014	2013	2012
Beginning balance	$ 6,217	$ 5,444	$ 1,696
Net earnings	183	298	223
GECC issuance of preferred stock	-	990	3,960
GECC preferred stock dividend	(322)	(298)	(123)
Dividends	(74)	(80)	(42)
Dispositions	(81)	(175)	-
Synchrony Financial IPO	2,393	-	-
Other (including AOCI) (a)	358	38	(270)
Ending balance	$ 8,674	$ 6,217	$ 5,444

(a) Includes research & development partner funding arrangements, acquisitions and eliminations.

OTHER

During the second quarter of 2013, GECC issued 10,000 shares of non-cumulative perpetual preferred stock with a $0.01 par value for proceeds of $990 million. The preferred shares bear an initial fixed interest rate of 5.25% through June 15, 2023, bear a floating rate equal to three-month LIBOR plus 2.967% thereafter and are callable on June 15, 2023. Dividends on the GECC preferred stock are payable semiannually, in June and December, with the first payment on this issuance made in December 2013.

During 2012, GECC issued 40,000 shares of non-cumulative perpetual preferred stock with a $0.01 par value for proceeds of $3,960 million. Of these shares, 22,500 bear an initial fixed interest rate of 7.125% through June 15, 2022, bear a floating rate equal to three-month LIBOR plus 5.296% thereafter and are callable on June 15, 2022, and 17,500 shares bear an initial fixed interest rate of 6.25% through December 15, 2022, bear a floating rate equal to three-month LIBOR plus 4.704% thereafter and are callable on December 15, 2022. Dividends on the GECC preferred stock are payable semi-annually, in June and December, with the first payment made in December 2012.

GECC paid quarterly dividends of $2,000 million, $1,930 million and $1,926 million and special dividends of $1,000 million, $4,055 million and $4,500 million to GE for the years ended 2014, 2013 and 2012, respectively.

NOTE 16. OTHER STOCK-RELATED INFORMATION

We grant stock options, restricted stock units (RSUs) and performance share units (PSUs) to employees under the 2007 Long-Term Incentive Plan. This plan replaced the 1990 Long-Term Incentive Plan. In addition, we grant options and RSUs in limited circumstances to consultants, advisors and independent contractors under a plan approved by our Board of Directors in 1997 (the Consultants' Plan). Share requirements for all plans may be met from either unissued or treasury shares. Stock options expire 10 years from the date they are granted and vest over service periods that range from one to five years. RSUs give the recipients the right to receive shares of our stock upon the vesting of their related restrictions. Restrictions on RSUs vest in various increments and at various dates, beginning after one year from date of grant through grantee retirement. Although the plan permits us to issue RSUs settleable in cash, we have only issued RSUs settleable in shares of our stock. PSUs give recipients the right to receive shares of our stock upon the achievement of certain performance targets.

All grants of GE options under all plans must be approved by the Management Development and Compensation Committee, which consists entirely of independent directors.

STOCK COMPENSATION PLANS

December 31, 2014 (Shares in thousands)	Securities to be issued upon exercise		Weighted average exercise price	Securities available for future issuance
Approved by shareowners				
Options	500,948	$	20.92	(a)
RSUs	14,896		(b)	(a)
PSUs	1,000		(b)	(a)
Not approved by shareowners (Consultants' Plan)				
Options	338		25.32	(c)
RSUs	-		(b)	(c)
Total	517,182	$	20.92	327,525

(a) In 2007, the Board of Directors approved the 2007 Long-Term Incentive Plan (the Plan), which replaced the 1990 Long-Term Incentive Plan. During 2012, an amendment was approved to increase the number of shares authorized for issuance under the Plan from 500 million shares to 925 million shares. No more than 230 million of the total number of authorized shares may be available for awards granted in any form provided under the Plan other than options or stock appreciation rights. Total shares available for future issuance under the Plan amounted to 299.3 million shares at December 31, 2014.

(b) Not applicable.

(c) Total shares available for future issuance under the Consultants' Plan amount to 28.2 million shares.

Outstanding options expire on various dates through December 12, 2024.

The following table summarizes information about stock options outstanding at December 31, 2014.

STOCK OPTIONS OUTSTANDING

	Outstanding				Exercisable		
Exercise price range	Shares (In thousands)	Average life(a)		Average exercise price	Shares (In thousands)		Average exercise price
Under $10.00	28,484	3.9	$	9.57	28,484	$	9.57
10.01-15.00	46,905	4.2		11.98	46,905		11.98
15.01-20.00	158,534	5.7		17.46	113,286		17.32
20.01-25.00	132,295	7.9		22.55	50,587		22.25
25.01-30.00	100,668	8.5		26.51	19,039		28.22
30.01-35.00	21,712	1.2		34.10	21,712		34.10
Over $35.00	12,688	2.4		38.67	12,688		38.57
Total	501,286	6.3	$	20.92	292,701	$	19.44

(a) Weighted average contractual life remaining in years.

At year-end 2013, options with a weighted average exercise price of $20.15 were exercisable on 254 million shares.

STOCK OPTION ACTIVITY

	Shares (In thousands)		Weighted average exercise price	Weighted average remaining contractual term (In years)		Aggregate intrinsic value (In millions)
Outstanding at January 1, 2014	473,611	$	20.02			
Granted	82,142		26.11			
Exercised	(30,433)		14.42			
Forfeited	(7,414)		21.89			
Expired	(16,620)		32.40			
Outstanding at December 31, 2014	501,286	$	20.92	6.3	$	2,668
Exercisable at December 31, 2014	292,701	$	19.44	4.9	$	2,124
Options expected to vest	189,186	$	22.97	8.3	$	496

We measure the fair value of each stock option grant at the date of grant using a Black-Scholes option pricing model. The weighted average grant-date fair value of options granted during 2014, 2013 and 2012 was $5.26, $4.52 and $3.80, respectively. The following assumptions were used in arriving at the fair value of options granted during 2014, 2013 and 2012, respectively: risk-free interest rates of 2.3%, 2.5% and 1.3%; dividend yields of 3.1%, 4.0% and 4.0%; expected volatility of 26%, 28% and 29%; and expected lives of 7.3 years, 7.5 years and 7.8 years. Risk-free interest rates reflect the yield on zero-coupon U.S. Treasury securities. Expected dividend yields presume a set dividend rate and we used a historical five-year average for the dividend yield. Expected volatilities are based on implied volatilities from traded options and historical volatility of our stock. The expected option lives are based on our historical experience of employee exercise behavior.

The total intrinsic value of options exercised during 2014, 2013 and 2012 amounted to $360 million, $392 million and $265 million, respectively. As of December 31, 2014, there was $739 million of total unrecognized compensation cost related to non-vested options. That cost is expected to be recognized over a weighted average period of 2 years, of which approximately $185 million after tax is expected to be recognized in 2015.

Stock option expense recognized in net earnings during 2014, 2013 and 2012 amounted to $215 million, $231 million and $220 million, respectively. Cash received from option exercises during 2014, 2013 and 2012 was $439 million, $490 million and $355 million, respectively. The tax benefit realized from stock options exercised during 2014, 2013 and 2012 was $118 million, $128 million and $88 million, respectively.

OTHER STOCK-BASED COMPENSATION

	Shares (In thousands)		Weighted average grant date fair value	Weighted average remaining contractual term (In years)		Aggregate intrinsic value (In millions)
RSUs outstanding at January 1, 2014	13,572	$	22.58			
Granted	5,016		26.08			
Vested	(3,305)		21.70			
Forfeited	(387)		22.31			
RSUs outstanding at December 31, 2014	14,896	$	24.00	2.5	$	376
RSUs expected to vest	13,667	$	21.94	2.2	$	345

The fair value of each restricted stock unit is the market price of our stock on the date of grant. The weighted average grant date fair value of RSUs granted during 2014, 2013 and 2012 was $26.08, $24.54 and $20.79, respectively. The total intrinsic value of RSUs vested during 2014, 2013 and 2012 amounted to $86 million, $109 million and $116 million, respectively. As of December 31, 2014, there was $233 million of total unrecognized compensation cost related to non-vested RSUs. That cost is expected to be recognized over a weighted average period of 2 years, of which approximately $54 million after tax is expected to be recognized in 2015. As of December 31, 2014, 1 million PSUs with a weighted average remaining contractual term of 1.5 years, an aggregate intrinsic value of $25 million and $9 million of unrecognized compensation cost were outstanding. Other share-based compensation expense for RSUs and PSUs recognized in net earnings amounted to $56 million, $62 million and $79 million in 2014, 2013 and 2012, respectively.

The income tax benefit recognized in earnings based on the compensation expense recognized for all share-based compensation arrangements amounted to $147 million, $145 million and $153 million in 2014, 2013 and 2012, respectively. The excess of actual tax deductions over amounts assumed, which are recognized in shareowners' equity, were $86 million $86 million and $53 million in 2014, 2013 and 2012, respectively.

When stock options are exercised and restricted stock vests, the difference between the assumed tax benefit and the actual tax benefit must be recognized in our financial statements. In circumstances in which the actual tax benefit is lower than the estimated tax benefit, that difference is recorded in equity, to the extent there are sufficient accumulated excess tax benefits. At December 31, 2014, our accumulated excess tax benefits are sufficient to absorb any future differences between actual and estimated tax benefits for all of our outstanding option and restricted stock grants.

NOTE 17. OTHER INCOME

(In millions)		2014		2013		2012
GE						
Licensing and royalty income	$	288	$	320	$	290
Purchases and sales of business interests(a)		188		1,750		574
Associated companies(b)		176		40		1,545
Net interest and investment income(c)		(77)		116		196
Other items(d)		132		660		52
		707		2,886		2,657
Eliminations		71		222		(94)
Total	$	778	$	3,108	$	2,563

(a) Included a pre-tax gain of $1,096 million on the sale of our 49% common equity interest in NBCU LLC in 2013. See Note 2.

(b) Included income of $1,416 million from our former equity method investment in NBCU LLC in 2012.

(c) Included other-than-temporary impairments on investment securities of $217 million in 2014.

(d) Included net gains on asset sales of $127 million in 2014 and $357 million in 2013.

NOTE 18. GECC REVENUES FROM SERVICES

(In millions)	2014	2013	2012
Interest on loans	$ 17,324	$ 17,951	$ 18,843
Equipment leased to others	9,940	9,804	10,456
Fees	4,618	4,720	4,709
Investment income(a)	2,271	1,809	2,630
Financing leases	1,416	1,667	1,888
Associated companies(b)	1,182	1,809	1,538
Premiums earned by insurance activities	1,509	1,573	1,715
Real estate investments(c)	1,727	2,528	1,709
Other items(a)(d)	2,617	2,080	1,757
	42,604	43,941	45,245
Eliminations	(1,551)	(1,546)	(1,273)
Total	$ 41,053	$ 42,395	$ 43,972

(a) Included net other-than-temporary impairments on investment securities of $(173) million, $(747) million and $(140) million in 2014, 2013 and 2012, respectively, of which $96 million related to the impairment of an investment in a Brazilian company that was fully offset by the benefit of a guarantee provided by GE reflected as a component in other items for 2013. See Note 3.

(b) During 2013, we sold our remaining equity interest in the Bank of Ayudhya (Bay Bank) and recorded a pre-tax gain of $641 million. During 2012, we sold our remaining equity interest in Garanti Bank, which was classified as an available-for-sale security.

(c) During 2013, we sold real estate comprising certain floors located at 30 Rockefeller Center, New York for a pre-tax gain of $902 million.

(d) During 2014, we sold GEMB-Nordic and recorded a pre-tax gain of $473 million. During 2013, we sold a portion of Cembra through an initial public offering and recorded a pre-tax gain of $351 million.

NOTE 19. SUPPLEMENTAL COST INFORMATION

RESEARCH & DEVELOPMENT

We conduct research and development (R&D) activities to continually enhance our existing products and services, develop new product and services to meet our customer's changing needs and requirements, and address new market opportunities.

