

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**

**FORM 10-Q**

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended **September 30, 2021**

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number **001-00035**



**GENERAL ELECTRIC COMPANY**

(Exact name of registrant as specified in its charter)

**New York**

**14-0689340**

(State or other jurisdiction of incorporation or organization)

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

**5 Necco Street Boston MA**

**02210**

(Address of principal executive offices)

(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value \$0.01 per share	GE	New York Stock Exchange
0.375% Notes due 2022	GE 22A	New York Stock Exchange
1.250% Notes due 2023	GE 23E	New York Stock Exchange
0.875% Notes due 2025	GE 25	New York Stock Exchange
1.875% Notes due 2027	GE 27E	New York Stock Exchange
1.500% Notes due 2029	GE 29	New York Stock Exchange
7 1/2% Guaranteed Subordinated Notes due 2035	GE /35	New York Stock Exchange
2.125% Notes due 2037	GE 37	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large accelerated filer



Accelerated filer



Non-accelerated filer



Smaller reporting company



Emerging growth company



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

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

There were 1,098,137,128 shares of common stock with a par value of \$0.01 per share outstanding at September 30, 2021.

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

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

- the continuing severity, magnitude and duration of the COVID-19 pandemic, including impacts of the pandemic, of businesses' and governments' responses to the pandemic and of individual factors such as aviation passenger confidence on our operations and personnel, and on commercial activity and demand across our and our customers' businesses, and on global supply chains;
- the extent to which the COVID-19 pandemic and related impacts, including global supply chain disruptions, will continue to adversely impact our business operations, financial performance, results of operations, financial position, the prices of our securities and the achievement of our strategic objectives;
- our success in executing and completing asset dispositions or other transactions, including our plan to combine our GECAS business with AerCap and our plan to exit our equity ownership position in Baker Hughes, the timing of closing for such transactions, the ability to satisfy closing conditions, and the expected proceeds, consideration and benefits to GE;
- changes in macroeconomic and market conditions and market volatility (including developments and volatility arising from the COVID-19 pandemic), including inflation, interest rates, the value of securities and other financial assets (including our equity ownership position in Baker Hughes and the equity ownership position that we will hold in AerCap after completing our announced plan to combine GECAS with AerCap), oil, natural gas and other commodity prices and exchange rates, and the impact of such changes and volatility on our financial position and businesses;
- our de-leveraging and capital allocation plans, including with respect to actions to reduce our indebtedness, the timing and amount of GE dividends, organic investments, and other priorities;
- further downgrades of our current short- and long-term credit ratings or ratings outlooks, or changes in rating application or methodology, and the related impact on our liquidity, funding profile, costs and competitive position;
- GE's liquidity and the amount and timing of our GE Industrial cash flows and earnings, which may be impacted by customer, supplier, competitive, contractual and other dynamics and conditions;
- GE Capital's capital and liquidity needs, including in connection with GE Capital's run-off insurance operations and discontinued operations such as Bank BPH, the amount and timing of any required capital contributions and any strategic actions that we may pursue; the impact of conditions in the financial and credit markets on GE Capital's ability to sell financial assets; the availability and cost of funding; and GE Capital's exposure to particular counterparties and markets, including through GECAS to the aviation sector and adverse impacts related to COVID-19;
- global economic trends, competition and geopolitical risks, including changes in the rates of investment or economic growth in key markets we serve, or an escalation of sanctions, tariffs or other trade tensions between the U.S. and China or other countries, and related impacts on our businesses' global supply chains and strategies;
- market developments or customer actions that may affect demand and the financial performance of major industries and customers we serve, such as secular, cyclical and competitive pressures in our Power business; pricing, the timing of customer investment and other factors in renewable energy markets; demand for air travel and other dynamics related to the COVID-19 pandemic; conditions in key geographic markets; and other shifts in the competitive landscape for our products and services;
- operational execution by our businesses, including the operations and execution of our Power and Renewable Energy businesses, and the performance of our Aviation business;
- changes in law, regulation or policy that may affect our businesses, such as trade policy and tariffs, regulation and incentives related to climate change (including extension of the U.S. wind Production Tax Credit), and the effects of tax law changes;
- our decisions about investments in new products, services and platforms, and our ability to launch new products in a cost-effective manner;
- our ability to increase margins through implementation of operational changes, restructuring and other cost reduction measures;
- the impact of regulation and regulatory, investigative and legal proceedings and legal compliance risks, including the impact of Alstom and other investigative and legal proceedings;
- the impact of actual or potential failures of our products or third-party products with which our products are integrated, and related reputational effects;
- the impact of potential information technology, cybersecurity or data security breaches at GE or third parties; and
- the other factors that are described in the "Risk Factors" section of our Annual Report on Form 10-K for the year ended December 31, 2020 and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2021, as such descriptions may be updated or amended in any future reports we file with the SEC.

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

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

GE's Internet address at [www.ge.com](http://www.ge.com), Investor Relations website at [www.ge.com/investor-relations](http://www.ge.com/investor-relations) and our corporate blog at [www.gereports.com](http://www.gereports.com), as well as GE's Facebook page, Twitter accounts and other social media, including @GE\_Reports, contain a significant amount of information about GE, including financial and other information for investors. GE encourages investors to visit these websites from time to time, as information is updated and new information is posted.

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

See Note 1 for a discussion of the basis of presentation for our consolidated financial statements and this MD&A. Discussions throughout MD&A are based on continuing operations unless otherwise noted. The MD&A should be read in conjunction with the Financial Statements and Notes to the consolidated financial statements. For purposes of the financial statement display of sales and costs of sales in our consolidated Statement of Earnings (Loss), "goods" is required by SEC regulations to include all sales of tangible products, and "services" must include all other sales, including other services activities. Throughout MD&A we refer to sales under product services agreements and sales of both goods (such as spare parts and equipment upgrades) and related services (such as monitoring, maintenance and repairs) as sales of "services," which is an important part of our operations.

In the accompanying analysis of financial information, we sometimes use information derived from consolidated financial data but not presented in our financial statements prepared in accordance with GAAP. Certain of these data are considered "non-GAAP financial measures" under SEC rules. See the Non-GAAP Financial Measures section for the reasons we use these non-GAAP financial measures and the reconciliations to their most directly comparable GAAP financial measures.

## **CONSOLIDATED RESULTS**

**SIGNIFICANT DEVELOPMENTS. Coronavirus Disease 2019 (COVID-19) Pandemic.** The COVID-19 pandemic has impacted global economies, resulting in workforce and travel restrictions, supply chain and production disruptions and reduced demand and spending across many sectors. Since the latter part of the first quarter of 2020, these factors have had a material adverse impact on our operations and financial performance, as well as on the operations and financial performance of many of the customers and suppliers in industries that we serve. While factors related directly and indirectly to the COVID-19 pandemic have been impacting operations and financial performance at varying levels across all our businesses, the most significant impact to date has been at our Aviation segment and our GE Capital Aviation Services (GECAS) aircraft leasing business within discontinued operations. For details about impacts related to our businesses and actions we have taken in response, as applicable, refer to the respective segment sections within MD&A. We also continue to evaluate market conditions as they evolve and take precautionary measures to strengthen our financial position. We ended the third quarter of 2021 with \$25.0 billion of consolidated cash, cash equivalents and restricted cash, in addition to our available credit lines of \$14.5 billion. See the Capital Resources and Liquidity section for further information. We anticipate that our operations and financial performance will continue to be impacted by the COVID-19 pandemic in future periods. These impacts will ultimately depend on many factors that are not within our control, including the severity and duration of the pandemic; governmental, business and individuals' actions in response to the pandemic; and the development, availability and public acceptance of effective treatments and vaccines.

**GECAS.** On March 9, 2021, we announced an agreement to combine GECAS with AerCap Holdings N.V. (AerCap), for which the Company expects to receive approximately \$22.6 billion in cash, inclusive of estimated contractual closing adjustments, 111.5 million shares of AerCap common stock (approximately 46% ownership interest) valued at approximately \$6.4 billion based on the AerCap's closing share price on September 30, 2021, and \$1 billion in AerCap notes (GECAS transaction). In connection with the signing of the transaction agreement, GE Capital recorded a non-cash after-tax charge of \$3.6 billion in discontinued operations in 2021, including a \$0.2 billion gain in the third quarter driven by the increase in AerCap's share price. This was partially offset by \$1.2 billion of GECAS earnings in 2021, including \$0.5 billion of earnings in the third quarter. The results of GECAS are presented in discontinued operations. Given the economics of GECAS accrue to AerCap in conjunction with the transaction, the net impact of GECAS (loss on sale and operations) could change materially, mainly due to fluctuations in AerCap's closing share price. In October 2021, we received final regulatory approvals and are now expecting the transaction to be completed on November 1, 2021. See Note 2 for further information.

After completion of the transaction, we will elect to prospectively measure our investment in AerCap at fair value and expect to have continuing involvement with AerCap, primarily through our ownership interest and ongoing sales or leases of products and services. In addition, we expect to sell our stake in an orderly fashion over time. The remainder of GE Capital, including Energy Financial Services (EFS) and our run-off insurance operations, will be reported within Corporate. Effective for our Annual Report on Form 10-K for the year ended December 31, 2021, we will move from three-column to one-column financial statement reporting. At that point, while we will continue to provide the same level of Insurance disclosures, the results of our Insurance business will be excluded from certain non-GAAP financial measures.

**Liability Management Actions.** In the second quarter of 2021, we completed a debt tender to repurchase a total of \$7.3 billion of debt, comprising \$4.1 billion of GE Industrial and \$3.2 billion of GE Capital debt. The total after-tax loss on the tender was \$1.1 billion (\$1.4 billion pre-tax), comprising \$0.5 billion in GE Industrial and \$0.6 billion in GE Capital.

**Factoring.** Effective April 1, 2021, the Company discontinued the majority of its factoring programs. For the six months ended September 30, 2021, the adverse impact to GE Industrial CFOA was \$3.1 billion, which primarily represents the cash that GE Industrial would have otherwise collected in the period had customer receivables not been previously sold and is excluded from GE Industrial free cash flows\*.

**Reverse Stock Split.** In the second quarter of 2021, we announced that we would proceed with the 1-for-8 reverse stock split, as approved by shareholders, and filed an amendment to our certificate of incorporation to effectuate the reverse stock split after the close of trading on July 30, 2021. GE common stock began trading on a split-adjusted basis on August 2, 2021. Effective this quarter, our shares of outstanding common stock and earnings per share calculation have been retroactively restated for all periods presented.

**BK Medical.** In the third quarter of 2021, we entered into an agreement to acquire BK Medical, a leader in surgical ultrasound imaging and guidance, from Altaris Capital Partners for a cash purchase price of \$1.45 billion. The parties expect the transaction to close in 2022, subject to review by the relevant regulatory authorities.

**THIRD QUARTER 2021 RESULTS.** Consolidated revenues were \$18.4 billion, down \$0.1 billion for the quarter, driven by decreased GE Industrial and GE Capital revenues. GE Industrial revenues decreased \$0.1 billion (1%), driven primarily by decreases at Renewable Energy and Healthcare. GE Capital revenues decreased 3%.

Continuing earnings (loss) per share was \$0.54. Excluding gains (losses) on equity securities, non-operating benefit costs, gains (losses) on purchases and sales of business interests, and restructuring and other charges, Adjusted earnings per share\* was \$0.57.

For the three months ended September 30, 2021, GE Industrial profit was \$0.9 billion and profit margins were 5.0%, up \$2.2 billion, driven primarily by a higher net gain on equity securities of \$1.1 billion, higher profit at our industrial segments of \$0.4 billion, the nonrecurrence of prior year asset impairments in Steam of \$0.4 billion, a decrease in non-operating benefit costs of \$0.2 billion, lower GE Industrial interest and other financial charges of \$0.1 billion and a decrease in adjusted corporate operating costs of \$0.1 billion. Adjusted GE Industrial organic profit\* increased \$0.5 billion, driven primarily by increases at Aviation and Power, partially offset by decreases at Renewable Energy and Healthcare. Additionally, we are starting to experience inflation pressure in our supply chain as well as delays in sourcing key materials needed for our products. The most significant impact to date has been at our Healthcare segment, which has delayed our ability to convert remaining performance obligation (RPO) to revenue. While we are taking actions to limit this pressure, we may experience a greater impact on our longer cycle businesses in future periods.