Research and development expenses are classified in cost of goods sold in the Statement of Earnings. In addition, research and development funding from customers, principally the U.S. government, is recorded as an offset to cost of goods sold. We also enter into research and development arrangements with unrelated investors, which are generally formed through partnerships. Research and development funded by investors is classified within net earnings/loss attributable to noncontrolling interests.

(In millions)	2014	2013	2012
Total R&D	$ 5,273	$ 5,461	$ 5,200
Less customer funded R&D (principally the U.S. Government)	(721)	(711)	(680)
Less partner funded R&D	(319)	(107)	(6)
GE funded R&D	$ 4,233	$ 4,643	$ 4,514

CONSOLIDATED OTHER COSTS AND EXPENSES

Consolidated other costs and expenses consists of selling, general and administrative costs (SG&A), depreciation and amortization and other operating costs.

CONSOLIDATED OTHER COSTS AND EXPENSES

(In millions)	2014	2013	2012
GE SG&A	$ 14,971	$ 16,105	$ 17,671
GECC operating and administrative costs	13,053	12,463	12,023
GECC depreciation and amortization	6,859	7,313	6,901
	34,883	35,881	36,595
Eliminations	(857)	(738)	(698)
Total	$ 34,026	$ 35,143	$ 35,897

COLLABORATIVE ARRANGEMENTS

Our businesses enter into collaborative arrangements primarily with manufacturers and suppliers of components used to build and maintain certain engines, under which GE and these participants share in risks and rewards of these product programs. GE's payments to participants are recorded as cost of services sold ($873 million, $820 million and $594 million for the years 2014, 2013 and 2012, respectively) or as cost of goods sold ($2,660 million, $2,613 million and $2,507 million for the years 2014, 2013 and 2012, respectively).

RENTAL EXPENSE

Rental expense under operating leases is shown below.

(In millions)	2014	2013	2012
GE	$ 1,186	$ 1,220	$ 1,134
GECC	382	428	539
	1,568	1,648	1,673
Eliminations	(149)	(135)	(142)
Total	$ 1,419	$ 1,513	$ 1,531

At December 31, 2014, minimum rental commitments under noncancellable operating leases aggregated $2,870 million and $1,420 million for GE and GECC, respectively. Amounts payable over the next five years follow.

(In millions)	2015	2016	2017	2018	2019
GE	$ 634	$ 528	$ 432	$ 371	$ 337
GECC	238	203	177	141	120
	872	731	609	512	457
Eliminations	(73)	(44)	(28)	(20)	(18)
Total	$ 799	$ 687	$ 581	$ 492	$ 439

NOTE 20. EARNINGS PER SHARE INFORMATION

(In millions; per-share amounts in dollars)	2014 Diluted	2014 Basic	2013 Diluted	2013 Basic	2012 Diluted	2012 Basic
Amounts attributable to the Company:						
Consolidated						
Earnings from continuing operations attributable to common shareowners for per-share calculation(a)(b)	$ 15,325	$ 15,324	$ 15,145	$ 15,157	$ 14,604	$ 14,603
Earnings (loss) from discontinued operations for per-share calculation(a)(b)	(111)	(111)	(2,128)	(2,116)	(980)	(980)
Net earnings attributable to GE common shareowners for per-share calculation(a)(b)	$ 15,213	$ 15,212	$ 13,028	$ 13,040	$ 13,622	$ 13,622
Average equivalent shares						
Shares of GE common stock outstanding	10,045	10,045	10,222	10,222	10,523	10,523
Employee compensation-related shares (including stock options) and warrants	78	-	67	-	41	-
Total average equivalent shares	10,123	10,045	10,289	10,222	10,564	10,523
Per-share amounts						
Earnings from continuing operations	$ 1.51	$ 1.53	$ 1.47	$ 1.48	$ 1.38	$ 1.39
Earnings (loss) from discontinued operations	(0.01)	(0.01)	(0.21)	(0.21)	(0.09)	(0.09)
Net earnings	1.50	1.51	1.27	1.28	1.29	1.29

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. Application of this treatment has an insignificant effect.

(a) Included an insignificant amount of dividend equivalents in each of the three years presented.
(b) Included in 2013 is a dilutive adjustment for the change in income for forward purchase contracts that may be settled in stock.

For the years ended December 31, 2014, 2013 and 2012, there were approximately 98 million, 121 million and 292 million, respectively, of outstanding stock awards that were not included in the computation of diluted earnings per share because their effect was antidilutive.

Earnings-per-share amounts are computed independently for earnings from continuing operations, earnings (loss) from discontinued operations and net earnings. As a result, the sum of per-share amounts from continuing operations and discontinued operations may not equal the total per-share amounts for net earnings.

NOTE 21. FAIR VALUE MEASUREMENTS

RECURRING FAIR VALUE MEASUREMENTS

Our assets and liabilities measured at fair value on a recurring basis include investment securities primarily supporting obligations to annuitants and policyholders in our run-off insurance operations and supporting obligations to holders of GICs in Trinity and investment securities held in our CLL business collateralized by senior secured loans of high-quality, middle-market companies in a variety of industries.

ASSETS AND LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING BASIS

(In millions)	Level 1(a)	Level 2(a)	Level 3	Netting adjustment(b)	Net balance
December 31, 2014					
Assets					
Investment securities					
Debt					
U.S. corporate	$ -	$ 20,659	$ 3,140	$ -	$ 23,799
State and municipal	-	5,171	578	-	5,749
Residential mortgage-backed	-	1,709	16	-	1,725
Commercial mortgage-backed	-	3,054	9	-	3,063
Asset-backed(c)	-	343	7,575	-	7,918
Corporate – non-U.S.	-	681	796	-	1,477
Government – non-U.S.	56	1,738	2	-	1,796
U.S. government and federal agency	-	1,747	266	-	2,013
Retained interests	-	-	24	-	24
Equity					
Available-for-sale	293	19	9	-	321
Trading	20	2	-	-	22
Derivatives(d)	-	10,038	144	(7,605)	2,577
Other(e)	-	-	324	-	324
Total	$ 369	$ 45,161	$ 12,883	$ (7,605)	$ 50,808
Liabilities					
Derivatives	$ -	$ 4,971	$ 18	$ (4,407)	$ 582
Other(f)	-	1,180	-	-	1,180
Total	$ -	$ 6,151	$ 18	$ (4,407)	$ 1,762
December 31, 2013					
Assets					
Investment securities					
Debt					
U.S. corporate	$ -	$ 18,788	$ 2,953	$ -	$ 21,741
State and municipal	-	4,193	96	-	4,289
Residential mortgage-backed	-	1,824	86	-	1,910
Commercial mortgage-backed	-	3,025	10	-	3,035
Asset-backed(c)	-	489	6,898	-	7,387
Corporate – non-U.S.	61	645	1,064	-	1,770
Government – non-U.S.	1,590	789	31	-	2,410
U.S. government and federal agency	-	545	225	-	770
Retained interests	-	-	72	-	72
Equity					
Available-for-sale	475	31	11	-	517
Trading	78	2	-	-	80
Derivatives(d)	-	8,304	175	(6,739)	1,740
Other(e)	-	-	494	-	494
Total	$ 2,204	$ 38,635	$ 12,115	$ (6,739)	$ 46,215
Liabilities					
Derivatives	$ -	$ 5,409	$ 20	$ (4,355)	$ 1,074
Other(f)	-	1,170	-	-	1,170
Total	$ -	$ 6,579	$ 20	$ (4,355)	$ 2,244

(a) Included $487 million of Government – non-U.S. and $13 million of Corporate – non-U.S. available-for-sale debt securities transferred from Level 1 to Level 2 primarily attributable to changes in market observable data during 2014. The fair value of securities transferred between Level 1 and Level 2 was $2 million during 2013.

(b) The netting of derivative receivables and payables (including the effects of any collateral posted or received) is permitted when a legally enforceable master netting agreement exists.

(c) Includes investments in our CLL business in asset-backed securities collateralized by senior secured loans of high-quality, middle-market companies in a variety of industries.

(d) The fair value of derivatives includes an adjustment for non-performance risk. The cumulative adjustment was a gain (loss) of $9 million and $(7) million at December 31, 2014 and 2013, respectively. See Note 22 for additional information on the composition of our derivative portfolio.

(e) Includes private equity investments and loans designated under the fair value option.

(f) Primarily represented the liability associated with certain of our deferred incentive compensation plans.

LEVEL 3 INSTRUMENTS

The majority of our Level 3 balances consist of investment securities classified as available-for-sale with changes in fair value recorded in shareowners' equity.

CHANGES IN LEVEL 3 INSTRUMENTS FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

(In millions)	Balance at January 1	Net realized/ unrealized gains (losses) Included in earnings(a)	Net realized/ unrealized gains (losses) included in AOCI	Purchases	Sales	Settlements	Transfers into Level 3(b)	Transfers out of Level 3(b)	Balance at December 31	Net change in unrealized gains (losses) relating to instruments still held at December 31(c)
2014										
Investment securities										
Debt										
U.S. corporate	$ 2,953	$ 22	$ 121	$ 550	$ (234)	$ (284)	$ 175	$ (163)	$ 3,140	$ -
State and municipal	96	-	38	18	(36)	(10)	472	-	578	-
RMBS	86	-	2	-	(16)	(9)	-	(47)	16	-
CMBS	10	-	-	-	-	(3)	2	-	9	-
ABS	6,898	3	(206)	2,249	-	(1,359)	-	(10)	7,575	-
Corporate – non-U.S.	1,064	30	3	1,019	(269)	(1,033)	1	(19)	796	-
Government – non-U.S.	31	-	-	-	-	-	2	(31)	2	-
U.S. government and federal agency	225	-	34	-	-	-	9	(2)	266	-
Retained interests	72	29	(4)	3	(66)	(10)	-	-	24	-
Equity										
Available-for-sale	11	-	-	2	(2)	-	-	(2)	9	-
Derivatives(d)(e)	164	60	1	5	-	(93)	2	(1)	138	(26)
Other	494	86	-	646	(617)	(6)	-	(279)	324	73
Total	$ 12,104	$ 230	$ (11)	$ 4,492	$ (1,240)	$ (2,807)	$ 663	$ (554)	$ 12,877	$ 47
2013										
Investment securities										
Debt										
U.S. corporate	$ 3,591	$ (497)	$ 135	$ 380	$ (424)	$ (231)	$ 108	$ (109)	$ 2,953	$ -
State and municipal	77	-	(7)	21	-	(5)	10	-	96	-
RMBS	100	-	(5)	-	(2)	(7)	-	-	86	-
CMBS	6	-	-	-	-	(6)	10	-	10	-
ABS	5,023	5	32	2,632	(4)	(795)	12	(7)	6,898	-
Corporate – non-U.S.	1,218	(103)	49	5,814	(3)	(5,874)	21	(58)	1,064	-
Government – non-U.S.	42	1	(12)	-	-	-	-	-	31	-
U.S. government and federal agency	277	-	(52)	-	-	-	-	-	225	-
Retained interests	83	3	1	6	-	(21)	-	-	72	-
Equity										
Available-for-sale	13	-	-	-	-	-	-	(2)	11	-
Derivatives(d)(e)	416	43	2	(2)	-	(335)	37	3	164	(30)
Other	799	(68)	12	538	(779)	-	4	(12)	494	(102)
Total	$ 11,645	$ (616)	$ 155	$ 9,389	$ (1,212)	$ (7,274)	$ 202	$ (185)	$ 12,104	$ (132)

(a) Earnings effects are primarily included in the "GECC revenues from services" and "Interest and other financial charges" captions in the Statement of Earnings.

(b) Transfers in and out of Level 3 are considered to occur at the beginning of the period. Transfers out of Level 3 were primarily a result of increased use of quotes from independent pricing vendors based on recent trading activity.

(c) Represents the amount of unrealized gains or losses for the period included in earnings.

(d) Represents derivative assets net of derivative liabilities and included cash accruals of $12 million and $9 million not reflected in the fair value hierarchy table during 2014 and 2013, respectively.

(e) Gains (losses) included in net realized/unrealized gains (losses) included in earnings were offset by the earnings effects from the underlying items that were economically hedged. See Note 22.

NON-RECURRING FAIR VALUE MEASUREMENTS

The following table represents non-recurring fair value amounts (as measured at the time of the adjustment) for those assets remeasured to fair value on a non-recurring basis during the fiscal year and still held at December 31, 2014 and 2013.

	Remeasured during the years ended December 31			
	2014		2013	
(In millions)	Level 2	Level 3	Level 2	Level 3
Financing receivables and loans held for sale	$ 49	$ 1,430	$ 210	$ 2,986
Cost and equity method investments(a)	11	404	-	690
Long-lived assets, including real estate	364	1,253	2,050	1,088
Total	$ 424	$ 3,087	$ 2,260	$ 4,764

The following table represents the fair value adjustments to assets measured at fair value on a non-recurring basis and still held at December 31, 2014 and 2013.

	Years ended December 31	
(In millions)	2014	2013
Financing receivables and loans held for sale	$ (317)	$ (361)
Cost and equity method investments	(388)	(484)
Long-lived assets, including real estate	(794)	(1,188)
Total	$ (1,499)	$ (2,033)

LEVEL 3 MEASUREMENTS - SIGNIFICANT UNOBSERVABLE INPUTS

(Dollars in millions)	Fair value	Valuation technique	Unobservable inputs	Range (weighted average)
December 31, 2014				
Recurring fair value measurements				
Investment securities – Debt				
U.S. corporate	$ 980	Income approach	Discount rate(a)	1.5%-14.8% (6.6%)
State and municipal	481	Income approach	Discount rate(a)	1.9%-5.9% (2.8%)
Asset-backed	7,554	Income approach	Discount rate(a)	2.2%-12.4% (5.0%)
Corporate – non-U.S.	724	Income approach	Discount rate(a)	0.4%-14.7% (7.6%)
Other financial assets	165	Income approach,	EBITDA multiple	5.4X-9.1X (7.7X)
		Market comparables	Discount rate(a)	4.2%-4.7% (4.3%)
			Capitalization rate(b)	6.5%-7.8% (7.7%)
Non-recurring fair value measurements				
Financing receivables and loans held for sale	$ 666	Income approach,	Capitalization rate(b)	6.9%-11.0% (7.8%)
		Business enterprise value	EBITDA multiple	4.3X-6.5X (6.2X)
Cost and equity method investments	346	Income approach,	Discount rate(a)	8.0%-10.0% (9.4%)
		Business enterprise	Capitalization rate(b)	6.4%-6.4% (6.4%)
		value, Market comparables	EBITDA multiple	1.8X-10.5X (7.0X)
Long-lived assets, including real estate	932	Income approach	Capitalization rate(b)	6.3%-15.3% (6.8%)
			Discount rate(a)	2.0%-19.0% (6.8%)
December 31, 2013				
Recurring fair value measurements				
Investment securities – Debt				
U.S. corporate	$ 898	Income approach	Discount rate(a)	1.5%-13.3% (6.5%)
Asset-backed	6,854	Income approach	Discount rate(a)	1.2%-10.5%(3.7%)
Corporate – non-U.S.	819	Income approach	Discount rate(a)	1.4%-46.0%(15.1%)
Other financial assets	381	Income approach,	WACC(c)	9.3%-9.3% (9.3%)
		Market comparables	EBITDA multiple	5.4X-12.5X(9.5X)
			Discount rate(a)	5.2%-8.8%(5.3%)
			Capitalization rate(b)	6.3%-7.5%(7.2%)
Non-recurring fair value measurements				
Financing receivables and loans held for sale	$ 1,937	Income approach,	Capitalization rate(b)	5.5%-16.7%(8.0%)
		Business enterprise value	EBITDA multiple	4.3X-5.5X(4.8X)
			Discount rate(a)	6.6%-6.6% (6.6%)
Cost and equity method investments	102	Income approach,	Discount rate(a)	5.7%-5.9%(5.8%)
		Market comparables	Capitalization rate(b)	8.5%-10.6% (10.0%)
			WACC(c)	9.3%-9.6%(9.4%)
			EBITDA multiple	7.1X-14.5X(11.3X)
			Revenue multiple	2.2X-12.6X(9.4X)
Long-lived assets, including real estate	694	Income approach	Capitalization rate(b)	5.4%-14.5%(7.8%)
			Discount rate(a)	4.0%-23.0%(9.0%)

(a) Discount rates are determined based on inputs that market participants would use when pricing investments, including credit and liquidity risk. An increase in the discount rate would result in a decrease in the fair value.

(b) Represents the rate of return on net operating income that is considered acceptable for an investor and is used to determine a property's capitalized value. An increase in the capitalization rate would result in a decrease in the fair value.

(c) Weighted average cost of capital (WACC).

At December 31, 2014 and 2013, other Level 3 recurring fair value measurements of $2,694 million and $2,816 million, respectively, and non-recurring measurements of $1,035 million and $1,460 million, respectively, are valued using non-binding broker quotes or other third-party sources. At December 31, 2014 and 2013, other recurring fair value measurements of $267 million and $327 million, respectively, and non-recurring fair value measurements of $108 million and $571 million, respectively, were individually insignificant and utilize a number of different unobservable inputs not subject to meaningful aggregation.

NOTE 22. FINANCIAL INSTRUMENTS

The following table provides information about assets and liabilities not carried at fair value. The table excludes finance leases and non-financial assets and liabilities. Substantially all of the assets discussed below are considered to be Level 3. The vast majority of our liabilities' fair value can be determined based on significant observable inputs and thus considered Level 2. Few of the instruments are actively traded and their fair values must often be determined using financial models. Realization of the fair value of these instruments depends upon market forces beyond our control, including marketplace liquidity.

	2014			2013		
		Assets (liabilities)			Assets (liabilities)	
December 31 (In millions)	Notional amount	Carrying amount (net)	Estimated fair value	Notional amount	Carrying amount (net)	Estimated fair value
GE						
Assets						
Investments and notes receivable	$ (a)	$ 502	$ 551	$ (a)	$ 488	$ 512
Liabilities						
Borrowings(b)	(a)	(16,340)	(17,503)	(a)	(13,356)	(13,707)
GECC						
Assets						
Loans	(a)	212,719	217,662	(a)	226,293	230,792
Other commercial mortgages	(a)	3,520	3,600	(a)	2,270	2,281
Loans held for sale	(a)	1,801	1,826	(a)	512	512
Other financial instruments(c)	(a)	691	1,015	(a)	1,622	2,203
Liabilities						
Borrowings and bank deposits(b)(d)	(a)	(349,548)	(366,256)	(a)	(371,062)	(386,823)
Investment contract benefits	(a)	(2,970)	(3,565)	(a)	(3,144)	(3,644)
Guaranteed investment contracts	(a)	(1,000)	(1,031)	(a)	(1,471)	(1,459)
Insurance – credit life(e)	1,843	(90)	(77)	2,149	(108)	(94)

(a) These financial instruments do not have notional amounts.

(b) See Note 10.

(c) Principally comprises cost method investments.

(d) Fair values exclude interest rate and currency derivatives designated as hedges of borrowings. Had they been included, the fair value of borrowings at December 31, 2014 and 2013 would have been reduced by $5,020 million and $2,284 million, respectively.

(e) Net of reinsurance of $964 million and $1,250 million at December 31, 2014 and 2013, respectively.

A description of how we estimate fair values follows:

Loans. Based on a discounted future cash flows methodology, using current market interest rate data adjusted for inherent credit risk or quoted market prices and recent transactions, if available.

Borrowings and bank deposits. Based on valuation methodologies using current market interest rate data that are comparable to market quotes adjusted for our non-performance risk.

Investment contract benefits. Based on expected future cash flows, discounted at currently offered rates for immediate annuity contracts or the income approach for single premium deferred annuities.

Guaranteed investment contracts. Based on valuation methodologies using current market interest rate data, adjusted for our non-performance risk.

Insurance – credit life. Certain insurance affiliates, primarily in Consumer, issue credit life insurance designed to pay the balance due on a loan if the borrower dies before the loan is repaid. As part of our overall risk management process, we cede to third parties a portion of this associated risk, but are not relieved of our primary obligation to the policy holders.

All other instruments. Based on observable market transaction and/or valuation methodologies using current market interest rate data adjusted for inherent credit risk.

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.

Additional information about Notional Amounts of Loan Commitments follows.

NOTIONAL AMOUNTS OF LOAN COMMITMENTS

December 31 (In millions)	2014	2013
Ordinary course of business lending commitments(a)	$ 4,282	$ 4,756
Unused revolving credit lines(b)		
Commercial(c)	14,681	16,570
Consumer – principally credit cards	306,188	290,662

(a) Excluded investment commitments of $980 million and $1,395 million at December 31, 2014 and 2013, respectively.

(b) Excluded amounts related to inventory financing arrangements, which may be withdrawn at our option, of $15,041 million and $13,502 million at December 31, 2014 and 2013, respectively.

(c) Included amounts related to commitments of $10,509 million and $11,629 million at December 31, 2014 and 2013, respectively, associated with secured financing arrangements that could have increased to a maximum of $12,353 million and $14,590 million at December 31, 2014 and 2013, respectively, based on asset volume under the arrangement.

SECURITIES REPURCHASE AND REVERSE REPURCHASE ARRANGEMENTS

Our issuances of securities repurchase agreements are insignificant and are limited to activities at certain of our foreign banks primarily for purposes of liquidity management. At December 31, 2014, we were party to repurchase agreements totaling $169 million, which were reported in short-term borrowings on the financial statements. No repurchase agreements were accounted for as off-book financing and we do not engage in securities lending transactions.

We also enter into reverse securities repurchase agreements, primarily for short-term investment with maturities of 90 days or less. At December 31, 2014, we were party to reverse repurchase agreements totaling $11.5 billion, which were reported in cash and equivalents on the financial statements. Under these reverse securities repurchase agreements, we typically lend available cash at a specified rate of interest and hold U.S. or highly-rated European government securities as collateral during the term of the agreement. Collateral value is in excess of amounts loaned under the agreements.

DERIVATIVES AND HEDGING

As a matter of policy, we use derivatives for risk management purposes and we do not use derivatives for speculative purposes. A key risk management objective for our financial services businesses is to mitigate interest rate and currency risk by seeking to ensure that the characteristics of the debt match the assets they are funding. If the form (fixed versus floating) and currency denomination of the debt we issue do not match the related assets, we typically execute derivatives to adjust the nature and tenor of funding to meet this objective within pre-defined limits. The determination of whether we enter into a derivative transaction or issue debt directly to achieve this objective depends on a number of factors, including market related factors that affect the type of debt we can issue.

The notional amounts of derivative contracts represent the basis upon which interest and other payments are calculated and are reported gross, except for offsetting foreign currency forward contracts that are executed in order to manage our currency risk of net investment in foreign subsidiaries. Of the outstanding notional amount of $297,000 million, approximately 87% or $258,000 million, is associated with reducing or eliminating the interest rate, currency or market risk between financial assets and liabilities in our financial services businesses. The remaining derivative activities primarily relate to hedging against adverse changes in currency exchange rates and commodity prices related to anticipated sales and purchases and contracts containing certain clauses that meet the accounting definition of a derivative. The instruments used in these activities are designated as hedges when practicable. When we are not able to apply hedge accounting, or when the derivative and the hedged item are both recorded in earnings concurrently, the derivatives are deemed economic hedges and hedge accounting is not applied. This most frequently occurs when we hedge a recognized foreign currency transaction (e.g., a receivable or payable) with a derivative. Since the effects of changes in exchange rates are reflected concurrently in earnings for both the derivative and the transaction, the economic hedge does not require hedge accounting.