GE Industrial cash flows from operating activities (CFOA) were \$(0.8) billion and \$(3.2) billion for the nine months ended September 30, 2021 and 2020, respectively. GE Industrial cash used for operating activities decreased primarily due to an increase in net income (after adjusting for the gain on the sale of BioPharma, non-cash gains/losses related to our interest in Baker Hughes, non-operating benefit costs and non-operating debt extinguishment costs), and a decrease in cash paid for income taxes, partially offset by a decrease in Aviation-related customer allowance accruals and the settlement of an Alstom legacy legal matter in 2021. GE Industrial free cash flows (FCF)\* were \$1.3 billion and \$(3.8) billion for the nine months ended September 30, 2021 and 2020, respectively. GE Industrial FCF increased primarily due to a decrease in cash used for operating activities and a decrease in additions to property, plant and equipment and internal-use software. In addition, effective April 1, 2021, the Company discontinued the majority of its factoring programs. In the second and third quarter of 2021, the adverse impact to GE Industrial CFOA was \$3.1 billion, which primarily represents the cash that GE Industrial would have otherwise collected in the period had customer receivables not been previously sold and is excluded from GE Industrial FCF\*. See the Capital Resources and Liquidity - Statement of Cash Flows section for further information.

RPO is unfilled customer orders for products and product services (expected life of contract sales for product services) excluding any purchase order that provides the customer with the ability to cancel or terminate without incurring a substantive penalty. Historical cancellations of customer orders have been limited prior to the COVID-19 pandemic. In the second quarter of 2021, we voluntarily replaced our quarterly disclosures of backlog with RPO as a key metric, one commonly used across our industries, in order to simplify our reporting and align with our peers. See Note 9 for further information.

RPO	September 30, 2021	December 31, 2020	September 30, 2020
Equipment	\$ 46,666	\$ 45,991	\$ 44,634
Services	191,839	184,608	182,032
<b>Total RPO</b>	<b>\$ 238,505</b>	<b>\$ 230,600</b>	<b>\$ 226,666</b>

**As of September 30, 2021**, RPO increased \$7.9 billion (3%) from December 31, 2020, primarily at Aviation, from engines contracted under long-term service agreements that have now been put into service; at Healthcare, from new contracts and renewals with large customers; and at Renewable Energy, primarily at Offshore Wind; partially offset by a decrease at Power from sales outpacing new orders in Gas Power contractual services and the continued wind down of new build coal business. RPO increased \$11.8 billion (5%) from September 30, 2020, primarily due to the same net increases as described above.

\*Non-GAAP Financial Measure

REVENUES	Three months ended September 30		Nine months ended September 30	
	2021	2020	2021	2020
<b>Consolidated revenues</b>	\$ 18,429	\$ 18,529	\$ 53,826	\$ 54,823
Equipment	8,905	9,625	25,178	26,928
Services	8,916	8,293	26,459	25,901
<b>GE Industrial revenues</b>	\$ 17,821	\$ 17,918	\$ 51,637	\$ 52,828
<b>GE Capital revenues</b>	\$ 734	\$ 758	\$ 2,470	\$ 2,455

**For the three months ended September 30, 2021, Consolidated** revenues were down \$0.1 billion, driven by decreases in GE Industrial and GE Capital revenues.

**GE Industrial** revenues decreased \$0.1 billion (1%). Equipment revenues decreased primarily at Healthcare, driven by the nonrecurrence of the prior year order from the U.S. Department of Health and Human Services to deliver ventilators in partnership with Ford and reductions in Life Care Solutions (LCS) for Healthcare Systems (HCS) products; and at Power, due to decreases in Steam Power and Gas Power equipment revenues. Services revenues increased primarily at Aviation, due to higher volume on commercial spare part shipments and increased shop visit volume; and at Power, due to increases in Steam Power services revenues and Gas Power services revenues on strong long-term service agreement volume; partially offset by a decrease at Renewable Energy, primarily from lower repower unit deliveries at Onshore Wind. The decrease in GE Industrial revenues included the net effects of dispositions of \$0.1 billion and an increase from foreign currency translation of \$0.2 billion. Excluding the effects of acquisitions, dispositions and foreign currency translation, GE Industrial organic revenues\* decreased \$0.2 billion (1%), with a decrease in equipment revenues of \$0.9 billion (9%) and an increase in services revenues of \$0.6 billion (7%). GE Industrial organic revenues\* decreased at Renewable Energy, Healthcare and Power, partially offset by an increase at Aviation.

**GE Capital** revenues decreased 3%, as lower factoring revenue and EFS gains were partially offset by lower marks and impairments.

**For the nine months ended September 30, 2021, Consolidated** revenues were down \$1.0 billion, driven by a decrease in GE Industrial revenues, partially offset by an increase in GE Capital revenues.

**GE Industrial** revenues decreased \$1.2 billion (2%). Equipment revenues decreased primarily at Power, due to decreased Gas Power equipment revenues on lower turnkey sales; at Aviation, due to fewer commercial install and spare engine unit shipments; and at Healthcare, due to the disposition of the BioPharma business; partially offset by an increase in Renewable Energy driven by more wind turbine deliveries and higher revenue at Offshore Wind. Services revenues increased primarily at Power, due to an increase in Gas Power services revenues; and at Healthcare, due to increased volume in Imaging and Ultrasound and a return to pre-pandemic volume in PDx; partially offset by decreases at Renewable Energy, primarily due to lower repower unit deliveries at Onshore Wind; and at Aviation, primarily due to our Military business. The decrease in GE Industrial revenues included the effects of acquisitions of \$0.1 billion, the net effects of dispositions of \$1.4 billion and an increase from foreign currency translation of \$1.0 billion. Excluding the effects of acquisitions, dispositions and foreign currency translation, GE Industrial organic revenues\* decreased \$0.9 billion (2%), with equipment revenues down \$1.3 billion (5%) and services revenues up \$0.4 billion (2%). GE Industrial organic revenues\* decreased at Aviation, Power and Renewable Energy, partially offset by an increase at Healthcare.

**GE Capital** revenues increased 1%, primarily as a result of lower marks and impairments primarily in Insurance, partially offset by lower WCS factoring revenue and project revenues at EFS.

EARNINGS (LOSS) AND EARNINGS (LOSS) PER SHARE (Per-share in dollars and diluted)	Three months ended September 30		Nine months ended September 30	
	2021	2020	2021	2020
Continuing earnings (loss)	\$ 603	\$ (1,132)	\$ (1)	\$ 3,857
Continuing earnings (loss) per share	\$ 0.54	\$ (1.04)	\$ (0.01)	\$ 3.39

**For the three months ended September 30, 2021, Consolidated** continuing earnings increased \$1.7 billion primarily due to an increase in GE Industrial profit, partially offset by an increase in GE Industrial provision for income taxes and an increase in GE Capital continuing losses.

**GE Industrial** profit increased \$2.2 billion driven primarily by a higher net gain on equity securities of \$1.1 billion, higher profit at our industrial segments of \$0.4 billion, the nonrecurrence of prior year asset impairments in Steam of \$0.4 billion, a decrease in non-operating benefit costs of \$0.2 billion, lower GE Industrial interest and other financial charges of \$0.1 billion and a decrease in adjusted corporate operating costs of \$0.1 billion. GE Industrial profit margin was 5.0%, an increase from (7.2)%, primarily due to the same net increases as described above. Adjusted GE Industrial profit\* was \$1.3 billion, an increase of \$0.5 billion organically\*, due to increases at Aviation and Power, partially offset by decreases at Renewable Energy and Healthcare. Adjusted GE Industrial profit margin\* was 7.5%, an increase of 270 basis points organically\*. At Aviation, the primary drivers were higher volume on commercial spare part shipments, increased shop visit volume, the nonrecurrence of prior year charges related to lower commercial engine production volume and an impairment charge in a joint venture in the Systems business. At Power, the primary drivers were increases in Gas Power services revenues and margins and aeroderivative sales. At Renewable Energy, the primary drivers were lower repower volume and lower margins on new product introductions. At Healthcare, the primary drivers were lower LCS equipment volume, and higher material, logistics and restructuring costs.

**GE Capital** continuing losses increased \$0.1 billion primarily as a result of lower tax benefits, partially offset by the discontinuation of preferred dividend payments to GE Industrial.

\*Non-GAAP Financial Measure



**For the nine months ended September 30, 2021, Consolidated** continuing earnings decreased \$3.9 billion primarily due to a decrease in GE Industrial profit and an increase in GE Capital continuing losses.

**GE Industrial** profit decreased \$3.3 billion driven by the nonrecurrence of the prior year gain on the sale of our BioPharma business of \$12.4 billion and higher debt extinguishment costs of \$0.6 billion, partially offset by a higher net gain on equity securities of \$5.8 billion, higher profit at our industrial segments of \$1.7 billion, decreased GE Industrial goodwill impairments of \$0.7 billion, the nonrecurrence of Steam asset impairments in the prior year of \$0.4 billion, a decrease in non-operating benefit costs of \$0.4 billion, lower GE Industrial interest and other financial charges of \$0.3 billion, a decrease in adjusted corporate operating costs of \$0.2 billion, lower restructuring and other charges of \$0.1 billion and the nonrecurrence of the legal reserves associated with the SEC investigation in the prior year of \$0.1 billion. GE Industrial profit margin was 2.0%, a decrease from 8.3%, primarily due to the same net decreases as described above. Adjusted GE Industrial profit\* was \$3.1 billion, an increase of \$2.2 billion organically\*, due to increases at each of our industrial segments. Adjusted GE Industrial profit margin\* was 6.0%, an increase of 440 basis points organically\*. At Aviation, the primary drivers were lower net unfavorable changes in estimated profitability in long-term service agreements, operational cost reduction from the actions taken in 2020 and the first half of 2021, and the nonrecurrence of prior year charges related to customer credit risk and lower commercial engine production volumes. At Power, the primary drivers were increases in Gas Power services revenues and margins and aeroderivative sales and continued efforts to streamline the businesses. At Healthcare, the primary drivers were increased volume for Imaging and Ultrasound products, increases in PDx volume as well as continued cost reduction actions. At Renewable Energy, the primary drivers were higher new unit volume at Onshore Wind, the favorable impact of cost reduction actions, and improved project execution.

**GE Capital** continuing losses increased \$0.2 billion (28%) primarily as a result of higher debt extinguishment costs, lower tax benefits and the nonrecurrence of the tax benefit related to the BioPharma sale in the first quarter of 2020, partially offset by the discontinuation of preferred dividend payments to GE Industrial, lower marks and impairments in Insurance and EFS, lower interest expense due to a lower debt balance and lower claims and higher terminations in Insurance.

**SEGMENT OPERATIONS.** Refer to our Annual Report on Form 10-K for the year ended December 31, 2020, for further information regarding our determination of Industrial and Capital segment profit for continuing operations, and for our allocations of corporate costs to our segments.

#### SUMMARY OF REPORTABLE SEGMENTS

	Three months ended September 30			Nine months ended September 30		
	2021	2020	V %	2021	2020	V %
Aviation	\$ 5,398	\$ 4,919	10 %	\$ 15,230	\$ 16,196	(6) %
Healthcare	4,339	4,565	(5) %	13,100	13,185	(1) %
Renewable Energy	4,208	4,525	(7) %	11,505	11,224	3 %
Power	4,026	4,025	— %	12,242	12,206	— %
Capital	734	758	(3) %	2,470	2,455	1 %
<b>Total segment revenues</b>	<b>18,704</b>	<b>18,793</b>	<b>— %</b>	<b>54,546</b>	<b>55,266</b>	<b>(1) %</b>
Corporate items and eliminations	(275)	(264)	(4) %	(720)	(443)	(63) %
<b>Consolidated revenues</b>	<b>\$ 18,429</b>	<b>\$ 18,529</b>	<b>(1) %</b>	<b>\$ 53,826</b>	<b>\$ 54,823</b>	<b>(2) %</b>
Aviation	\$ 846	\$ 350	F	\$ 1,664	\$ 665	F
Healthcare	704	738	(5) %	2,203	2,111	4 %
Renewable Energy	(151)	(51)	U	(484)	(628)	23 %
Power	204	148	38 %	416	(32)	F
Capital	(142)	(29)	U	(887)	(692)	(28) %
<b>Total segment profit (loss)</b>	<b>1,461</b>	<b>1,156</b>	<b>26 %</b>	<b>2,912</b>	<b>1,424</b>	<b>F</b>
Corporate items and eliminations	(74)	(1,515)	95 %	2	6,182	U
GE Industrial goodwill impairments	—	—	— %	—	(877)	F
GE Industrial interest and other financial charges	(225)	(313)	28 %	(753)	(1,016)	26 %
GE Industrial debt extinguishment costs	—	—	— %	(645)	(63)	U
GE Industrial non-operating benefit costs	(426)	(603)	29 %	(1,376)	(1,815)	24 %
GE Industrial benefit (provision) for income taxes	(81)	143	U	(1)	22	U
GE Industrial preferred stock dividends	(52)	—	U	(139)	—	U
Earnings (loss) from continuing operations attributable to GE common shareholders	603	(1,132)	F	(1)	3,857	U
Earnings (loss) from discontinued operations attributable to GE common shareholders	602	(58)	F	(2,856)	(1,070)	U
<b>Consolidated net earnings (loss) attributable to the GE common shareholders</b>	<b>\$ 1,205</b>	<b>\$ (1,190)</b>	<b>F</b>	<b>\$ (2,857)</b>	<b>\$ 2,787</b>	<b>U</b>

\*Non-GAAP Financial Measure

**AVIATION.** The global COVID-19 pandemic continues to have a material adverse effect on the global airline industry, although Aviation's results in the third quarter of 2021 reflect improvement in market fundamentals. A key underlying driver of Aviation's commercial engine and services business is global commercial air traffic, which in turn is driven by economic activity and consumer and business propensity to travel. Since the beginning of the pandemic in the first quarter of 2020, we have seen varied levels of recovery in global markets. Government travel restrictions, public health advisories, individuals' propensity to travel and continued cases of the virus have all impacted the level of air travel. Aviation regularly tracks global departures, which as of September 30, 2021, were approximately 25% below third quarter 2019. Broadly, global departures improved in the third quarter of 2021 compared to the second quarter of 2021, but levels of recovery varied across regions due in large part to the emergence of the COVID-19 Delta variant. Aviation is closely monitoring government actions and economic and industry forecasts. We are in frequent dialogue with our airline and airframe customers about the outlook for commercial air travel, new aircraft production, fleet retirements, and after-market services, including shop visit and spare parts demand. Given current trends, we expect domestic travel routes primarily served by narrowbody aircraft to recover before long-haul, international travel routes, which are primarily served by widebody aircraft. Consistent with industry projections, Aviation continues to estimate the duration of the market recovery to be prolonged over multiple years, dependent on containing the spread of the virus, effective inoculation programs and government collaboration to encourage travel, particularly around reducing quarantine requirements.

Aviation has taken several actions to respond to the current adverse environment. Aviation is actively monitoring the pace of demand recovery to ensure the business is appropriately sized for the future. In addition, we continue to partner with our airline and leasing customers and collaborate with our airframe partners on production rates for 2021 and beyond.

As it relates to the military environment, Aviation continues to forecast strong military demand creating future growth opportunities for our Military business unit as the U.S. Department of Defense and foreign governments have continued flight operations, and have allocated budgets to upgrade and modernize their existing fleets. During the third quarter of 2021, Aviation continued to experience supply chain challenges, which the business is actively addressing.

Total engineering, comprising company, customer and partner-funded and nonrecurring engineering costs, decreased compared to prior year in line with the changes in the commercial environment and due to the timing of planned program expenditures. Aviation continues to be committed to investment in developing and maturing technology that enables a more sustainable future of flight. In June 2021, Aviation and Safran announced Revolutionary Innovation for Sustainable Engines (RISE), a technology development program targeting more than 20% lower fuel consumption and CO2 emissions compared to today's engines. In September 2021, Aviation's Catalyst engine, the first clean-sheet turboprop design entering the business and general aviation market in 50 years, completed its first flight.

Aviation is taking actions to protect its ability to serve its customers now and as the global airline industry recovers. Aviation's deep history of innovation and technology leadership, commercial engine installed base of approximately 37,700 units, with approximately 12,800 units under long-term service agreements, and military engine installed base of approximately 26,500 units represents strong long-term fundamentals. Aviation expects to emerge from this crisis stronger and drive long-term cash and profitable growth over time.

Sales in units, except where noted	Three months ended September 30		Nine months ended September 30	
	2021	2020	2021	2020
Commercial Engines(a)	377	391	1,119	1,283
LEAP Engines(b)	226	172	625	622
Military Engines	154	107	405	457
Spare Parts Rate(c)	\$ 19.3	\$ 14.4	\$ 15.8	\$ 18.1

(a) Commercial Engines now includes Business and General Aviation and Aeroderivative units for all periods presented.

(b) LEAP engines are subsets of commercial engines.

(c) Commercial externally shipped spare parts and spare parts used in time and material shop visits in millions of dollars per day.

	September 30, 2021	December 31, 2020	September 30, 2020
Equipment	\$ 11,523	\$ 10,597	\$ 10,373
Services	111,224	103,500	103,015
<b>Total RPO</b>	<b>\$ 122,747</b>	<b>\$ 114,097</b>	<b>\$ 113,388</b>

	Three months ended September 30		Nine months ended September 30	
	2021	2020	2021	2020
Commercial Engines & Services	\$ 3,602	\$ 3,087	\$ 10,071	\$ 10,718
Military	1,107	1,137	3,104	3,258
Systems & Other	689	696	2,055	2,220
<b>Total segment revenues</b>	<b>\$ 5,398</b>	<b>\$ 4,919</b>	<b>\$ 15,230</b>	<b>\$ 16,196</b>
Equipment	\$ 1,837	\$ 1,933	\$ 5,549	\$ 6,234
Services	3,562	2,987	9,681	9,961
<b>Total segment revenues</b>	<b>\$ 5,398</b>	<b>\$ 4,919</b>	<b>\$ 15,230</b>	<b>\$ 16,196</b>
<b>Segment profit</b>	<b>\$ 846</b>	<b>\$ 350</b>	<b>\$ 1,664</b>	<b>\$ 665</b>
<b>Segment profit margin</b>	<b>15.7 %</b>	<b>7.1 %</b>	<b>10.9 %</b>	<b>4.1 %</b>



**For the three months ended September 30, 2021, segment revenues were up \$0.5 billion (10%) and segment profit was up \$0.5 billion.**

Revenues increased \$0.5 billion (10%) organically\*. Commercial Services revenues increased, primarily due to higher volume on commercial spare part shipments and increased shop visit volume. Commercial Engines revenues decreased due to 14 fewer commercial install and spare engine unit shipments, driven by fewer engine shipments on legacy programs, partially offset by 54 more LEAP units versus the prior year. Military revenues decreased marginally due to lower services, partially offset by 47 more engine shipments.

Profit increased \$0.5 billion organically\*, primarily due to higher volume on commercial spare part shipments, increased shop visit volume and the receipt of a payment from a partner associated with engine program activity. Profit also increased due to operational cost reduction from the actions taken in 2020 and the first half of 2021 and the nonrecurrence of prior year charges related to lower commercial engine production volume and an impairment charge in a joint venture in the Systems business.

**For the nine months ended September 30, 2021, segment revenues were down \$1.0 billion (6%) and segment profit was up \$1.0 billion.**

RPO as of September 30, 2021 increased \$8.7 billion (8%) from December 31, 2020, due to increases in both equipment and services. Equipment increased primarily due an increase in Military orders in the third quarter of 2021, reflecting a large order from Hindustan Aeronautics for 99 F404s, along with multiple other T700 orders. Services increased primarily as a result of engines contracted under long-term service agreements that have now been put into service. RPO increased \$9.4 billion (8%) from September 30, 2020, due to increases in both equipment and services.

Revenues decreased \$0.9 billion (6%) organically\*. Commercial Engines revenues decreased, due to 164 fewer commercial install and spare engine unit shipments, including fewer engine shipments on legacy programs, offset by three more LEAP units versus the prior year. Commercial Services revenues increased, primarily due to higher volume on commercial spare part shipments and increased shop visit volume. Commercial Services revenues for the nine months ended September 30, 2021, included a net unfavorable change in estimated profitability of \$0.3 billion for its long-term service agreements compared to a net unfavorable change of \$0.9 billion for the same period in the prior year. Military revenues decreased due to lower services, partially offset by product mix with 52 fewer engine shipments.

Profit increased \$1.0 billion organically\*, primarily due to lower net unfavorable changes in estimated profitability in long-term service agreements, operational cost reduction from the actions taken in 2020 and the first half of 2021, and the nonrecurrence of prior year charges related to customer credit risk and lower commercial engine production volumes. These increases in profit were partially offset by lower volume on commercial spare part shipments and an accrual for a contract in a loss position in the long-term service agreement portfolio.

**HEALTHCARE.** We continue to see an overall recovery in hospital spending; the expectation is that this will continue in line with the worldwide COVID-19 vaccine rollout. Both HCS and PDx demand has largely recovered to pre-COVID levels. Similar to many industries, we are experiencing inflation in our supply chain as well as delays in sourcing key materials needed for our products, such as electronics and resins, delaying our ability to convert RPO to revenue. In response to near-term volatility and cost pressures, we have continued to execute on structural cost reductions and cash optimization actions, in order to invest in growth and research and development.

We continue to grow and invest in precision health, with focus on creating new products and digital solutions as well as expanding uses of existing offerings that are tailored to the different needs of our global customers. Healthcare recently launched Carestation™ Insights LIVE, a mobile application designed for anesthesiologists overseeing operating room patients, using data from GE patient monitors and anesthesia Carestations to help clinicians view patient status and assess how therapy is being delivered in real time. We have also launched a cloud based Edison True Picture Archive and Communication System, which offers AI-enabled decision support to help radiologists adapt to higher workloads and increased exam complexity, and improve diagnostic accuracy. We remain committed to innovate and invest to create more integrated, efficient, and personalized precision healthcare.

In the third quarter of 2021, we entered into an agreement to acquire BK Medical, a leader in surgical ultrasound imaging and guidance, from Altaris Capital Partners for a cash purchase price of \$1.45 billion. The parties expect the transaction to close in 2022, subject to review by the relevant regulatory authorities.

	September 30, 2021	December 31, 2020	September 30, 2020
Equipment	\$ 3,827	\$ 3,465	\$ 3,489
Services	10,425	9,458	9,419
<b>Total RPO</b>	<b>\$ 14,252</b>	<b>\$ 12,923</b>	<b>\$ 12,908</b>

\*Non-GAAP Financial Measure

	Three months ended September 30		Nine months ended September 30	
	2021	2020	2021	2020
Healthcare Systems (HCS)	\$ 3,832	\$ 4,085	\$ 11,572	\$ 11,056
Pharmaceutical Diagnostics (PDx)	507	480	1,528	1,300
BioPharma	—	—	—	830
<b>Total segment revenues</b>	<b>\$ 4,339</b>	<b>\$ 4,565</b>	<b>\$ 13,100</b>	<b>\$ 13,185</b>
Equipment	\$ 2,187	\$ 2,538	\$ 6,671	\$ 7,287
Services	2,151	2,027	6,429	5,899
<b>Total segment revenues</b>	<b>\$ 4,339</b>	<b>\$ 4,565</b>	<b>\$ 13,100</b>	<b>\$ 13,185</b>
<b>Segment profit</b>	<b>\$ 704</b>	<b>\$ 738</b>	<b>\$ 2,203</b>	<b>\$ 2,111</b>
<b>Segment profit margin</b>	<b>16.2 %</b>	<b>16.2 %</b>	<b>16.8 %</b>	<b>16.0 %</b>

**For the three months ended September 30, 2021, segment revenues were down \$0.2 billion (5%) and segment profit was down 5%.**

Revenues decreased \$0.3 billion (6%) organically\*, driven by the nonrecurrence of the prior year order from the U.S. Department of Health and Human Services to deliver ventilators in partnership with Ford and reductions in LCS for HCS products, partially offset by increased volume in Imaging and Ultrasound and a return to pre-pandemic volume in PDx.