FAIR VALUE OF DERIVATIVES

	2014		2013	
December 31 (In millions)	Assets	Liabilities	Assets	Liabilities
Derivatives accounted for as hedges				
Interest rate contracts	$ 5,859	$ 461	$ 3,837	$ 1,989
Currency exchange contracts	2,579	884	1,830	984
Other contracts	-	2	1	-
	8,438	1,347	5,668	2,973
Derivatives not accounted for as hedges				
Interest rate contracts	276	137	270	169
Currency exchange contracts	1,212	3,450	2,257	2,245
Other contracts	256	55	284	42
	1,744	3,642	2,811	2,456
Gross derivatives recognized in statement of financial position				
Gross derivatives	10,182	4,989	8,479	5,429
Gross accrued interest	1,401	(18)	1,227	241
	11,583	4,971	9,706	5,670
Amounts offset in statement of financial position				
Netting adjustments(a)	(3,896)	(3,905)	(4,120)	(4,113)
Cash collateral(b)	(3,709)	(502)	(2,619)	(242)
	(7,605)	(4,407)	(6,739)	(4,355)
Net derivatives recognized in statement of financial position				
Net derivatives	3,978	564	2,967	1,315
Amounts not offset in statement of financial position				
Securities held as collateral(c)	(3,361)	-	(1,962)	-
Net amount	$ 617	$ 564	$ 1,005	$ 1,315

Derivatives are classified in the captions “All other assets” and “All other liabilities” and the related accrued interest is classified in “Other GECC receivables” and “All other liabilities” in our financial statements.

(a) 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. At December 31, 2014 and 2013, the cumulative adjustment for non-performance risk was a gain (loss) of $9 million and $(7) million, respectively.

(b) Excluded excess cash collateral received and posted of $63 million and $211 million, and $160 million and $37 million at December 31, 2014 and 2013, respectively.

(c) Excluded excess securities collateral received of $224 million and $363 million at December 31, 2014 and 2013, respectively.

FAIR VALUE HEDGES

We use interest rate and currency exchange derivatives to hedge the fair value effects of interest rate and currency exchange rate changes on local and non-functional currency denominated fixed-rate debt. For relationships designated as fair value hedges, changes in fair value of the derivatives are recorded in earnings within interest and other financial charges, along with offsetting adjustments to the carrying amount of the hedged debt.

EARNINGS EFFECTS OF FAIR VALUE HEDGING RELATIONSHIPS

	2014		2013	
(In millions)	Gain (loss) on hedging derivatives	Gain (loss) on hedged items	Gain (loss) on hedging derivatives	Gain (loss) on hedged items
Interest rate contracts	$ 3,898	$ (3,973)	$ (5,258)	$ 5,180
Currency exchange contracts	(19)	17	(7)	6

Fair value hedges resulted in $(77) million and $(79) million of ineffectiveness in 2014 and 2013, respectively. In both 2014 and 2013, there were insignificant amounts excluded from the assessment of effectiveness.

CASH FLOW HEDGES

We use interest rate, currency exchange and commodity derivatives to reduce the variability of expected future cash flows associated with variable rate borrowings and commercial purchase and sale transactions, including commodities. For derivatives that are designated in a cash flow hedging relationship, the effective portion of the change in fair value of the derivative is reported as a component of AOCI and reclassified into earnings contemporaneously and in the same caption with the earnings effects of the hedged transaction.

	Gain (loss) recognized in AOCI		Gain (loss) reclassified from AOCI into earnings	
(In millions)	2014	2013	2014	2013
Interest rate contracts	$ (1)	$ (26)	$ (234)	$ (364)
Currency exchange contracts	(541)	941	(641)	817
Commodity contracts	(4)	(6)	(3)	(5)
Total(a)	$ (546)	$ 909	$ (878)	$ 448

(a) Gain (loss) is recorded in GECC revenues from services, interest and other financial charges, and other costs and expenses when reclassified to earnings.

The total pre-tax amount in AOCI related to cash flow hedges of forecasted transactions was a $213 million loss at December 31, 2014. We expect to transfer $212 million to earnings as an expense in the next 12 months contemporaneously with the earnings effects of the related forecasted transactions. In both 2014 and 2013, we recognized insignificant gains and losses related to hedged forecasted transactions and firm commitments that did not occur by the end of the originally specified period. At December 31, 2014 and 2013, the maximum term of derivative instruments that hedge forecasted transactions was 18 years and 19 years, respectively. See Note15 for additional information about reclassifications out of AOCI.

For cash flow hedges, the amount of ineffectiveness in the hedging relationship and amount of the changes in fair value of the derivatives that are not included in the measurement of ineffectiveness were insignificant for each reporting period.

NET INVESTMENT HEDGES IN FOREIGN OPERATIONS

We use currency exchange derivatives to protect our net investments in global operations conducted in non-U.S. dollar currencies. For derivatives that are designated as hedges of net investment in a foreign operation, we assess effectiveness based on changes in spot currency exchange rates. Changes in spot rates on the derivative are recorded as a component of AOCI until such time as the foreign entity is substantially liquidated or sold, or upon the loss of a controlling interest in a foreign entity. The change in fair value of the forward points, which reflects the interest rate differential between the two countries on the derivative, is excluded from the effectiveness assessment.

GAINS (LOSSES) RECOGNIZED THROUGH CTA

	Gain (loss) recognized in CTA		Gain (loss) reclassified from CTA	
(In millions)	2014	2013	2014	2013
Currency exchange contracts(a)	$ 5,741	$ 2,322	$ 88	$ (1,525)

(a) Gain (loss) is recorded in GECC revenues from services when reclassified out of AOCI.

The amounts related to the change in the fair value of the forward points that are excluded from the measure of effectiveness were $(549) million and $(678) million for the years ended December 31, 2014 and 2013, respectively, and were recorded in interest and other financial charges.

FREE-STANDING DERIVATIVES

Changes in the fair value of derivatives that are not designated as hedges are recorded in earnings each period. As discussed above, these derivatives are typically entered into as economic hedges of changes in interest rates, currency exchange rates, commodity prices and other risks. Gains or losses related to the derivative are typically recorded in GECC revenues from services or other income, based on our accounting policy. In general, the earnings effects of the item that represent the economic risk exposure are recorded in the same caption as the derivative. Gains (losses) for the year ended December 31, 2014 on derivatives not designated as hedges were $(2,045) million composed of amounts related to interest rate contracts of $(58) million, currency exchange contracts of $(2,034) million, and other derivatives of $47 million. These losses were more than offset by the earnings effects from the underlying items that were economically hedged. Gains (losses) for the year ended December 31, 2013 on derivatives not designated as hedges were $(449) million composed of amounts related to interest rate contracts of $(111) million, currency exchange contracts of $(595) million, and other derivatives of $257 million. These losses were more than offset by the earnings effects from the underlying items that were economically hedged.

COUNTERPARTY CREDIT RISK

Fair values of our derivatives can change significantly from period to period based on, among other factors, market movements and changes in our positions. We manage counterparty credit risk (the risk that counterparties will default and not make payments to us according to the terms of our 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.

As discussed above, we have provisions in certain of our master agreements that require counterparties to post collateral (typically, cash or U.S. Treasury securities) when our receivable due from the counterparty, measured at current market value, exceeds a specified limit. The fair value of such collateral was $7,070 million at December 31, 2014, of which $3,709 million was cash and $3,361 million was in the form of securities held by a custodian for our benefit. Under certain of these same agreements, we post collateral to our counterparties for our derivative obligations, the fair value of which was $502 million at December 31, 2014. At December 31, 2014, our exposure to counterparties (including accrued interest), net of collateral we hold, was $487 million. This excludes exposure related to embedded derivatives.

Additionally, our master agreements typically contain mutual downgrade provisions that provide the ability of each party to require termination if the long-term credit rating of the counterparty were to fall below A-/A3. In certain of these master agreements, each party also has the ability to require termination if the short-term rating of the counterparty were to fall below A-1/P-1. Our master agreements also typically contain provisions that provide termination rights upon the occurrence of certain other events, such as a bankruptcy or events of default by one of the parties. If an agreement was terminated under any of these circumstances, the termination amount payable would be determined on a net basis and could also take into account any collateral posted. The net amount of our derivative liability, after consideration of collateral posted by us and outstanding interest payments was $514 million at December 31, 2014. This excludes embedded derivatives.

NOTE 23. VARIABLE INTEREST ENTITIES

We use variable interest entities primarily to securitize financial assets and arrange other forms of asset-backed financing in the ordinary course of business. Except as noted below, investors in these entities only have recourse to the assets owned by the entity and not to our general credit. We do not have implicit support arrangements with any VIE. We did not provide non-contractual support for previously transferred financing receivables to any VIE in 2014 or 2013.

In evaluating whether we have the power to direct the activities of a VIE that most significantly impact its economic performance, we consider the purpose for which the VIE was created, the importance of each of the activities in which it is engaged and our decision-making role, if any, in those activities that significantly determine the entity's economic performance as compared to other economic interest holders. This evaluation requires consideration of all facts and circumstances relevant to decision-making that affects the entity's future performance and the exercise of professional judgment in deciding which decision-making rights are most important.

In determining whether we have the right to receive benefits or the obligation to absorb losses that could potentially be significant to the VIE, we evaluate all of our economic interests in the entity, regardless of form (debt, equity, management and servicing fees, and other contractual arrangements). This evaluation considers all relevant factors of the entity's design, including: the entity's capital structure, contractual rights to earnings (losses), subordination of our interests relative to those of other investors, contingent payments, as well as other contractual arrangements that have the potential to be economically significant. The evaluation of each of these factors in reaching a conclusion about the potential significance of our economic interests is a matter that requires the exercise of professional judgment.

CONSOLIDATED VARIABLE INTEREST ENTITIES

We consolidate VIEs because we have the power to direct the activities that significantly affect the VIE's economic performance, typically because of our role as either servicer or manager for the VIE. Our consolidated VIEs fall into three main groups, which are further described below:

- Trinity comprises two consolidated entities that hold investment securities, the majority of which are investment-grade, and were funded by the issuance of GICs. The GICs include conditions under which certain holders could require immediate repayment of their investment should the long-term credit ratings of GECC fall below AA-/Aa3 or the short-term credit ratings fall below A-1+/P-1. The outstanding GICs are subject to their scheduled maturities and individual terms, which may include provisions permitting redemption upon a downgrade of one or more of GECC's ratings, among other things, and are reported in investment contracts, insurance liabilities and insurance annuity benefits.
- Consolidated Securitization Entities (CSEs) were created to facilitate securitization of financial assets and other forms of asset-backed financing that serve as an alternative funding source by providing access to variable funding notes and term markets. The securitization transactions executed with these entities are similar to those used by many financial institutions and all are non-recourse. We provide servicing for substantially all of the assets in these entities.

  The financing receivables in these entities have similar risks and characteristics to our other financing receivables and were underwritten to the same standard. Accordingly, the performance of these assets has been similar to our other financing receivables; however, the blended performance of the pools of receivables in these entities reflects the eligibility criteria that we apply to determine which receivables are selected for transfer. Contractually the cash flows from these financing receivables must first be used to pay third-party debt holders as well as other expenses of the entity. Excess cash flows are available to GE. The creditors of these entities have no claim on other assets of GE.
- Other remaining assets and liabilities of consolidated VIEs relate primarily to three categories of entities: (1) joint ventures that lease equipment with $1,598 million of assets and $686 million of liabilities; (2) other entities that are involved in power generating and leasing activities with $667 million of assets and no liabilities; and (3) insurance entities that, among other lines of business, provide property and casualty and workers' compensation coverage for GE with $1,162 million of assets and $541 million of liabilities.