Profit decreased \$0.1 billion (10%) organically\*, driven by higher inflation, supply chain and restructuring costs and lower LCS equipment volume associated with the nonrecurrence of the prior year order from the U.S. Department of Health and Human Services to deliver ventilators in partnership with Ford, partially offset by productivity and higher PDx volume.

**For the nine months ended September 30, 2021, segment revenues were down \$0.1 billion (1%) and segment profit was up \$0.1 billion (4%).**

RPO as of September 30, 2021 increased \$1.3 billion (10%) from December 31, 2020 and \$1.3 billion (10%) from September 30, 2020 primarily due to services on new contracts and renewals with large customers and from equipment on strong orders across all regions.

Revenues increased \$0.4 billion (3%) organically\*, driven by increased volume in Imaging and Ultrasound and a return to pre-pandemic volume in PDx, partially offset by reductions in LCS for HCS products.

Profit increased \$0.3 billion (18%) organically\*, driven by increased volume for Imaging and Ultrasound products, increases in PDx volume as well as continued cost reduction actions.

**RENEWABLE ENERGY.** Renewable Energy includes a portfolio of business units comprising Onshore Wind (with our separate LM Wind blades business), Grid Solutions equipment and services, Hydro Solutions, and Offshore Wind and Hybrid Solutions. These businesses are uniquely positioned to lead the energy transition with products, services and integrated solutions by growing new renewable energy generation, lowering the cost of electricity and modernizing the grid. Across our businesses, we have RPO of \$31.4 billion together with an Onshore and Offshore Wind installed base of approximately 50,000 units, of which, approximately half are under service agreements.

While we expect long term growth in the U.S onshore wind market, pending modifications to and extension of the Production Tax Credit (PTC) has caused further deterioration in the market outlook and continues to drive customer uncertainty. The latest Wood Mackenzie market forecast expects the U.S onshore market to decline from 14 gigawatts of new installations in 2021 to approximately 10 gigawatts in 2022. In the international onshore wind markets, we continue to observe strong demand. The offshore wind industry continues to experience strong global market momentum. Customer preference continues to shift to larger, more efficient units to drive down costs and compete with other power generation options and we are monitoring the impact across the industry from rising inflationary costs of transportation and commodities. The Grid and Hydro business units are executing their turnaround plans and we are observing improved operating results. Underwriting discipline, risk management and commercial selectivity of new orders remains a key priority across each of our businesses.

New product introductions remain important to our onshore and offshore customers who are demonstrating the willingness to adopt the new technology of larger turbines that decrease the levelized cost of energy. We have observed significant market demand for our 5-6 MW Cypress and 3-4 MW Sierra Onshore units and our 12-14 MW Haliade-X Offshore units. Our Haliade-X prototype unit is currently operating at 14MW, a first in the industry. Preparing for large scale production, while reducing the cost of these new product platforms and blade technologies remains a key priority. At Grid Solutions, new technology such as flexible transformers and g<sup>3</sup> switchgears are solving for a more resilient and efficient electric grid and lower emissions, respectively.

Onshore and Offshore sales in units	Three months ended September 30		Nine months ended September 30	
	2021	2020	2021	2020
Wind Turbines	1,083	1,170	2,748	2,731
Wind Turbine Gigawatts	3.6	3.4	8.9	7.8
Repower units	27	300	276	876

	September 30, 2021	December 31, 2020	September 30, 2020
Equipment	\$ 18,211	\$ 18,273	\$ 17,579
Services	13,214	12,531	10,767
<b>Total RPO</b>	<b>\$ 31,425</b>	<b>\$ 30,804</b>	<b>\$ 28,346</b>

\*Non-GAAP Financial Measure

	Three months ended September 30		Nine months ended September 30	
	2021	2020	2021	2020
Onshore Wind	\$ 3,047	\$ 3,303	\$ 8,048	\$ 7,914
Grid Solutions equipment and services	759	936	2,330	2,587
Hydro	190	160	549	490
Offshore Wind and Hybrid Solutions	211	127	577	232
<b>Total segment revenues</b>	<b>\$ 4,208</b>	<b>\$ 4,525</b>	<b>\$ 11,505</b>	<b>\$ 11,224</b>
Equipment	\$ 3,695	\$ 3,771	\$ 9,844	\$ 9,068
Services	512	754	1,661	2,155
<b>Total segment revenues</b>	<b>\$ 4,208</b>	<b>\$ 4,525</b>	<b>\$ 11,505</b>	<b>\$ 11,224</b>
<b>Segment profit (loss)</b>	<b>\$ (151)</b>	<b>\$ (51)</b>	<b>\$ (484)</b>	<b>\$ (628)</b>
<b>Segment profit margin</b>	<b>(3.6) %</b>	<b>(1.1) %</b>	<b>(4.2) %</b>	<b>(5.6) %</b>

**For the three months ended September 30, 2021, segment revenues were down \$0.3 billion (7%) and segment losses were up \$0.1 billion.**

Revenues decreased \$0.4 billion (9%) organically\*, primarily from 273 fewer U.S. repower unit deliveries and lower volumes in Grid Solutions due to continued commercial selectivity, in addition to 87 fewer wind turbine deliveries on a unit basis, which was largely driven by PTC uncertainty and customer site readiness in the U.S. These decreases were partially offset by higher core Onshore services revenue and higher revenue from the Offshore EDF 6 MW project in Saint Nazaire, France.

Segment losses increased \$0.1 billion organically\*, primarily from lower repower volume, lower margins on new product introductions and higher supply chain costs at Onshore, lower volumes at Grid and higher costs at Offshore Wind from legacy projects, partially offset by the favorable impact of cost reduction actions across our businesses and improved project execution at Grid and Hydro.

**For the nine months ended September 30, 2021, segment revenues were up \$0.3 billion (3%) and segment losses were down \$0.1 billion (23%).**

RPO as of September 30, 2021 increased \$0.6 billion (2%) from December 31, 2020 primarily driven by the Offshore Vineyard Wind and Dogger Bank wind farms and from higher Onshore services, partially offset by equipment sales exceeding new orders at Onshore and Grid. The decrease at Onshore Wind is largely driven by PTC dynamics in North America, while at Grid is primarily due to increased commercial selectivity in certain product lines. RPO increased \$3.1 billion (11%) from September 30, 2020, primarily driven by new Haliade-X orders at Offshore Wind.

Revenues decreased \$0.1 billion (1%) organically\*, primarily from lower repower unit deliveries at Onshore Wind and lower revenue at Grid due to increased commercial selectivity, partially offset by 17 more wind turbine deliveries and higher revenue at Offshore Wind's EDF 6 MW project in Saint Nazaire, France.

Segment losses decreased \$0.2 billion (29%) organically\*, primarily from higher new unit volume at Onshore Wind, the favorable impact of cost reduction actions, and improved project execution. These improvements were partially offset by lower margins on new product introductions, lower repower units at Onshore Wind and higher restructuring costs.

**POWER.** Power continues to streamline its business to better align with market demand and drive its business units with an operational rigor and discipline that is focused on its customers' lifecycle experience. We remain focused on our underwriting discipline, commercial selectivity and risk management to ensure we are securing deals that meet our financial hurdles and we have a high confidence to deliver for our customers.

During the current period, global gas generation was down high-single-digits due to price-driven gas-to-coal switching. However, GE gas turbine utilization continues to be resilient as megawatt hours grew low-single-digits. Looking ahead, we anticipate the power market to continue to be impacted by overcapacity in the industry, continued price pressure from competition on servicing the installed base, and the uncertain timing of deal closures due to financing and the complexities of working in emerging markets, as well as the ongoing impacts of COVID-19. Although market factors related to the energy transition such as greater renewable energy penetration and the adoption of climate change-related policies continue to impact long-term demand, to differing degrees across markets globally, we expect the gas market to remain stable through the next decade with gas generation continuing to grow low-single-digits. We believe gas will play a critical role in the energy transition. We are encouraged by the growth in Gas Power Services, while at the same time, Steam Power continues to execute on the exit of new build coal.

We continue to invest in new product development, such as our HA-Turbines. Our fundamentals remain strong with approximately \$70.5 billion in RPO and a gas turbine installed base greater than 7,000 units, including approximately 1,800 units under long-term service agreements.

Sales in units	Three months ended September 30		Nine months ended September 30	
	2021	2020	2021	2020
GE Gas Turbines	22	11	47	43
Heavy-Duty Gas Turbines(a)	14	9	34	29
HA-Turbines(b)	5	3	11	12
Aeroderivatives(a)	8	2	13	14

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

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

\*Non-GAAP Financial Measure

	September 30, 2021	December 31, 2020	September 30, 2020
Equipment	\$ 14,231	\$ 14,991	\$ 14,774
Services	56,257	58,318	58,160
<b>Total RPO</b>	<b>\$ 70,488</b>	<b>\$ 73,308</b>	<b>\$ 72,934</b>

	Three months ended September 30		Nine months ended September 30	
	2021	2020	2021	2020
Gas Power	\$ 2,861	\$ 2,940	\$ 8,739	\$ 8,876
Steam Power	790	769	2,327	2,340
Power Conversion, Nuclear and other	376	316	1,176	990
<b>Total segment revenues</b>	<b>\$ 4,026</b>	<b>\$ 4,025</b>	<b>\$ 12,242</b>	<b>\$ 12,206</b>
Equipment	\$ 1,368	\$ 1,595	\$ 3,680	\$ 4,589
Services	2,658	2,430	8,561	7,617
<b>Total segment revenues</b>	<b>\$ 4,026</b>	<b>\$ 4,025</b>	<b>\$ 12,242</b>	<b>\$ 12,206</b>
<b>Segment profit (loss)</b>	<b>\$ 204</b>	<b>\$ 148</b>	<b>\$ 416</b>	<b>\$ (32)</b>
<b>Segment profit margin</b>	<b>5.1 %</b>	<b>3.7 %</b>	<b>3.4 %</b>	<b>(0.3) %</b>

**For the three months ended September 30, 2021, segment revenues were flat and segment profit was up \$0.1 billion (38%).**

Revenues decreased 1% organically\*, primarily due to decreases in Steam Power equipment revenues and decreases in Gas Power equipment revenues on lower turnkey sales, partially offset by increases in Steam Power services revenues and Gas Power services revenues on strong long-term service agreement volume.

Profit increased 34% organically\* due to increases in Gas Power services revenues and margins and aeroderivative sales.

**For the nine months ended September 30, 2021, segment revenues were flat and segment profit was up \$0.4 billion.**

RPO as of September 30, 2021 decreased \$2.8 billion (4%) and \$2.4 billion (3%) from December 31, 2020 and September 30, 2020, respectively, primarily driven by sales outpacing new orders in Gas Power contractual services and the continued wind down of the Steam Power new build coal business.

Revenues decreased \$0.2 billion (2%) organically\*, primarily due to decreased Gas Power equipment revenues on lower turnkey sales, partially offset by an increase in Gas Power services revenues.

Profit increased \$0.5 billion organically\* due to increases in Gas Power services revenues and margins and aeroderivative sales, continued efforts to streamline the businesses, and a prior year charge related to an under-performing joint venture (JV) in China at Gas Power and the nonrecurrence of a quality reserve on the legacy product line that we have since exited at Power Conversion, partially offset by unfavorable legacy project arbitration resolutions and Steam Power project execution.

**CAPITAL.** In the first quarter of 2021, we announced an agreement to combine GECAS with AerCap, for which the Company expects to receive approximately \$22.6 billion in cash, inclusive of estimated contractual closing adjustments, 111.5 million shares of AerCap common stock (approximately 46% ownership interest) valued at approximately \$6.4 billion based on the AerCap's closing share price of \$57.81 on September 30, 2021, and \$1 billion in AerCap notes. The Company expects to transfer GECAS' net assets, including its engine leasing and Milestone helicopter leasing business units, as well as GECAS' more than 400 employees and its current purchase obligations, to AerCap. In addition, upon the closing of the transaction, the remainder of GE Capital will be reported within Corporate. In October 2021, we received final regulatory approvals and are now expecting the transaction to be completed on November 1, 2021.

In connection with the signing of the transaction agreement, GE Capital recorded a total non-cash after-tax charge of \$3.6 billion in discontinued operations for the nine months ended September 30, 2021, and the results of GECAS are now presented in discontinued operations.

In the first quarter of 2021, we announced our intention to discontinue the majority of our factoring programs in WCS, which was effective April 1, 2021.

We annually perform premium deficiency testing in the aggregate across our run-off insurance portfolio in the third quarter. As a result of the testing, we identified no premium deficiency in the third quarter of 2021. See the Other Items section and Note 13 to the consolidated financial statements for further information.

	September 30, 2021	December 31, 2020
Energy Financial Services (EFS)	\$ 2,358	\$ 2,385
Working Capital Solutions (WCS)	1,337	5,884
Insurance	50,839	50,824
Other continuing operations(a)	11,762	18,577
<b>Total segment assets - continuing operations</b>	<b>\$ 66,295</b>	<b>\$ 77,670</b>

(a) Included cash, cash equivalents and restricted cash of \$6,834 million and \$13,245 million and deferred income taxes of \$3,595 million and \$3,680 million as of September 30, 2021 and December 31, 2020, respectively.

\*Non-GAAP Financial Measure

		Three months ended September 30		Nine months ended September 30	
		2021	2020	2021	2020
S	\$	(75)	15	(32)	77
OS		28	57	105	270
Insurance		770	764	2,348	2,167
Other continuing operations		11	(78)	49	(59)
<b>total segment revenues</b>	<b>\$</b>	<b>734</b>	<b>758</b>	<b>2,470</b>	<b>2,455</b>
S	\$	18	18	70	13
OS		(2)	15	(8)	51
Insurance		52	57	360	78
Other continuing operations(a)		(211)	(119)	(1,310)	(834)
<b>total segment profit (loss)</b>	<b>\$</b>	<b>(142)</b>	<b>(29)</b>	<b>(887)</b>	<b>(692)</b>

(a) Other continuing operations primarily comprised excess interest costs from debt previously allocated to assets that have been sold, interest costs not allocated to GE Capital businesses, and preferred stock dividend costs prior to January 2021, at which time these became a GE Industrial obligation (see Note 17 for further information). Interest costs are allocated to GE Capital businesses based on the tenor of their assets using the market rate at the time of origination, which differs from the asset profile when the debt was originated. As a result, actual interest expense is higher than interest expense allocated to the remaining GE Capital businesses. We anticipate unallocated interest costs to gradually decline as debt matures and/or is refinanced.

**For the three months ended September 30, 2021, segment revenues decreased 3% and segment losses increased \$0.1 billion.**

Capital revenues decreased 3%, as lower factoring revenue and EFS gains were partially offset by lower marks and impairments.

Capital losses increased \$0.1 billion primarily as a result of lower tax benefits, partially offset by the discontinuation of preferred dividend payments to GE Industrial.

**For the nine months ended September 30, 2021, segment revenues increased 1% and segment losses increased \$0.2 billion (28%).**

Capital revenues increased 1%, primarily as a result of lower marks and impairments primarily in Insurance, partially offset by lower WCS factoring revenue and project revenues at EFS.

Capital losses increased \$0.2 billion (28%) primarily as a result of higher debt extinguishment costs, lower tax benefits and the nonrecurrence of the tax benefit related to the BioPharma sale in the first quarter of 2020, partially offset by the discontinuation of preferred dividend payments to GE Industrial, lower marks and impairments in Insurance and EFS, lower interest expense due to a lower debt balance and lower claims and higher terminations in Insurance.

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

	Three months ended September 30		Nine months ended September 30	
	2021	2020	2021	2020
<b>Revenues</b>				
Corporate revenues	\$ 237	\$ 251	\$ 693	\$ 1,039
Eliminations and other	(512)	(515)	(1,412)	(1,482)
<b>Total Corporate Items and Eliminations</b>	<b>\$ (275)</b>	<b>\$ (264)</b>	<b>\$ (720)</b>	<b>\$ (443)</b>
<b>Operating profit (cost)</b>				
Gains (losses) on purchases and sales of business interests	\$ (156)	\$ 28	\$ (159)	\$ 12,431
Gains (losses) on equity securities	412	(669)	1,256	(4,527)
Restructuring and other charges	(64)	(91)	(395)	(523)
Steam asset impairments(a) (Notes 7 & 8)	—	(363)	—	(363)
SEC settlement charge(b)	—	(100)	—	(100)
Goodwill impairments(c) (Note 8)	—	—	—	(728)
<b>Adjusted total corporate operating costs (Non-GAAP)</b>	<b>(266)</b>	<b>(321)</b>	<b>(701)</b>	<b>(885)</b>
<b>Total Corporate Items and Eliminations (GAAP)</b>	<b>\$ (74)</b>	<b>\$ (1,515)</b>	<b>\$ 2</b>	<b>\$ 5,305</b>
<b>Less: gains (losses) and restructuring &amp; other</b>	<b>192</b>	<b>(1,195)</b>	<b>702</b>	<b>6,190</b>
<b>Adjusted total corporate operating costs (Non-GAAP)</b>	<b>\$ (266)</b>	<b>\$ (321)</b>	<b>\$ (701)</b>	<b>\$ (885)</b>
<b>Functions &amp; operations</b>	<b>\$ (152)</b>	<b>\$ (246)</b>	<b>\$ (475)</b>	<b>\$ (709)</b>
Environmental, health and safety (EHS) and other items	(100)	(21)	(184)	8
Eliminations	(13)	(54)	(42)	(184)
<b>Adjusted total corporate operating costs (Non-GAAP)</b>	<b>\$ (266)</b>	<b>\$ (321)</b>	<b>\$ (701)</b>	<b>\$ (885)</b>

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

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

(c) Included a non-cash pre-tax impairment charge of \$877 million, net of \$149 million attributable to noncontrolling interest, for our Additive reporting unit within our Aviation segment for the nine months ended September 30, 2020.

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

**For the three months ended September 30, 2021**, revenues remained relatively flat year over year. Corporate operating profit increased by \$1.4 billion primarily due to a \$1.1 billion change in gains/(losses) on equity securities primarily related to mark-to-market activity on our Baker Hughes shares. In addition, Corporate operating profit also increased due to the nonrecurrence of \$0.4 billion of non-cash impairment charges related to property, plant and equipment and intangible assets at our Steam business within our Power segment, and \$0.1 billion legal reserves associated with the settlement of the SEC investigation in 2020. These increases were partially offset by \$0.2 billion of higher losses on purchases and sales of business interests due to a \$0.2 billion held for sale loss within our Power segment in 2021.

Adjusted total corporate operating costs\* were down \$0.1 billion due to lower costs associated with our Corporate functions and operations partially offset by higher costs associated with EHS and other items.

**For the nine months ended September 30, 2021**, revenues decreased by \$0.3 billion, primarily due to the sale of our Lighting business in June 2020, partially offset by \$0.1 billion of lower inter-segment eliminations. Corporate operating profit decreased by \$5.3 billion due to \$12.6 billion of lower gains on purchases and sales of business interests primarily due to a \$12.4 billion gain from the sale of our BioPharma business in 2020 and a \$0.2 billion held for sale loss within our Power segment in 2021. This decrease was partially offset by a \$5.8 billion change in gains (losses) on equity securities primarily related to mark-to-market activity on our Baker Hughes shares. In addition, Corporate operating profit increased due to the nonrecurrence of a \$0.7 billion non-cash goodwill impairment charge related to our Aviation segment, \$0.4 billion of non-cash impairment charges related to property, plant and equipment and intangible assets at our Steam business within our Power segment, and \$0.1 billion legal reserves associated with the settlement of the SEC investigation in 2020. Restructuring and other charges decreased by \$0.1 billion due to lower restructuring in Aviation and Corporate, partially offset by higher restructuring in our Power segment, primarily related to our exit from the new build coal power market.

Adjusted total corporate operating costs\* decreased by \$0.2 billion primarily as the result of \$0.2 billion of cost reductions in our Corporate functions and operations. Costs also decreased due to \$0.1 billion of lower intercompany profit eliminations primarily as the result of lower activity from project financing investments associated with wind energy projects in our Renewable Energy segment.

## OTHER CONSOLIDATED INFORMATION

**RESTRUCTURING.** Restructuring actions are essential to our cost improvement efforts for both existing operations and those acquired. Restructuring and other charges relate primarily to workforce reductions, facility exit costs associated with the consolidation of sales, service and manufacturing facilities, the integration of acquisitions, and certain other asset write-downs such as those associated with product line exits. We also recognize an obligation for severance benefits that vest or accumulate with service. We continue to closely monitor the economic environment and expect to undertake further restructuring actions to more closely align our cost structure with earnings goals. This table is inclusive of all restructuring charges in our segments and at Corporate, and the charges are shown below for the business where they originated. Separately, in our reported industrial segment results, significant, higher-cost restructuring programs are excluded from measurement of segment operating performance for internal and external purposes; those excluded amounts are reported in Restructuring and other charges for Corporate (see the Corporate Items and Eliminations section).

	Three months ended September 30		Nine months ended September 30	
	2021	2020	2021	2020
Workforce reductions	\$ 132	\$ 137	\$ 634	\$ 630
Plant closures & associated costs and other asset write-downs	23	93	87	201
Acquisition/disposition net charges	9	12	16	57
<b>Total restructuring and other charges</b>	<b>\$ 164</b>	<b>\$ 242</b>	<b>\$ 736</b>	<b>\$ 888</b>
Cost of product/services	\$ 61	\$ 111	\$ 349	\$ 368
Selling, general and administrative expenses	103	131	393	520
Other income	—	—	(7)	—
<b>Total restructuring and other charges</b>	<b>\$ 164</b>	<b>\$ 242</b>	<b>\$ 736</b>	<b>\$ 888</b>
Aviation	\$ 3	\$ 65	\$ 64	\$ 309
Healthcare	68	28	127	104
Renewable Energy	14	58	149	142
Power	65	31	341	159
Corporate	9	45	39	154
<b>Total GE Industrial restructuring and other charges</b>	<b>\$ 160</b>	<b>\$ 226</b>	<b>\$ 720</b>	<b>\$ 867</b>
Capital	4	16	16	21
<b>Total restructuring and other charges</b>	<b>\$ 164</b>	<b>\$ 242</b>	<b>\$ 736</b>	<b>\$ 888</b>
<b>Restructuring and other charges cash expenditures</b>	<b>\$ 152</b>	<b>\$ 321</b>	<b>\$ 565</b>	<b>\$ 856</b>

\*Non-GAAP Financial Measure



Liabilities associated with restructuring activities were approximately \$1.4 billion and \$1.3 billion as of September 30, 2021 and December 31, 2020, respectively, including actuarial determined post-employment severance benefits of \$0.7 billion in both periods.

INTEREST AND OTHER FINANCIAL CHARGES	Three months ended September 30		Nine months ended September 30	
	2021	2020	2021	2020
GE Industrial	\$ 225	\$ 313	\$ 753	\$ 1,016
GE Capital	259	267	799	821

The decrease in GE Industrial interest and other financial charges for the three months ended September 30, 2021 was primarily due to a lower debt balance and lower financing costs on sales of receivables. The decrease in GE Industrial interest and other financial charges for the nine months ended September 30, 2021 was primarily due to a lower intercompany loan balance and lower financial costs on the sales of receivables, partially offset by a higher average interest rate on debt. Total GE interest and other financial charges of \$0.2 billion and \$0.2 billion was recorded at Corporate and \$0.1 billion and \$0.1 billion was recorded by the industrial segments for the three months ended September 30, 2021 and 2020, respectively, and \$0.5 billion and \$0.7 billion was recorded at Corporate and \$0.2 billion and \$0.3 billion was recorded by the industrial segments for the nine months ended September 30, 2021 and 2020, respectively.