ASSETS AND LIABILITIES OF CONSOLIDATED VIEs

		Consolidated Securitization Entities				
(In millions)	Trinity(a)	Credit cards(b)	Equipment(b)	Trade receivables	Other	Total
December 31, 2014						
Assets(c)						
Financing receivables, net	$ -	$ 25,645	$ 12,843	$ -	$ 3,064	$ 41,552
Current receivables	-	-	-	3,028 (d)	509	3,537
Investment securities	2,369	-	-	-	1,005	3,374
Other assets	17	1,059	766	2	2,814	4,658
Total	$ 2,386	$ 26,704	$ 13,609	$ 3,030	$ 7,392	$ 53,121
Liabilities(c)						
Borrowings	$ -	$ -	$ -	$ -	$ 523	$ 523
Non-recourse borrowings	-	14,967	10,359	2,692	646	28,664
Other liabilities	1,022	332	593	26	1,548	3,521
Total	$ 1,022	$ 15,299	$ 10,952	$ 2,718	$ 2,717	$ 32,708
December 31, 2013						
Assets(c)						
Financing receivables, net	$ -	$ 24,766	$ 12,928	$ -	$ 2,044	$ 39,738
Current receivables	-	-	-	2,509	349	2,858
Investment securities	2,786	-	-	-	1,044	3,830
Other assets	213	20	557	-	2,081	2,871
Total	$ 2,999	$ 24,786	$ 13,485	$ 2,509	$ 5,518	$ 49,297
Liabilities(c)						
Borrowings	$ -	$ -	$ -	$ -	$ 598	$ 598
Non-recourse borrowings	-	15,363	10,982	2,180	49	28,574
Other liabilities	1,482	228	248	25	1,351	3,334
Total	$ 1,482	$ 15,591	$ 11,230	$ 2,205	$ 1,998	$ 32,506

(a) Excluded intercompany advances from GECC to Trinity, which were eliminated in consolidation of $1,565 million and $1,837 million at December 31, 2014 and 2013, respectively.

(b) We provide servicing to the CSEs and are contractually permitted to commingle cash collected from customers on financing receivables sold to CSE investors with our own cash prior to payment to a CSE, provided our short-term credit rating does not fall below A-1/P-1. These CSEs also owe us amounts for purchased financial assets and scheduled interest and principal payments. At December 31, 2014 and 2013, the amounts of commingled cash owed to the CSEs were $2,809 million and $6,314 million, respectively, and the amounts owed to us by CSEs were $2,913 million and $5,540 million, respectively.

(c) Asset amounts exclude intercompany receivables for cash collected on behalf of the entities by GECC as servicer, which are eliminated in consolidation. Such receivables provide the cash to repay the entities' liabilities. If these intercompany receivables were included in the table above, assets would be higher. In addition, other assets, borrowings and other liabilities exclude intercompany balances that are eliminated in consolidation.

(d) Included $686 million of receivables originated by Appliances. We require third party debt holder consent to sell these assets. The receivables will be included in assets of businesses held for sale when the consent is received.

Total revenues from our consolidated VIEs were $8,012 million, $7,540 million and $7,127 million in 2014, 2013 and 2012, respectively. Related expenses consisted primarily of provisions for losses of $1,186 million, $1,247 million and $1,171 million in 2014, 2013 and 2012, respectively, and interest and other financial charges of $358 million, $355 million and $541 million in 2014, 2013 and 2012, respectively. These amounts do not include intercompany revenues and costs, principally fees and interest between GE and the VIEs, which are eliminated in consolidation.

INVESTMENTS IN UNCONSOLIDATED VARIABLE INTEREST ENTITIES

Our involvement with unconsolidated VIEs consists of the following activities: assisting in the formation and financing of the entity; providing recourse and/or liquidity support; servicing the assets; and receiving variable fees for services provided. We are not required to consolidate these entities because the nature of our involvement with the activities of the VIEs does not give us power over decisions that significantly affect their economic performance.

Our largest exposure to any single unconsolidated VIE at December 31, 2014 is a $8,612 million investment in asset-backed securities issued by the Senior Secured Loan Program ("SSLP"), a fund that invests in high-quality senior secured debt of various middle-market companies. Other significant unconsolidated VIEs include investments in real estate entities ($1,564 million), which generally consist of passive limited partnership investments in tax-advantaged, multi-family real estate and investments in various European real estate entities; and exposures to joint ventures that purchase factored receivables ($2,166 million).

The classification of our variable interests in these entities in our financial statements is based on the nature of the entity and the type of investment we hold. Variable interests in partnerships and corporate entities are classified as either equity method or cost method investments. In the ordinary course of business, we also make investments in entities in which we are not the primary beneficiary but may hold a variable interest such as limited partner interests or mezzanine debt investments. These investments are classified in two captions in our financial statements: "All other assets" for investments accounted for under the equity method, and "Financing receivables – net" for debt financing provided to these entities.

INVESTMENTS IN UNCONSOLIDATED VIEs

December 31 (In millions)		2014		2013
Other assets and investment securities	$	9,500	$	9,129
Financing receivables – net		2,942		3,346
Total investments		12,442		12,475
Contractual obligations to fund investments or guarantees		2,218		2,741
Revolving lines of credit		168		31
Total	$	14,828	$	15,247

In addition to the entities included in the table above, we also hold passive investments in RMBS, CMBS and ABS issued by VIEs. Such investments were, by design, investment-grade at issuance and held by a diverse group of investors. Further information about such investments is provided in Note 3.

NOTE 24. COMMITMENTS, PRODUCT WARRANTIES AND GUARANTEES

COMMITMENTS

In our Aviation segment, we had committed to provide financing assistance on $2,887 million of future customer acquisitions of aircraft equipped with our engines, including commitments made to airlines in 2014 for future sales under our GE90 and GEnx engine campaigns. The GECAS business of GE Capital had placed multiple-year orders for various Boeing, Airbus and other aircraft with list prices approximating $25,232 million and secondary orders with airlines for used aircraft of approximately $2,144 million at December 31, 2014.

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.

(In millions)	2014	2013	2012
Balance at January 1	$ 1,370	$ 1,429	$ 1,553
Current-year provisions	593	798	645
Expenditures	(714)	(867)	(757)
Other changes	(50)	10	(12)
Balance at December 31	$ 1,199	$ 1,370	$ 1,429

GUARANTEES

Our guarantees are provided in the ordinary course of business. We underwrite these guarantees considering economic, liquidity and credit risk of the counterparty. We believe that the likelihood is remote that any such arrangements could have a significant adverse effect on our financial position, results of operations or liquidity. We record liabilities for guarantees at estimated fair value, generally the amount of the premium received, or if we do not receive a premium, the amount based on appraisal, observed market values or discounted cash flows. Any associated expected recoveries from third parties are recorded as other receivables, not netted against the liabilities.

At December 31, 2014, we were committed under the following guarantee arrangements beyond those provided on behalf of VIEs. See Note 23.

Credit Support. We have provided $2,531 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. These arrangements enable these customers and associated companies to execute transactions or obtain desired financing arrangements with third parties. Should the customer or associated company fail to perform under the terms of the transaction or financing arrangement, we would be required to perform on their behalf. Under most such arrangements, our guarantee is secured, usually by the asset being purchased or financed, or possibly by certain other assets of the customer or associated company. The length of these credit support arrangements parallels the length of the related financing arrangements or transactions. The liability for such credit support was $38 million at December 31, 2014.

Indemnification Agreements. We have agreements that require us to fund up to $28 million at December 31, 2014 under residual value guarantees on a variety of leased equipment. Under most of our residual value guarantees, our commitment is secured by the leased asset. The liability for these indemnification agreements was $10 million at December 31, 2014.

At December 31, 2014, we also had $923 million of other indemnification commitments, substantially all of which relate to representations and warranties in sales of businesses or assets.

Contingent Consideration. These are agreements to provide additional consideration to a buyer or seller in a business combination if contractually specified conditions related to the acquisition or disposition are achieved.

NOTE 25. SUPPLEMENTAL CASH FLOWS INFORMATION

Changes in operating assets and liabilities are net of acquisitions and dispositions of principal businesses.

Amounts reported in the "Proceeds from sales of discontinued operations" and "Proceeds from principal business dispositions" lines in the Statement of Cash Flows are net of cash disposed and included certain deal-related costs. Amounts reported in the "Net cash from (payments for) principal businesses purchased" line is net of cash acquired and included certain deal-related costs and debt assumed and immediately repaid in acquisitions. Amounts reported in the "Proceeds from sale of equity interest in NBCU LLC" line included certain deal-related costs.

Amounts reported in the "All other operating activities" line in the Statement of Cash Flows consist primarily of adjustments to current and noncurrent accruals, deferrals of costs and expenses and adjustments to assets. GECC had non-cash transactions related to foreclosed properties and repossessed assets totaling $218 million, $482 million and $839 million in 2014, 2013 and 2012, respectively. Certain supplemental information related to our cash flows is shown below.

For the years ended December 31 (In millions)	2014	2013	2012
GE			
Net dispositions (purchases) of GE shares for treasury			
Open market purchases under share repurchase program	$ (2,211)	$ (10,225)	$ (5,005)
Other purchases	(49)	(91)	(110)
Dispositions	1,042	1,038	951
	$ (1,218)	$ (9,278)	$ (4,164)
GECC			
All other operating activities			
Amortization of intangible assets	$ 408	$ 425	$ 447
Net realized losses on investment securities	17	523	34
Cash collateral on derivative contracts	745	(2,271)	2,900
Increase (decrease) in other liabilities	(1,771)	2,334	560
Other	841	(912)	1,477
	$ 240	$ 99	$ 5,418
Net decrease (increase) in GECC financing receivables			
Increase in loans to customers	$ (323,050)	$ (311,860)	$ (308,156)
Principal collections from customers - loans	302,618	307,849	307,250
Investment in equipment for financing leases	(8,120)	(8,652)	(9,192)
Principal collections from customers - financing leases	8,421	9,646	10,976
Net change in credit card receivables	(5,571)	(8,058)	(8,030)
Sales of financing receivables	20,013	14,664	12,642
	$ (5,689)	$ 3,589	$ 5,490
All other investing activities			
Purchases of investment securities	$ (10,346)	$ (16,422)	$ (15,666)
Dispositions and maturities of investment securities	9,289	18,139	17,010
Decrease (increase) in other assets - investments	(476)	1,089	4,338
Proceeds from sales of real estate properties	5,920	10,680	3,381
Other	2,610	1,486	2,731
	$ 6,997	$ 14,972	$ 11,794
Newly issued debt (maturities longer than 90 days)			
Short-term (91 to 365 days)	$ 29	$ 55	$ 59
Long-term (longer than one year)	34,435	44,833	55,782
	$ 34,464	$ 44,888	$ 55,841
Repayments and other reductions (maturities longer than 90 days)			
Short-term (91 to 365 days)	$ (47,694)	$ (52,553)	$ (94,114)
Long-term (longer than one year)	(4,909)	(3,291)	(9,368)
Principal payments - non-recourse, leveraged leases	(454)	(585)	(426)
	$ (53,057)	$ (56,429)	$ (103,908)
All other financing activities			
Proceeds from sales of investment contracts	$ 322	$ 491	$ 2,697
Redemption of investment contracts	(1,113)	(980)	(5,515)
Other	(300)	(420)	(49)
	$ (1,091)	$ (909)	$ (2,867)

NOTE 26. INTERCOMPANY TRANSACTIONS

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

These intercompany transactions are reported in the GE and GECC columns of our financial statements, but are eliminated in deriving our consolidated financial statements. Effects of these eliminations on our consolidated cash flows from operating, investing and financing activities are $(5,404) million, $1,978 million and $3,426 million for 2014, $(5,088) million, $492 million and $4,690 million for 2013 and $(8,542) million, $2,328 million and $6,703 million for 2012, respectively. Details of these eliminations are shown below.