The decrease in GE Capital interest and other financial charges during the three and nine months ended September 30, 2021 was primarily due to lower average borrowing balances and weighted average interest rates, partially offset by a lower allocation of interest expense to discontinued operations.

**CONSOLIDATED INCOME TAXES.** For the three months ended September 30, 2021, the consolidated income tax rate was 0.3% compared to 29.8% for the three months ended September 30, 2020. The tax rate for 2020 reflects a tax benefit on a pre-tax loss.

The consolidated provision (benefit) for income taxes was an insignificant provision for the three months ended September 30, 2021 and \$(0.5) billion for the three months ended September 30, 2020. The income tax provision went from a benefit to an insignificant expense primarily due to an increase in tax associated with pre-tax income for the three months ended September 30, 2021 compared to a pre-tax loss for the three months ended September 30, 2020, including tax expense associated with the realized and unrealized gain on our remaining interest in Baker Hughes for the three months ended September 30, 2021, compared to a tax benefit associated with the unrealized loss recorded for the three months ended September 30, 2020. Additionally, there was a tax expense in the third quarter of 2021 compared to a tax benefit in the third quarter of 2020 to adjust the year-to-date tax rate to be in-line with the projected full-year rate.

The consolidated tax provision (benefit) includes \$0.1 billion and \$(0.1) billion for GE Industrial for the three months ended September 30, 2021 and 2020, respectively.

**For the nine months ended September 30, 2021,** the consolidated income tax rate was 149.5% compared to (17.4)% for the nine months ended September 30, 2020. The tax rate for 2021 reflects a tax benefit on a pre-tax loss. The negative tax rate for 2020 reflects a tax benefit on pre-tax income.

The consolidated (benefit) for income taxes was \$(0.3) billion for the nine months ended September 30, 2021 and \$(0.6) billion for the nine months ended September 30, 2020. The benefit decreased due to tax associated with the increase in pre-tax income, excluding gains on BioPharma for the nine months ended September 30, 2021 as compared to the nine months ended September 30, 2020. The increase in pre-tax income includes realized and unrealized gain on our remaining interest in Baker Hughes for the nine months ended September 30, 2021, compared to unrealized loss for the nine months ended September 30, 2020. Partially offsetting these items was the nonrecurrence of the tax expense associated with the disposition of the BioPharma business in the first quarter of 2020, as well as tax benefits associated with internal restructurings to recognize historical losses due to decreases in fair value.

The consolidated tax provision (benefit) includes an insignificant amount for GE Industrial in both the nine months ended September 30, 2021 and 2020, respectively.

**DISCONTINUED OPERATIONS** primarily comprise our GECAS business, our mortgage portfolio in Poland, and other trailing assets and liabilities associated with prior dispositions. See Notes 2 and 21 for further financial information.

## CAPITAL RESOURCES AND LIQUIDITY

**FINANCIAL POLICY.** We intend to maintain a disciplined financial policy, targeting a sustainable long-term credit rating in the Single-A range, achieving a GE Industrial net debt\*-to-EBITDA ratio of less than 2.5x over the next few years and a dividend in line with our peers over time. In addition to net debt\*-to-EBITDA, we also evaluate other leverage measures, including gross debt-to-EBITDA, and we will ultimately size our deleveraging actions across a range of measures to ensure we are operating the Company based on a strong balance sheet.

Following the closing of the GECAS transaction, the Company intends to use the transaction proceeds and its existing cash sources to significantly reduce debt.

\*Non-GAAP Financial Measure

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

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

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

**CONSOLIDATED LIQUIDITY.** Following is a summary of cash, cash equivalents and restricted cash at September 30, 2021.

	September 30, 2021			September 30, 2021	
GE Industrial	\$	17,995	U.S.	\$	12,801
GE Capital		6,960	Non-U.S.		12,154
<b>Consolidated</b>	<b>\$</b>	<b>24,955</b>	<b>Consolidated</b>	<b>\$</b>	<b>24,955</b>

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

**GE INDUSTRIAL LIQUIDITY.** GE Industrial's primary sources of liquidity consist of cash and cash equivalents, free cash flows from our operating businesses, remaining receivable monetization programs, and short-term borrowing facilities, including revolving credit facilities. Cash generation can be subject to variability based on many factors, including seasonality, receipt of down payments on large equipment orders, timing of billings on long-term contracts, market conditions and our ability to execute dispositions. Additionally, in connection with the program we launched in 2020 to fully monetize our Baker Hughes position over approximately three years, we received proceeds of \$1.3 billion in the third quarter of 2021 and expect to receive approximately \$1.2 billion in the fourth quarter of 2021.

GE Industrial cash, cash equivalents and restricted cash totaled \$18.0 billion at September 30, 2021, including \$2.2 billion of cash held in countries with currency control restrictions and \$0.3 billion of restricted use cash. Cash held in countries with currency controls represents amounts held in countries that may restrict the transfer of funds to the U.S. or limit our ability to transfer funds to the U.S. without incurring substantial costs. Restricted use cash represents amounts that are not available to fund operations, and primarily comprised funds restricted in connection with certain ongoing litigation matters.

In the first quarter of 2021, we announced our intention to discontinue the majority of our factoring programs, which was effective April 1, 2021. The estimated adverse impact to GE Industrial CFOA for 2021 is expected to be approximately \$3.5 billion, including a total of \$3.1 billion in the second and third quarters of 2021, which primarily represents the cash that GE Industrial would have otherwise collected in the period had customer receivables not been previously sold and is excluded from GE Industrial free cash flows\*.

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

GE Capital cash, cash equivalents and restricted cash totaled \$7.0 billion at September 30, 2021, excluding \$0.8 billion of cash in Insurance, which was classified as All other assets on the GE Capital Statement of Financial Position.

GE Capital provided capital contributions to its insurance subsidiaries of \$2.0 billion, \$2.0 billion, \$1.9 billion and \$3.5 billion in the first quarters of 2021, 2020, 2019 and 2018, respectively, and expects to provide further capital contributions of approximately \$5.5 billion through 2024. These contributions are subject to ongoing monitoring by Kansas Insurance Department (KID), and the total amount to be contributed could increase or decrease, or the timing could be accelerated, based upon the results of reserve adequacy testing or a decision by KID to modify the schedule of contributions set forth in January 2018. GE is required to maintain specified capital levels at these insurance subsidiaries under capital maintenance agreements. Going forward, we anticipate funding any capital needs for Insurance through a combination of GE Capital liquidity, GE Capital asset sales, GE Capital future earnings and capital contributions from GE Industrial.

**BORROWINGS.** Consolidated total borrowings were \$62.9 billion and \$74.9 billion at September 30, 2021 and December 31, 2020, respectively, a decrease of \$12.0 billion (\$12.4 billion excluding intercompany eliminations). See the following table for a summary of GE Industrial and GE Capital borrowings.

\*Non-GAAP Financial Measure

GE Industrial	September 30, 2021	December 31, 2020	GE Capital	September 30, 2021	December 31, 2020
GE Industrial senior notes	\$ 14,663	\$ 18,994	Senior and subordinated notes	\$ 28,719	\$ 30,987
			Senior and subordinated notes assumed by GE Industrial	18,106	22,390
Intercompany loans from GE Capital	3,177	3,177	Intercompany loans to GE Industrial	(3,177)	(3,177)
Other GE Industrial borrowings	898	1,352	Other GE Capital borrowings	717	1,779
<b>Total GE Industrial adjusted borrowings(a)(b)</b>	<b>\$ 18,738</b>	<b>\$ 23,523</b>	<b>Total GE Capital adjusted borrowings(a)(b)</b>	<b>\$ 44,366</b>	<b>\$ 51,979</b>

(a) Consolidated total borrowings of \$62,888 million and \$74,902 million at September 30, 2021 and December 31, 2020, respectively, are net of intercompany eliminations of \$216 million and \$600 million, respectively, of other GE Industrial borrowings from GE Capital, primarily related to timing of cash settlements associated with GE Industrial receivables monetization programs.

(b) Included \$3,788 million and \$5,687 million at September 30, 2021 and December 31, 2020, respectively, of fair value adjustments for debt in fair value hedge relationships. See Note 19 for further information.

The reduction in GE Industrial adjusted borrowings at September 30, 2021 compared to December 31, 2020 was driven by debt repurchases of \$4.1 billion, net repayments and maturities of other debt of \$0.5 billion and \$0.3 billion related to changes in foreign exchange rates.

GE Industrial net debt\* was \$31.3 billion and \$32.3 billion at September 30, 2021 and December 31, 2020, respectively. The decrease was driven primarily by a lower debt balance of \$4.8 billion, partially offset by a decrease in the net cash deduction of \$3.9 billion due to a lower cash balance, mainly due to debt repurchases.

The reduction in GE Capital adjusted borrowings at September 30, 2021 compared to December 31, 2020 was driven primarily by debt repurchases of \$3.2 billion, long-term debt maturities of \$1.8 billion, lower non-recourse borrowings of \$0.9 billion, and \$1.6 billion of fair value adjustments for debt in fair value hedge relationships.

**Liability Management Actions.** In the second quarter of 2021, we completed a debt tender to repurchase a total of \$7.3 billion of debt, comprising \$4.1 billion of GE Industrial debt with maturities ranging from 2022 through 2050, and \$3.2 billion of GE Capital debt with maturities ranging from 2021 through 2039.

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

September 30, 2021	GE Industrial	GE Capital	Consolidated
Total short- and long-term borrowings	\$ 33,667	\$ 29,437	\$ 62,888
Debt assumed by GE Industrial from GE Capital(a)	(18,106)	18,106	—
Intercompany loans with right of offset(a)	3,177	(3,177)	—
Total intercompany payable (receivable) between GE Industrial and GE Capital	(14,929)	14,929	—
<b>Total borrowings adjusted for assumed debt and intercompany loans</b>	<b>\$ 18,738</b>	<b>\$ 44,366</b>	<b>\$ 62,888</b>

(a) See the Capital Resources and Liquidity section of our Annual Report on Form 10-K for the year ended December 31, 2020 for further details on the assumed debt and intercompany loans with right of offset.

The intercompany loans from GE Capital to GE Industrial bear the right of offset against amounts owed by GE Capital to GE Industrial under the assumed debt agreement and can be prepaid by GE Industrial at any time, in whole or in part, without premium or penalty. These loans are priced at market terms and have a collective weighted average interest rate of 3.7% and term of approximately 15.2 years at September 30, 2021.

GE Industrial has in place committed revolving credit facilities totaling \$14.5 billion at September 30, 2021, comprising a \$10.0 billion unused back-up revolving syndicated credit facility and a total of \$4.5 billion of bilateral revolving credit facilities.

Under the terms of an agreement between GE Capital and GE Industrial, GE Capital has the right to compel GE Industrial to borrow under the \$10.0 billion unused back-up revolving syndicated credit facility. Under this agreement, GE Industrial would transfer the proceeds to GE Capital as intercompany loans, which would be subject to the same terms and conditions as those between GE Industrial and the lending banks. GE Capital has not exercised this right.

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

\*Non-GAAP Financial Measure

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

In the first quarter of 2021, Moody's and Fitch affirmed their respective credit ratings, and S&P announced that they have placed us on CreditWatch with negative implications and currently expect to lower our credit ratings by one notch upon the closing of the GECAS transaction.

We are disclosing our credit ratings and any current quarter updates to these ratings to enhance understanding of our sources of liquidity and the effects of our ratings on our costs of funds and access to liquidity. Our ratings may be subject to a revision or withdrawal at any time by the assigning rating organization, and each rating should be evaluated independently of any other rating. For a description of some of the potential consequences of a reduction in our credit ratings, see the Financial Risks section of Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2020.

Following the close of the GECAS transaction, we expect that GE Capital will no longer receive separate credit ratings on its short- or long-term debt, and as a result our credit ratings will be issued on a consolidated basis for the Company.

Substantially all of the Company's debt agreements in place at September 30, 2021 do not contain material credit rating covenants. GE's unused back-up revolving syndicated credit facility and certain of our bilateral revolving credit facilities contain a customary net debt-to-EBITDA financial covenant, which GE satisfied at September 30, 2021.

The Company may from time to time enter into agreements that contain minimum ratings requirements. The following table provides a summary of the maximum estimated liquidity impact in the event of further downgrades below each stated ratings level.

Triggers Below	At September 30, 2021	
BBB+/A-2/P-2	\$	59
BBB/A-3/P-3		576
BBB-		986
BB+ and below		457

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

**FOREIGN EXCHANGE.** As a result of our global operations, we generate and incur a significant portion of our revenues and expenses in currencies other than the U.S. dollar. Such principal currencies include the euro, the Chinese renminbi, the British pound sterling and the Indian rupee, among others. The effects of foreign currency fluctuations on earnings, excluding the earnings impact of the underlying hedged item, was less than \$0.1 billion for both the three and nine months ended September 30, 2021 and 2020. This analysis excludes any offsetting effect from the forecasted future transactions that are economically hedged.

See Note 19 for further information about our risk exposures, our use of derivatives, and the effects of this activity on our financial statements.

**STATEMENT OF CASH FLOWS – NINE MONTHS ENDED SEPTEMBER 30, 2021 VERSUS 2020.** We manage the cash flow performance of our industrial and financial services businesses separately, in order to enable us and our investors to evaluate the cash from operating activities of our industrial businesses separately from the cash flows of our financial services business.

Transactions between GE Industrial and GE Capital are reported in the respective columns of our Statement of Cash Flows, but are eliminated in deriving our consolidated Statement of Cash Flows. See the GE Industrial Working Capital Transactions section and Notes 4 and 22 for further information regarding certain transactions affecting our consolidated Statement of Cash Flows.

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

**GE Industrial cash used for operating activities** was \$0.8 billion in 2021, a decrease of \$2.3 billion compared with 2020, primarily due to: an increase in net income (after adjusting for the gain on the sale of BioPharma, non-cash losses related to our interest in Baker Hughes, non-operating benefit costs and non-operating debt extinguishment costs, which are adjusted through All other operating activities) primarily due to COVID-19 impacts in our Aviation segment in 2020; a decrease in cash paid for income taxes of \$0.7 billion; partially offset by a lower increase in Aviation related customer allowance accruals of \$0.2 billion and the settlement of an Alstom legacy legal matter of \$0.2 billion in 2021 (components of All other operating activities). All other operating activities included \$0.5 billion and \$0.8 billion increase in Aviation related customer allowance accruals and decreases in employee benefit liabilities of \$0.2 billion and \$0.3 billion in 2021 and 2020, respectively.

Changes in working capital compared to prior year were as follows: current receivables of \$(1.4) billion, driven by a higher decrease in sales of receivables to discontinued factoring programs of \$(2.8) billion, partially offset by a prior year decrease in sales of receivables to our continuing unconsolidated receivables facility of \$1.1 billion which did not reoccur in 2021 and higher net collections; inventories, including deferred inventory, of \$(0.7) billion, driven by lower liquidations; current contract assets of \$(0.4) billion, driven by lower net unfavorable changes in estimated profitability at Aviation; accounts payable and equipment project accruals of \$2.7 billion, driven by lower disbursements related to purchases of materials in prior periods; and progress collections and current deferred income of \$(0.2) billion, driven by higher net liquidations. Progress collections and current deferred income included lower early payments received at our Aviation Military equipment business of \$0.3 billion from a foreign government in 2021 compared to \$0.7 billion from the U.S. Department of Defense in 2020.

**GE Industrial cash from investing activities** was \$2.2 billion in 2021, a decrease of \$17.1 billion compared with 2020, primarily due to: the nonrecurrence of proceeds from the 2020 sale of our BioPharma business of \$20.3 billion; partially offset by proceeds from the 2021 sales of a portion of our retained ownership interest in Baker Hughes of \$3.0 billion. Cash used for additions to property, plant and equipment and internal-use software, which are components of GE Industrial free cash flows\*, was \$1.0 billion in 2021, down \$0.5 billion compared with 2020.

**GE Industrial cash used for financing activities** was \$6.5 billion in 2021, a decrease of \$2.9 billion compared with 2020, primarily due to: the nonrecurrence of repayments of commercial paper of \$3.0 billion in 2020; partially offset by an increase of \$0.5 billion in debt tender offers. GE Industrial paid cash to repurchase long term debt of \$4.8 billion and \$4.3 billion, including debt extinguishment costs of \$0.6 billion and \$0.1 billion (a component of All other financing activities) in 2021 and 2020, respectively.

**GE CAPITAL CASH FLOWS FROM CONTINUING OPERATIONS. GE Capital cash used for operating activities** was \$3.0 billion in 2021, an increase of \$3.6 billion compared with 2020, primarily due to: cash collateral paid, which is a standard market practice to minimize derivative counterparty exposures, and settlements received on derivative contracts (components of All other operating activities) of \$1.4 billion in 2021, compared with collateral and settlements received of \$2.2 billion in 2020.

**GE Capital cash from investing activities** was \$4.0 billion in 2021, a decrease of \$5.2 billion compared with 2020, primarily due to: the nonrecurrence of the repayment of GE Capital intercompany loans of \$7.5 billion by GE Industrial in 2020; a decrease in cash of \$1.3 billion related to our current receivables and supply chain finance programs with GE Industrial; partially offset by higher net collections of financing receivables of \$3.7 billion, mainly driven by the discontinuation of certain factoring programs.

**GE Capital cash used for financing activities** was \$7.0 billion in 2021, a decrease of \$6.8 billion compared with 2020, primarily due to: lower net repayments of borrowings of \$7.5 billion, partially offset by higher debt tender incentive and fees of \$0.9 billion. GE Capital paid cash to repurchase long term debt of \$3.9 billion and \$10.0 billion, including debt tender incentive and fees of \$1.1 billion and \$0.2 billion (a component of All other financing activities), excluding a non-cash debt basis adjustment of \$0.3 billion and an insignificant amount in 2021 and 2020, respectively.

**GE CAPITAL CASH FLOWS FROM DISCONTINUED OPERATIONS.** GE Capital cash from operating activities relates primarily to cash generated from earnings (loss) from discontinued operations in our GECAS business. GE Capital cash used for investing activities increased primarily due to an increase in net purchases of plant, property and equipment, partially offset by an increase in net collections of financing receivables.

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

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

At September 30, 2021 and December 31, 2020, included in GE Industrial's accounts payable was \$3.5 billion and \$2.9 billion, respectively, of supplier invoices that are subject to the third-party programs. Total GE Industrial supplier invoices paid through these third-party programs were \$4.9 billion and \$3.8 billion for the nine months ended September 30, 2021 and 2020, respectively.

**INTERCOMPANY TRANSACTIONS BETWEEN GE INDUSTRIAL AND GE CAPITAL.** Transactions between related companies are made on arms-length terms and are reported in the GE Industrial and GE Capital columns of our financial statements, which we believe provide useful supplemental information to our consolidated financial statements. See Note 22 for further information.

**GE Capital Finance Transactions.** During the nine months ended September 30, 2021 and 2020, GE Capital acquired from third parties 24 aircraft with a list price totaling \$1.9 billion and eight aircraft with a list price totaling \$0.8 billion, respectively, that will be leased to others and are powered by engines manufactured by GE Aviation and affiliates. GE Capital also made payments to GE Aviation and affiliates related to spare engines and engine parts of an insignificant amount and \$0.2 billion, which included an insignificant amount and \$0.1 billion to CFM International during the nine months ended September 30, 2021 and 2020, respectively. Additionally, GE Capital had \$2.0 billion and \$2.1 billion of net book value of engines, originally manufactured by GE Aviation and affiliates and subsequently leased back to GE Aviation and affiliates at September 30, 2021 and December 31, 2020, respectively.

\*Non-GAAP Financial Measure



Also, during the nine months ended September 30, 2021 and 2020, GE Industrial recognized equipment revenues of \$1.6 billion and \$1.9 billion, respectively, from customers within our Power and Renewable Energy segments in which GE Capital is an investee or is committed to be an investee in the underlying projects. At September 30, 2021, GE Capital had funded related investments of \$0.2 billion.

For certain of these investments, in order to meet its underwriting criteria, GE Capital may obtain a direct guarantee from GE Industrial related to the performance of the third party. GE Industrial guarantees include direct performance or payment guarantees, return on investment guarantees and asset value guarantees. As of September 30, 2021, GE Industrial had outstanding guarantees to GE Capital on \$0.7 billion of funded exposure and an insignificant amount of unfunded commitments, which included guarantees issued by industrial businesses. The recorded contingent liability for these guarantees was insignificant as of September 30, 2021 and is based on individual transaction level defaults, losses and/or returns.

**CRITICAL ACCOUNTING ESTIMATES.** Please refer to the Critical Accounting Estimates and Other Items sections within MD&A and Note 1 to the consolidated financial statements of our Annual Report on Form 10-K for the year ended December 31, 2020 for a discussion of our accounting policies and critical accounting estimates.

## **OTHER ITEMS**

**INSURANCE.** At September 30, 2021, our insurance liabilities and annuity benefits of \$37.7 billion were primarily supported by investment securities of \$41.7 billion, commercial mortgage loans of \$1.8 billion, net of their allowance for losses, and equity method and other investments of \$1.3 billion. The insurance liabilities and annuity benefits primarily comprise a liability for future policy benefits for those insurance contract claims not yet incurred and claim reserves for claims that have been incurred or are estimated to have been incurred but not yet reported.

**2021 Premium Deficiency Testing.** We completed our annual premium deficiency testing in the aggregate across our run-off insurance portfolio in the third quarter of 2021. These procedures included updating experience studies since our last test completed in the third quarter of 2020, independent actuarial analysis (principally on long-term care insurance exposures) and review of industry benchmarks. Our 2021 premium deficiency testing started with the positive margin of less than 2% of the recorded future policy benefit reserves that resulted from our 2020 premium deficiency testing. Using updated assumptions, the 2021 premium deficiency testing results indicated a significant increase in the positive margin to approximately 11% of the related future policy benefit reserves recorded at September 30, 2021. As a result, the assumptions updated in connection with the premium deficiency recognized in 2019 remain locked-in and will remain so unless another premium deficiency occurs in the future.

The significant increase in the premium deficiency testing margin resulting from our 2021 premium deficiency testing was largely attributable to an increase in the overall discount rate to a weighted average rate of 6.15% compared to 5.70% in 2020 (\$2.2 billion). This increase in the discount rate from 2020 reflects further development of our previously communicated investment portfolio realignment strategy, that includes increased amounts allocated to growth assets, consisting of private equity, equity-like securities and select high yield credit strategies, from our current target of approximately 8% up to approximately 15%. These amounts are expected to be funded over the next 5 to 7 years from the remaining projected capital contribution of approximately \$5.5 billion through 2024 and regular portfolio cash flows while maintaining an overall A-rated fixed income portfolio. The 2021 discount rate assumptions also reflect a lower expected reinvestment rate on fixed-income investments versus that applied in 2020, due to lower prevailing benchmark interest rates in the U.S, grading to a lower expected long-term average investment yield over a shorter period and slightly lower actual yields on our fixed-income investment security portfolio. As a result of this increased allocation to higher-yielding assets, our run-off insurance operations may experience future earnings volatility due to investments carried at fair value with changes in fair values reported in earnings and changes in the allowance for credit losses, and temporary elevated amounts of unfunded investment commitments.