(In millions)	2014	2013	2012
Cash from (used for) operating activities-continuing operations			
Combined	$ 32,919	$ 34,125	$ 39,557
GE customer receivables sold to GECC	(1,918)	360	(1,809)
GECC dividends to GE	(3,000)	(5,985)	(6,426)
Other reclassifications and eliminations	(486)	537	(307)
	$ 27,515	$ 29,037	$ 31,015
Cash from (used for) investing activities-continuing operations			
Combined	$ (6,720)	$ 28,182	$ 9,262
GE customer receivables sold to GECC	1,766	262	2,005
Other reclassifications and eliminations	212	230	323
	$ (4,742)	$ 28,674	$ 11,590
Cash from (used for) financing activities-continuing operations			
Combined	$ (20,378)	$ (50,319)	$ (57,758)
GE customer receivables sold to GECC	152	(622)	(196)
GECC dividends to GE	3,000	5,985	6,426
Other reclassifications and eliminations	274	(673)	473
	$ (16,952)	$ (45,629)	$ (51,055)

NOTE 27. SUPPLEMENTAL INFORMATION ABOUT THE CREDIT QUALITY OF FINANCING RECEIVABLES AND ALLOWANCE FOR LOSSES ON FINANCING RECEIVABLES

CREDIT QUALITY INDICATORS

Detailed information about the credit quality of our Commercial, Real Estate and Consumer financing receivables portfolios is provided below. For each portfolio, we describe the characteristics of the financing receivables and provide information about collateral, payment performance, credit quality indicators and impairment. We manage these portfolios using delinquency and nonaccrual data as key performance indicators. The categories used within this section such as impaired loans, troubled debt restructuring (TDR) and nonaccrual financing receivables are defined by the authoritative guidance and we base our categorization on the related scope and definitions contained in the related standards. The categories of nonaccrual and delinquent are used in our process for managing our financing receivables.

PAST DUE AND NONACCRUAL FINANCING RECEIVABLES

	2014			2013		
December 31 (In millions)	Over 30 days past due	Over 90 days past due	Nonaccrual	Over 30 days past due	Over 90 days past due	Nonaccrual
Commercial						
CLL						
Americas	$ 503	$ 284	$ 1,054	$ 755	$ 359	$ 1,275
International	1,483	749	946	1,490	820	1,459
Total CLL	1,986	1,033	2,000	2,245	1,179	2,734
Energy Financial Services	-	-	68	-	-	4
GECAS	-	-	419	-	-	-
Other	-	-	-	-	-	6
Total Commercial	1,986	1,033	2,487 (a)	2,245	1,179	2,744 (a)
Real Estate	242	183	1,254 (b)	247	212	2,551 (b)
Consumer						
Non-U.S. residential mortgages	2,171	1,195	1,262	3,406	2,104	2,161
Non-U.S. installment and revolving credit	333	89	53	601	159	106
U.S. installment and revolving credit	2,492	1,147	2	2,442	1,105	2
Other	141	64	167	172	99	351
Total Consumer	5,137	2,495 (c)	1,484 (d)	6,621	3,467 (c)	2,620 (d)
Total	$ 7,365	$ 3,711	$ 5,225	$ 9,113	$ 4,858	$ 7,915
Total as a percent of financing receivables	3.0 %	1.5 %	2.2 %	3.5 %	1.9 %	3.1 %

(a) Included $1,549 million and $1,397 million at December 31, 2014 and 2013, respectively, that are currently paying in accordance with their contractual terms.

(b) Included $1,018 million and $2,308 million at December 31, 2014 and 2013, respectively, that are currently paying in accordance with their contractual terms.

(c) Included $1,231 million and $1,197 million of Consumer loans at December 31, 2014 and 2013, respectively, that are over 90 days past due and continue to accrue interest until the accounts are written off in the period that the account becomes 180 days past due.

(d) Included $179 million and $324 million at December 31, 2014 and 2013, respectively, that are currently paying in accordance with their contractual terms.

IMPAIRED LOANS AND RELATED RESERVES

	With no specific allowance			With a specific allowance			
December 31 (In millions)	Recorded investment in loans	Unpaid principal balance	Average investment in loans	Recorded investment in loans	Unpaid principal balance	Associated allowance	Average investment in loans
2014							
Commercial							
CLL							
Americas	$ 1,352	$ 1,897	$ 1,626	$ 126	$ 160	$ 28	$ 254
International(a)	940	2,500	1,099	280	965	105	463
Total CLL	2,292	4,397	2,725	406	1,125	133	717
Energy Financial Services	53	54	26	15	15	12	24
GECAS	329	337	88	-	-	-	15
Other	-	-	-	-	-	-	1
Total Commercial(b)	2,674	4,788	2,839	421	1,140	145	757
Real Estate(c)	1,555	1,854	2,285	317	443	25	686
Consumer(d)	138	179	120	2,042	2,092	408	2,547
Total	$ 4,367	$ 6,821	$ 5,244	$ 2,780	$ 3,675	$ 578	$ 3,990
2013							
Commercial							
CLL							
Americas	$ 1,670	$ 2,187	$ 2,154	$ 417	$ 505	$ 96	$ 509
International(a)	1,104	3,082	1,136	691	1,059	231	629
Total CLL	2,774	5,269	3,290	1,108	1,564	327	1,138
Energy Financial Services	-	-	-	4	4	1	2
GECAS	-	-	-	-	-	-	1
Other	2	3	9	4	4	-	5
Total Commercial(b)	2,776	5,272	3,299	1,116	1,572	328	1,146
Real Estate(c)	2,615	3,036	3,058	1,245	1,507	74	1,688
Consumer(d)	109	153	98	2,879	2,948	567	3,058
Total	$ 5,500	$ 8,461	$ 6,455	$ 5,240	$ 6,027	$ 969	$ 5,892

(a) Write-offs to net realizable value are recognized against the allowance for losses primarily in the reporting period in which management has deemed all or a portion of the financing receivable to be uncollectible, but not later than 360 days after initial recognition of a specific reserve for a collateral dependent loan. However, in accordance with regulatory standards that are applicable in Italy, commercial loans are considered uncollectible when there is demonstrable evidence of the debtor's insolvency, which may result in write-offs occurring beyond 360 days after initial recognition of a specific reserve.

(b) We recognized $178 million and $218 million of interest income, including none and $60 million on a cash basis, at December 31, 2014 and 2013, respectively, principally in our CLL Americas business. The total average investment in impaired loans at December 31, 2014 and 2013 was $3,596 million and $4,445 million, respectively.

(c) We recognized $56 million and $187 million of interest income, including none and $135 million on a cash basis, at December 31, 2014 and 2013, respectively. The total average investment in impaired loans at December 31, 2014 and 2013 was $2,971 million and $4,746 million, respectively.

(d) We recognized $126 million and $221 million of interest income, including $5 million, and $3 million on a cash basis, at December 31, 2014 and 2013, respectively, principally in our Consumer-U.S. installment and revolving credit portfolios. The total average investment in impaired loans at December 31, 2014 and 2013 was $2,667 million and $3,156 million, respectively.

December 31 (In millions)	Non-impaired financing receivables	General reserves	Impaired loans	Specific reserves
2014				
Commercial	$ 118,381	$ 758	$ 3,095	$ 145
Real Estate	17,925	136	1,872	25
Consumer	98,640	3,603	2,180	408
Total	$ 234,946	$ 4,497	$ 7,147	$ 578
2013				
Commercial	$ 125,377	$ 677	$ 3,892	$ 328
Real Estate	16,039	118	3,860	74
Consumer	106,051	3,414	2,988	567
Total	$ 247,467	$ 4,209	$ 10,740	$ 969

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

Of our $1,872 million of impaired loans at Real Estate at December 31, 2014, $1,641 million are currently paying in accordance with the contractual terms of the loan and are typically loans where the borrower has adequate debt service coverage to meet contractual interest obligations. Impaired loans at CLL primarily represent senior secured lending positions.

IMPAIRED LOAN BALANCE CLASSIFIED BY THE METHOD USED TO MEASURE IMPAIRMENT

December 31 (In millions)	2014	2013
Discounted cash flow	$ 3,994	$ 5,558
Collateral value	3,153	5,182
Total	$ 7,147	$ 10,740

Our loss mitigation strategy is intended to minimize economic loss and, at times, can result in rate reductions, principal forgiveness, extensions, forbearance or other actions, which may cause the related loan to be classified as a troubled debt restructuring (TDR), and also as impaired. The determination of whether these changes to the terms and conditions of our commercial loans meet the TDR criteria includes our consideration of all relevant facts and circumstances. At December 31, 2014, TDRs included in impaired loans were $5,806 million, primarily relating to Consumer ($2,132 million), CLL ($1,869 million) and Real Estate ($1,757 million).

Impaired loans classified as TDRs in our CLL business were $1,869 million and $2,961 million at December 31, 2014 and 2013, respectively, and were primarily attributable to CLL Americas ($1,031 million and $1,770 million, respectively). At December 31, 2014, we modified $926 million of loans classified as TDRs, primarily in CLL Americas ($515 million). Changes to these loans primarily included extensions, interest only payment periods, debt to equity exchange and forbearance or other actions, which are in addition to, or sometimes in lieu of, fees and rate increases. Of our $926 million and $1,509 million of modifications classified as TDRs at December 31, 2014 and 2013, respectively, $36 million and $71 million have subsequently experienced a payment default at December 31, 2014 and 2013, respectively.

Real Estate TDRs decreased from $3,625 million at December 31, 2013 to $1,757 million at December 31, 2014, primarily driven by resolution of TDRs through paydowns. For borrowers with demonstrated operating capabilities, we work to restructure loans when the cash flow and projected value of the underlying collateral support repayment over the modified term. We deem loan modifications to be TDRs when we have granted a concession to a borrower experiencing financial difficulty and we do not receive adequate compensation in the form of an effective interest rate that is at current market rates of interest given the risk characteristics of the loan or other consideration that compensates us for the value of the concession. The limited liquidity and higher return requirements in the real estate market for loans with higher loan-to-value (LTV) ratios has typically resulted in the conclusion that the modified terms are not at current market rates of interest, even if the modified loans are expected to be fully recoverable. For the year ended December 31, 2014, we modified $672 million of loans classified as TDRs. Changes to these loans primarily included forbearance, maturity extensions and changes to collateral or covenant terms or other actions, which are in addition to, or sometimes in lieu of, fees and rate increases. We received the same or additional compensation in the form of rate increases and fees for the majority of these TDRs. Of our $672 million and $1,595 million of modifications classified as TDRs during 2014 and 2013, respectively, $252 million and $197 million have subsequently experienced a payment default in 2014 and 2013, respectively.

The substantial majority of the Real Estate TDRs have reserves determined based upon collateral value. Our specific reserves on Real Estate TDRs were $25 million and $70 million and were 1.4% and 1.9%, of Real Estate TDRs, respectively, at December 31, 2014 and 2013. In many situations these loans did not require a specific reserve as collateral value adequately covered our recorded investment in the loan. While these modified loans had adequate collateral coverage, we were still required to complete our TDR classification evaluation on each of the modifications without regard to collateral adequacy.

Impaired loans in our Consumer business represent restructured smaller balance homogeneous loans meeting the definition of a TDR, and are therefore subject to the disclosure requirement for impaired loans, and commercial loans in our Consumer–Other portfolio. The recorded investment of these impaired loans totaled $2,180 million (with an unpaid principal balance of $2,271 million) and comprised $138 million with no specific allowance, primarily all in our Consumer–Other portfolio, and $2,042 million with a specific allowance of $408 million at December 31, 2014. The impaired loans with a specific allowance included $70 million with a specific allowance of $7 million in our Consumer–Other portfolio and $1,972 million with a specific allowance of $401 million across the remaining Consumer business and had an unpaid principal balance and average investment of $2,092 million and $2,547 million, respectively, at December 31, 2014.

Impaired loans classified as TDRs in our Consumer business were $2,132 million and $2,874 million at December 31, 2014 and 2013, respectively. We utilize certain loan modification programs for borrowers experiencing financial difficulties in our Consumer loan portfolio. These loan modification programs primarily include interest rate reductions and payment deferrals in excess of three months, which were not part of the terms of the original contract, and are primarily concentrated in our non-U.S. residential mortgage and U.S. credit card portfolios. For the year ended December 31, 2014, we modified $981 million of consumer loans for borrowers experiencing financial difficulties, which are classified as TDRs, and included $506 million of non-U.S. consumer loans, primarily residential mortgages, credit cards and personal loans and $475 million of U.S. consumer loans, primarily credit cards. We expect borrowers whose loans have been modified under these programs to continue to be able to meet their contractual obligations upon the conclusion of the modification. Of our $981 million and $1,441 million of modifications classified as TDRs during 2014 and 2013, respectively, $102 million and $266 million have subsequently experienced a payment default in 2014 and 2013, respectively.

We also utilize certain short-term (three months or less) loan modification programs for borrowers experiencing temporary financial difficulties in our Consumer loan portfolio, which are not classified as TDRs. These loan modification programs are primarily concentrated in our non-U.S. residential mortgage and non-U.S. installment and revolving portfolios. We sold our U.S. residential mortgage business in 2007 and, as such, do not participate in the U.S. government-sponsored mortgage modification programs. For the year ended December 31, 2014, we provided short-term modifications of $45 million of consumer loans for borrowers experiencing financial difficulties, substantially all in our non-U.S. residential mortgage, credit card and personal loan portfolios. For these modified loans, we provided insignificant interest rate reductions and payment deferrals, which were not part of the terms of the original contract. We expect borrowers whose loans have been modified under these short-term programs to continue to be able to meet their contractual obligations upon the conclusion of the short-term modification.

SUPPLEMENTAL CREDIT QUALITY INFORMATION

COMMERCIAL

Substantially all of our Commercial financing receivables portfolio is secured lending and we assess the overall quality of the portfolio based on the potential risk of loss measure. The metric incorporates both the borrower's credit quality along with any related collateral protection.

Our internal risk ratings process is an important source of information in determining our allowance for losses and represents a comprehensive approach to evaluate risk in our financing receivables portfolios. In deriving our internal risk ratings, we stratify our Commercial portfolios into 21 categories of default risk and/or six categories of loss given default to group into three categories: A, B and C. Our process starts by developing an internal risk rating for our borrowers, which is based upon our proprietary models using data derived from borrower financial statements, agency ratings, payment history information, equity prices and other commercial borrower characteristics. We then evaluate the potential risk of loss for the specific lending transaction in the event of borrower default, which takes into account such factors as applicable collateral value, historical loss and recovery rates for similar transactions, and our collection capabilities. Our internal risk ratings process and the models we use are subject to regular monitoring and internal controls. The frequency of rating updates is set by our credit risk policy, which requires annual Risk Committee approval.

As described above, financing receivables are assigned one of 21 risk ratings based on our process and then these are grouped by similar characteristics into three categories in the table below. Category A is characterized by either high-credit-quality borrowers or transactions with significant collateral coverage that substantially reduces or eliminates the risk of loss in the event of borrower default. Category B is characterized by borrowers with weaker credit quality than those in Category A, or transactions with moderately strong collateral coverage that minimizes but may not fully mitigate the risk of loss in the event of default. Category C is characterized by borrowers with higher levels of default risk relative to our overall portfolio or transactions where collateral coverage may not fully mitigate a loss in the event of default.

COMMERCIAL FINANCING RECEIVABLES BY RISK CATEGORY

	Secured			
December 31 (In millions)	A	B	C	Total
2014				
CLL				
Americas	$ 63,754	$ 1,549	$ 1,443	$ 66,746
International	41,476	474	891	42,841
Total CLL	105,230	2,023	2,334	109,587
Energy Financial Services	2,479	60	16	2,555
GECAS	7,908	237	118	8,263
Other	130	-	-	130
Total	$ 115,747	$ 2,320	$ 2,468	$ 120,535
2013				
CLL				
Americas	$ 65,545	$ 1,587	$ 1,554	$ 68,686
International	44,930	619	1,237	46,786
Total CLL	110,475	2,206	2,791	115,472
Energy Financial Services	2,969	9	-	2,978
GECAS	9,175	50	152	9,377
Other	318	-	-	318
Total	$ 122,937	$ 2,265	$ 2,943	$ 128,145

For our secured financing receivables portfolio, our collateral position and ability to work out problem accounts mitigate our losses. Our asset managers have deep industry expertise that enables us to identify the optimum approach to default situations. We price risk premiums for weaker credits at origination, closely monitor changes in creditworthiness through our risk ratings and watch list process, and are engaged early with deteriorating credits to minimize economic loss. Secured financing receivables within risk Category C are predominantly in our CLL businesses and are primarily composed of senior term lending facilities and factoring programs secured by various asset types including inventory, accounts receivable, cash, equipment and related business facilities as well as franchise finance activities secured by underlying equipment.

Loans within Category C are reviewed and monitored regularly, and classified as impaired when it is probable that they will not pay in accordance with contractual terms. Our internal risk rating process identifies credits warranting closer monitoring; and as such, these loans are not necessarily classified as nonaccrual or impaired.

Our unsecured Commercial financing receivables portfolio is primarily attributable to our Interbanca S.p.A. and GE Sanyo Credit acquisitions in CLL International. At December 31, 2014 and 2013, these financing receivables included $332 million and $313 million rated A, $408 million and $580 million rated B, and $201 million and $231 million rated C, respectively.

REAL ESTATE

Due to the primarily non-recourse nature of our Debt portfolio, loan-to-value ratios (the ratio of the outstanding debt on a property to the re-indexed value of that property) provide the best indicators of the credit quality of the portfolio.

	Loan-to-value ratio					
	2014			2013		
December 31 (In millions)	Less than 80%	80% to 95%	Greater than 95%	Less than 80%	80% to 95%	Greater than 95%
Debt	$ 16,915	$ 1,175	$ 958	$ 15,576	$ 1,300	$ 2,111

The credit quality of the owner occupied/credit tenant portfolio is primarily influenced by the strength of the borrower's general credit quality, which is reflected in our internal risk rating process, consistent with the process we use for our Commercial portfolio. As of December 31, 2014, the balances of our owner occupied/credit tenant portfolio with an internal risk rating of A, B and C approximated $589 million, $70 million and $90 million, respectively, as compared to the December 31, 2013, balances of $571 million, $179 million and $162 million, respectively.

The financing receivables within our Debt portfolio are primarily concentrated in our North American and European Lending platforms and are secured by various property types. A substantial majority of our Debt financing receivables with loan-to-value ratios greater than 95% are paying in accordance with contractual terms. Substantially all of these loans and the majority of our owner occupied/credit tenant financing receivables included in Category C are impaired loans that are subject to the specific reserve evaluation process. The ultimate recoverability of impaired loans is driven by collection strategies that do not necessarily depend on the sale of the underlying collateral and include full or partial repayments through third-party refinancing and restructurings.

CONSUMER

At December 31, 2014, our U.S. consumer financing receivables included private-label credit card and sales financing for approximately 64 million customers across the U.S. with no metropolitan area accounting for more than 6% of the portfolio. Of the total U.S. consumer financing receivables, approximately 67% relate to credit card loans that are often subject to profit and loss sharing arrangements with the retailer (which are recorded in revenues), and the remaining 33% are sales finance receivables that provide financing to customers in areas such as electronics, recreation, medical and home improvement.

Our Consumer financing receivables portfolio comprises both secured and unsecured lending. Secured financing receivables comprise residential loans and lending to small and medium-sized enterprises predominantly secured by auto and equipment, inventory finance, and cash flow loans. Unsecured financing receivables include private-label credit card financing. A substantial majority of these cards are not for general use and are limited to the products and services sold by the retailer. The private-label portfolio is diverse with no metropolitan area accounting for more than 5% of the related portfolio.

Non-U.S. residential mortgages

For our secured non-U.S. residential mortgage book, we assess the overall credit quality of the portfolio through loan-to-value ratios (the ratio of the outstanding debt on a property to the value of that property at origination). In the event of default and repossession of the underlying collateral, we have the ability to remarket and sell the properties to eliminate or mitigate the potential risk of loss.

	Loan-to-value ratio					
	2014			2013		
December 31 (In millions)	80% or less	Greater than 80% to 90%	Greater than 90%	80% or less	Greater than 80% to 90%	Greater than 90%
Non-U.S. residential mortgages	$ 13,964	$ 4,187	$ 6,742	$ 17,224	$ 5,130	$ 8,147

The majority of these financing receivables are in our U.K. and France portfolios and have re-indexed loan-to-value ratios of 70% and 55%, respectively. Re-indexed loan-to-value ratios may not reflect actual realizable values of future repossessions. We have third-party mortgage insurance for about 21% of the balance of Consumer non-U.S. residential mortgage loans with loan-to-value ratios greater than 90% at December 31, 2014. Such loans were primarily originated in France and the U.K.

Installment and Revolving Credit

We assess overall credit quality using internal and external credit scores. For our U.S. installment and revolving credit portfolio we use Fair Isaac Corporation ("FICO") scores. FICO scores are generally obtained at origination of the account and are refreshed at a minimum quarterly, but could be as often as weekly, to assist in predicting customer behavior. We categorize these credit scores into the following three categories; (a) 661 or higher, which are considered the strongest credits; (b) 601 to 660, which are considered moderate credit risk; and (c) 600 or less, which are considered weaker credits.

	Refreshed FICO score					
	2014			2013		
December 31 (In millions)	661 or higher	601 to 660	600 or less	661 or higher	601 to 660	600 or less
U.S. installment and revolving credit	$ 43,466	$ 11,865	$ 4,532	$ 40,079	$ 11,142	$ 4,633

For our non-U.S. installment and revolving credit, our internal credit scores imply a probability of default that we consistently translate into three approximate credit bureau equivalent credit score categories, including (a) 671 or higher, which are considered the strongest credits; (b) 626 to 670, which are considered moderate credit risk; and (c) 625 or less, which are considered weaker credits.

	Internal ratings translated to approximate credit bureau equivalent score					
	2014			2013		
December 31 (In millions)	671 or higher	626 to 670	625 or less	671 or higher	626 to 670	625 or less
Non-U.S. installment and revolving credit	$ 6,599	$ 2,045	$ 1,756	$ 9,705	$ 3,228	$ 2,798

U.S. installment and revolving credit accounts with FICO scores of 600 or less and non U.S. installment and revolving credit accounts with credit bureau equivalent scores of 625 or less have an average outstanding balance less than one thousand U.S. dollars and are primarily concentrated in our retail card and sales finance receivables in the U.S. and closed-end loans outside the U.S., which minimizes the potential for loss in the event of default. For lower credit scores, we adequately price for the incremental risk at origination and monitor credit migration through our risk ratings process. We continuously adjust our credit line underwriting management and collection strategies based on customer behavior and risk profile changes.

Consumer – Other

We develop our internal risk ratings for this portfolio in a manner consistent with the process used to develop our Commercial credit quality indicators, described above. We use the borrower's credit quality and underlying collateral strength to determine the potential risk of loss from these activities.

At December 31, 2014, Consumer – Other financing receivables of $5,006 million, $276 million and $382 million were rated A, B and C, respectively. At December 31, 2013, Consumer – Other financing receivables of $6,137 million, $315 million and $501 million were rated A, B and C, respectively.

NOTE 28. 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 in Note 1. Segment results for our financial services businesses reflect the discrete tax effect of transactions.

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

A description of our operating segments as of December 31, 2014, can be found below, and details of segment profit by operating segment can be found in the Summary of Operating Segments table in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section in this Form 10-K Report.

POWER & WATER

Power plant products and services, including design, installation, operation and maintenance services are sold into global markets. Gas, steam and aeroderivative turbines, nuclear reactors, generators, combined cycle systems, controls and related services, including total asset optimization solutions, equipment upgrades and long-term maintenance service agreements are sold to power generation and other industrial customers. Renewable energy solutions include wind turbines. Water treatment services and equipment include specialty chemical treatment programs, water purification equipment, mobile treatment systems and desalination processes.

OIL & GAS

Oil & Gas supplies mission critical equipment for the global oil and gas industry, used in applications spanning the entire value chain from drilling and completion through production, liquefied natural gas (LNG) and pipeline compression, pipeline inspection, and including downstream processing in refineries and petrochemical plants. The business designs and manufactures surface and subsea drilling and production systems, equipment for floating production platforms, compressors, turbines, turboexpanders, high pressure reactors, industrial power generation and a broad portfolio of auxiliary equipment.

ENERGY MANAGEMENT

Energy Management is GE’s electrification business. Global teams design leading technology solutions for the delivery, management, conversion and optimization of electrical power for customers across multiple energy-intensive industries. GE has invested in our Energy Management capabilities, with strategic acquisitions and joint ventures that enable GE to increase its offerings to the utility, industrial, renewables, oil and gas, marine, metals and mining industries. Plant automation hardware, software and embedded computing systems including controllers, embedded systems, advanced software, motion control, operator interfaces and industrial computers are also provided by Energy Management.

AVIATION

Aviation products and services include jet engines, aerospace systems and equipment, replacement parts and repair and maintenance services for all categories of commercial aircraft; for a wide variety of military aircraft, including fighters, bombers, tankers and helicopters; for marine applications; and for executive and regional aircraft. Products and services are sold worldwide to airframe manufacturers, airlines and government agencies.

HEALTHCARE

Healthcare products include diagnostic imaging systems such as magnetic resonance (MR), computed tomography (CT) and positron emission tomography (PET) scanners, X-ray, nuclear imaging, digital mammography and molecular imaging technologies. Healthcare-manufactured technologies include patient and resident monitoring, diagnostic cardiology, ultrasound, bone densitometry, anesthesiology and oxygen therapy, and neonatal and critical care devices. Related services include equipment monitoring and repair, information technologies and customer productivity services. Products also include diagnostic imaging agents used in medical scanning procedures, drug discovery, biopharmaceutical manufacturing and purification, and tools for protein and cellular analysis for pharmaceutical and academic research, including a pipeline of precision molecular diagnostics in development for neurology, cardiology and oncology applications. Products and services are sold worldwide to hospitals, medical facilities, pharmaceutical and biotechnology companies, and to the life science research market.

TRANSPORTATION

Transportation is a global technology leader and supplier to the railroad, mining, marine and drilling industries. GE provides freight and passenger locomotives, diesel engines for rail, marine and stationary power applications, railway signaling and communications systems, underground mining equipment, motorized drive systems for mining trucks, information technology solutions, high-quality replacement parts and value added services.

APPLIANCES & LIGHTING

Products include major appliances and related services for products such as refrigerators, freezers, electric and gas ranges, cooktops, dishwashers, clothes washers and dryers, microwave ovens, room air conditioners, residential water systems for filtration, softening and heating, and hybrid water heaters. These products are distributed both to retail outlets and direct to consumers, mainly for the replacement market, and to building contractors and distributors for new installations. Lighting products include a wide variety of lamps and lighting fixtures, including light-emitting diodes. Products and services are sold in North America and in global markets under various GE and private-label brands.

GE CAPITAL

GE Capital businesses offer a broad range of financial services and products worldwide for businesses of all sizes. Services include commercial loans and leases, fleet management, financial programs, credit cards, personal loans and other financial services. GE Capital also develops strategic partnerships and joint ventures that utilize GE's industry-specific expertise in aviation, energy, infrastructure and healthcare to capitalize on market-specific opportunities. Products and services are offered in North America and in global markets through the following businesses: CLL, Consumer, Real Estate, Energy Financial Services and GECAS.

REVENUES

(In millions)	Total revenues(a) 2014	2013	2012	Intersegment revenues(b) 2014	2013	2012	External revenues 2014	2013	2012
Power & Water	$ 27,564	$ 24,724	$ 28,299	$ 969	$ 947	$ 1,119	$ 26,595	$ 23,777	$ 27,180
Oil & Gas	18,676	16,975	15,241	401	360	314	18,275	16,615	14,927
Energy Management	7,319	7,569	7,412	890	848	487	6,429	6,721	6,925
Aviation	23,990	21,911	19,994	692	500	672	23,298	21,411	19,322
Healthcare	18,299	18,200	18,290	6	14	37	18,293	18,186	18,253
Transportation	5,650	5,885	5,608	(2)	12	11	5,652	5,873	5,597
Appliances & Lighting	8,404	8,338	7,967	22	25	23	8,382	8,313	7,944
Total industrial	109,902	103,602	102,811	2,978	2,706	2,663	106,924	100,896	100,148
GE Capital	42,725	44,067	45,364	1,348	1,150	1,037	41,377	42,917	44,327
Corporate items and eliminations(c)	(4,038)	(1,624)	(1,491)	(4,326)	(3,856)	(3,700)	288	2,232	2,209
Total	$ 148,589	$ 146,045	$ 146,684	$ -	$ -	$ -	$ 148,589	$ 146,045	$ 146,684

(a) Revenues of GE businesses include income from sales of goods and services to customers and other income.

(b) Sales from one component to another generally are priced at equivalent commercial selling prices.

(c) Includes the results of NBCU (our formerly consolidated subsidiary) and our former equity method investment in NBCUniversal LLC.

Revenues from customers located in the United States were $70,622 million, $68,617 million and $70,466 million in 2014, 2013 and 2012, respectively. Revenues from customers located outside the United States were $77,967 million, $77,428 million and $76,218 million in 2014, 2013 and 2012, respectively.

	Assets(a)(b) At December 31			Property, plant and equipment additions(c) For the years ended December 31			Depreciation and amortization For the years ended December 31		
(In millions)	2014	2013	2012	2014	2013	2012	2014	2013	2012
Power & Water	$ 30,338	$ 29,494	$ 27,143	$ 622	$ 714	$ 661	$ 678	$ 668	$ 647
Oil & Gas	27,260	26,193	20,111	653	1,185	467	583	479	426
Energy Management	10,976	10,305	9,594	176	137	155	313	323	287
Aviation	33,716	32,273	25,145	1,197	1,178	781	824	677	644
Healthcare	29,227	27,858	28,369	405	316	322	843	861	879
Transportation	4,449	4,418	4,335	128	282	724	168	167	90
Appliances & Lighting	4,560	4,306	4,201	359	405	485	235	300	265
GE Capital	500,216	516,829	539,351	10,410	9,978	11,879	7,262	7,738	7,348
Corporate items and eliminations(d)	7,607	4,884	26,750	(110)	194	(99)	166	260	218
Total	$ 648,349	$ 656,560	$ 684,999	$ 13,840	$ 14,389	$ 15,375	$ 11,072	$ 11,473	$ 10,804

(a) Assets of discontinued operations, NBCU (our formerly consolidated subsidiary) and our former equity method investment in NBCUniversal LLC are included in Corporate items and eliminations for all periods presented.

(b) Total assets of Power & Water, Oil & Gas, Energy Management, Aviation, Healthcare, Transportation, Appliances & Lighting and GE Capital operating segments at December 31, 2014, include investment in and advances to associated companies of $357 million, $146 million, $824 million, $1,378 million, $511 million, $6 million, $57 million and $16,747 million, respectively. Investments in and advances to associated companies contributed approximately $(7) million, $20 million, $29 million, $94 million, $(33) million, an insignificant amount , $70 million and $1,182 million to segment pre-tax income of Power & Water, Oil & Gas, Energy Management, Aviation, Healthcare, Transportation, Appliances & Lighting and GE Capital operating segments, respectively, for the year ended December 31, 2014. Aggregate summarized financial information for significant associated companies assuming a 100% ownership interest at December 31, 2014 included: total assets of $93,624 million, primarily financing receivables of $46,481 million; total liabilities of $64,872 million, primarily debt of $40,244 million; revenues totaled $46,087 million; and net loss totaled $(1,295) million.

(c) Additions to property, plant and equipment include amounts relating to principal businesses purchased.

(d) Includes deferred income taxes that are presented as assets for purposes of our consolidating balance sheet presentation.

(In millions)	Interest and other financial charges 2014	2013	2012	Provision (benefit) for income taxes 2014	2013	2012
GE Capital	$ 8,397	$ 9,267	$ 11,596	$ 138	$ (992)	$ 521
Corporate items and eliminations(a)	1,085	849	811	1,634	1,668	2,013
Total	$ 9,482	$ 10,116	$ 12,407	$ 1,772	$ 676	$ 2,534

(a) Included amounts for Power & Water, Oil & Gas, Energy Management, Aviation, Healthcare, Transportation and Appliances & Lighting, for which our measure of segment profit excludes interest and other financial charges and income taxes.

Property, plant and equipment – net associated with operations based in the United States were $28,186 million, $28,657 million and $27,192 million at year-end 2014, 2013 and 2012, respectively. Property, plant and equipment – net associated with operations based outside the United States were $38,201 million, $40,170 million and $41,441 million at year-end 2014, 2013 and 2012, respectively.

NOTE 29. QUARTERLY INFORMATION (UNAUDITED)

(In millions; per-share amounts in dollars)	First quarter 2014	2013	Second quarter 2014	2013	Third quarter 2014	2013	Fourth quarter 2014	2013
Consolidated operations								
Earnings from continuing operations	$ 2,940	$ 3,631	$ 3,586	$ 3,423	$ 3,452	$ 3,272	$ 5,479	$ 5,149
Earnings (loss) from discontinued operations	12	(120)	(41)	(124)	57	(91)	(140)	(1,785)
Net earnings	2,952	3,511	3,545	3,299	3,509	3,181	5,339	3,364
Less net earnings (loss) attributable to noncontrolling interests	(47)	(16)	-	166	(28)	(10)	187	158
Net earnings attributable to the Company	$ 2,999	$ 3,527	$ 3,545	$ 3,133	$ 3,537	$ 3,191	$ 5,152	$ 3,206
Per-share amounts – earnings from continuing operations								
Diluted earnings per share	$ 0.29	$ 0.35	$ 0.35	$ 0.31	$ 0.34	$ 0.32	$ 0.52	$ 0.49
Basic earnings per share	0.30	0.35	0.36	0.32	0.35	0.32	0.53	0.49
Per-share amounts – earnings (loss) from discontinued operations								
Diluted earnings per share	-	(0.01)	-	(0.01)	0.01	(0.01)	(0.01)	(0.18)
Basic earnings per share	-	(0.01)	-	(0.01)	0.01	(0.01)	(0.01)	(0.18)
Per-share amounts – net earnings								
Diluted earnings per share	0.30	0.34	0.35	0.30	0.35	0.31	0.51	0.32
Basic earnings per share	0.30	0.34	0.35	0.30	0.35	0.31	0.51	0.32
Selected data								
GE								
Sales of goods and services	$ 24,011	$ 22,303	$ 26,226	$ 24,623	$ 26,025	$ 25,262	$ 31,046	$ 28,826
Gross profit from sales	5,326	4,867	6,090	6,006	6,148	5,691	7,867	6,820
GECC								
Total revenues	10,515	11,468	10,247	10,916	10,451	10,606	11,512	11,077
Earnings from continuing operations attributable to the Company	1,933	1,938	1,864	1,924	1,492	1,903	2,052	2,493

For GE, gross profit from sales is sales of goods and services less costs of goods and services sold.

Earnings-per-share amounts are computed independently each quarter for earnings from continuing operations, earnings (loss) from discontinued operations and net earnings. As a result, the sum of each quarter's per-share amount may not equal the total per-share amount for the respective year; and the sum of per-share amounts from continuing operations and discontinued operations may not equal the total per-share amounts for net earnings for the respective quarters.