While our observed long-term care insurance claim experience has shown some modest favorable emerging morbidity experience in the period since the 2017 reconstruction of our future claim cost projections, it remains largely in-line with those reconstructed projections. Based on the application of professional actuarial judgment to the factors discussed above, we have made no substantial change to our assumptions concerning morbidity, morbidity improvement, mortality, mortality improvement, terminations, or long-term care insurance premium rate increases in 2021. As with all assumptions underlying our premium deficiency testing, we will continue to monitor these factors, which may result in future changes in our assumptions.

Since our premium deficiency testing performed in 2020, we have implemented approximately \$0.2 billion of previously approved long-term care insurance premium rate increase actions and made no substantial changes to the amount of projected future premium rate increase approvals. Our 2021 premium deficiency test includes approximately \$1.7 billion of anticipated future premium increases or benefit reductions associated with future in-force rate actions, of which approximately \$0.9 billion has been approved and not yet implemented. This represents a decrease of \$0.2 billion from our 2020 premium deficiency test to account for actions that are: (a) approved and not yet implemented, (b) filed but not yet approved, and (c) estimated on future filings through 2030 and includes the effects of the higher discount rate mentioned above and longer anticipated timing to achieve and implement certain premium rate approvals.



As a result of exposure period cut-off dates to permit experience to develop and lags in ceding company data reporting from our ceding companies, the impact of COVID-19 was generally not reflected in the experience studies data used in our 2021 premium deficiency testing. However, we assessed certain scenarios to better understand potential impacts associated with COVID-19 and, due to the currently observed insignificance and perceived short-term nature of such uncertain future impacts, including the natural offsets from mortality in the aggregate across our run-off insurance products (i.e., for life insurance products, higher mortality increases the present value of expected future benefit payments, while for annuity and long-term care insurance contracts, higher mortality decreases the present value of expected future benefit payments), concluded adjustments to our primary assumptions used in the premium deficiency testing were not warranted.

When results of the premium deficiency testing indicate overall reserves are sufficient, we are also required to assess whether additional future policy benefit reserves are required to be accrued over time in the future. Such an accrual would be required if profits are projected in earlier future periods followed by losses projected in later future years (i.e., profits followed by losses). When this pattern of profits followed by losses is projected, we would be required to accrue a liability in the expected profitable years by the amount necessary to offset projected losses in later future years. We noted our projections as of third quarter 2021 indicate the present value of projected earnings in each future year to be positive, and therefore, no further adjustments to our future policy benefit reserves were required at this time.

**GAAP Reserve Sensitivities.** The results of our premium deficiency testing are sensitive to the assumptions described above. Considering the results of the 2021 premium deficiency test which resulted in a margin, any future net adverse changes in our assumptions, may reduce the margin or result in a premium deficiency requiring an increase to future policy benefit reserves. For example, adverse changes in key assumptions related to our future policy benefits reserves, holding all other assumptions constant, would have the following effects on the projected present value of future cash flows as presented in the table below. Any future net favorable changes to these assumptions could result in a lower projected present value of future cash flows and additional margin in our premium deficiency test and higher income over the remaining duration of the portfolio, including higher investment income. The assumptions within our future policy benefit reserves are subject to significant uncertainties, including those inherent in the complex nature of our reinsurance treaties. Many of our assumptions are interdependent and require evaluation individually and in the aggregate across all insurance products. Small changes in the amounts used in the sensitivities, the use of different factors or effect from converting to modeling future cash flow projections for our long-term insurance exposures to a "first principles" model based on more granular assumptions of expected future claim experience could result in materially different outcomes from those reflected below.

	2020 assumption	2021 assumption	Hypothetical change in 2021 assumption	Estimated increase to projected present value of future cash flows (In millions, pre-tax)
Long-term care insurance morbidity improvement	1.25% per year over 12 to 20 years	1.25% per year over 12 to 20 years	25 basis point reduction No morbidity improvement	\$500 \$2,700
Long-term care insurance morbidity	Based on company experience	Based on company experience	5% increase in dollar amount of paid claims	\$900
Long-term care insurance mortality improvement	0.5% per year for 10 years with annual improvement graded to 0% over next 10 years	0.5% per year for 10 years with annual improvement graded to 0% over next 10 years	1.0% per year for 10 years with annual improvement graded to 0% over next 10 years	\$400
Total terminations:				
Long-term care insurance mortality	Based on company experience	Based on company experience	Any change in termination assumptions that reduce total terminations by 10%	\$900
Long-term care insurance lapse rate	Varies by block, attained age and benefit period; average 0.5% - 1.15%	Varies by block, attained age and benefit period; average 0.5% - 1.15%		
Long-term care insurance benefit exhaustion	Based on company experience	Based on company experience		
Long-term care insurance future premium rate increases	Varies by block based on filing experience	Varies by block based on filing experience	25% adverse change in premium rate increase success rate	\$400
Discount rate:				
Overall discount rate	5.70%	6.15%	25 basis point reduction	\$800
Reinvestment rate	2.70%; grading to a long-term average investment yield of 5.8%	2.60%; grading to a long-term average investment yield of 5.1%	25 basis point reduction; grading to a long-term average investment yield of 5.1%	Less than \$100
Structured settlement annuity mortality	Based on company experience	Based on company experience	5% decrease in mortality	\$100
Life insurance mortality	Based on company experience	Based on company experience	5% increase in mortality	\$300

**Statutory Considerations.** Our run-off insurance subsidiaries are required to prepare statutory financial statements in accordance with statutory accounting practices. Statutory accounting practices, not GAAP, determine the minimum required statutory capital levels of our insurance legal entities. We annually perform statutory asset adequacy testing and expect our December 31, 2021 testing process to be completed in the first quarter of 2022, the results of which may affect the amount or timing of capital contributions from GE Capital to the insurance legal entities.

See Other Items - New Accounting Standards, Note 12 and Other Items within MD&A in our Annual Report on Form 10-K for the year ended December 31, 2020 for further information related to our run-off insurance operations.

**NEW ACCOUNTING STANDARDS.** The Financial Accounting Standards Board issued new guidance on accounting for long-duration insurance contracts that is effective for our interim and annual periods beginning January 1, 2023, with an election to adopt early, and restatement of prior periods presented. We intend to adopt the new guidance effective January 1, 2023, using the modified retrospective transition method where permitted. We are evaluating the effect of the new guidance on our consolidated financial statements and anticipate that its adoption will significantly change the accounting for measurements of our long-duration insurance liabilities. The new guidance requires cash flow assumptions used in the measurement of various insurance liabilities to be reviewed at least annually and updated if actual experience or other evidence indicates previous assumptions need to be revised with any required changes recorded in earnings. Under the current accounting guidance, the discount rate is based on expected investment yields, while under the new guidance the discount rate will be equivalent to the upper-medium grade (i.e., single A) fixed-income instrument yield reflecting the duration characteristics of the liability and is required to be updated in each reporting period with changes recorded in other comprehensive income. We expect that the single-A rate under the new guidance at the transition date will be lower than our current discount rate. In measuring the insurance liabilities under the new guidance, contracts shall not be grouped together from different issue years. These changes will result in the elimination of premium deficiency testing and shadow adjustments. While we continue to evaluate the effect of the new guidance on our ongoing financial reporting, we anticipate that its adoption will materially affect our financial statements and require changes to certain of our processes, systems, and controls. As the new guidance is only applicable to the measurements of our long-duration insurance liabilities under GAAP, it will not affect the accounting for our insurance reserves or the levels of capital and surplus under statutory accounting practices.

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

In addition, management recognizes that certain non-GAAP terms may be interpreted differently by other companies under different circumstances. In various sections of this report we have made reference to the following non-GAAP financial measures in describing our (1) revenues, specifically GE Industrial organic revenues by segment; GE Industrial organic revenues, and GE Industrial equipment and services organic revenues, (2) profit, specifically GE Industrial organic profit and profit margin by segment; Adjusted GE Industrial profit and profit margin (excluding certain items); Adjusted GE Industrial organic profit and profit margin; Adjusted earnings (loss); and Adjusted earnings (loss) per share (EPS), (3) cash flows, specifically GE Industrial free cash flows (FCF), and (4) debt balances, specifically GE Industrial net debt.

The reasons we use these non-GAAP financial measures and the reconciliations to their most directly comparable GAAP financial measures follow.

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

Three months ended September 30	Revenues			Segment profit (loss)			Profit margin		
	2021	2020	V%	2021	2020	V%	2021	2020	V pts
Aviation (GAAP)	\$ 5,398	\$ 4,919	10 %	\$ 846	\$ 350	F	15.7 %	7.1 %	8.6pts
Less: acquisitions	—	—		—	—				
Less: business dispositions	—	12		—	(12)				
Less: foreign currency effect	(9)	—		(13)	—				
Aviation organic (Non-GAAP)	\$ 5,408	\$ 4,908	10 %	\$ 858	\$ 362	F	15.9 %	7.4 %	8.5pts
Healthcare (GAAP)	\$ 4,339	\$ 4,565	(5)%	\$ 704	\$ 738	(5)%	16.2 %	16.2 %	—pts
Less: acquisitions	—	(23)		(9)	(13)				
Less: business dispositions	—	21		—	(2)				
Less: foreign currency effect	49	—		31	—				
Healthcare organic (Non-GAAP)	\$ 4,289	\$ 4,567	(6)%	\$ 681	\$ 753	(10)%	15.9 %	16.5 %	(0.6)pts
Renewable Energy (GAAP)	\$ 4,208	\$ 4,525	(7)%	\$ (151)	\$ (51)	U	(3.6)%	(1.1)%	(2.5)pts
Less: acquisitions	—	—		—	—				
Less: business dispositions	—	—		—	—				
Less: foreign currency effect	101	—		(4)	—				
Renewable Energy organic (Non-GAAP)	\$ 4,106	\$ 4,525	(9)%	\$ (147)	\$ (51)	U	(3.6)%	(1.1)%	(2.5)pts
Power (GAAP)	\$ 4,026	\$ 4,025	— %	\$ 204	\$ 148	38 %	5.1 %	3.7 %	1.4pts
Less: acquisitions	—	—		—	—				
Less: business dispositions	—	—		—	—				
Less: foreign currency effect	39	—		6	—				
Power organic (Non-GAAP)	\$ 3,988	\$ 4,025	(1)%	\$ 198	\$ 148	34 %	5.0 %	3.7 %	1.3pts

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

Nine months ended September 30	Revenues			Segment profit (loss)			Profit margin		
	2021	2020	V%	2021	2020	V%	2021	2020	V pts
Aviation (GAAP)	\$ 15,230	\$ 16,196	(6)%	\$ 1,664	\$ 665	F	10.9 %	4.1 %	6.8pts
Less: acquisitions	—	—		—	—				
Less: business dispositions	—	48		—	(48)				
Less: foreign currency effect	13	—		(28)	—				
Aviation organic (Non-GAAP)	\$ 15,217	\$ 16,148	(6)%	\$ 1,691	\$ 713	F	11.1 %	4.4 %	6.7pts
Healthcare (GAAP)	\$ 13,100	\$ 13,185	(1)%	\$ 2,203	\$ 2,111	4 %	16.8 %	16.0 %	0.8pts
Less: acquisitions	18	(73)		(5)	(35)				
Less: business dispositions	—	911		—	373				
Less: foreign currency effect	335	—		110	—				
Healthcare organic (Non-GAAP)	\$ 12,747	\$ 12,348	3 %	\$ 2,098	\$ 1,773	18 %	16.5 %	14.4 %	2.1pts
Renewable Energy (GAAP)	\$ 11,505	\$ 11,224	3 %	\$ (484)	\$ (628)	23 %	(4.2)%	(5.6)%	1.4pts
Less: acquisitions	—	—		—	—				
Less: business dispositions	—	33		—	(4)				
Less: foreign currency effect	438	—		(41)	—				
Renewable Energy organic (Non-GAAP)	\$ 11,066	\$ 11,191	(1)%	\$ (443)	\$ (624)	29 %	(4.0)%	(5.6)%	1.6pts
Power (GAAP)	\$ 12,242	\$ 12,206	— %	\$ 416	\$ (32)	F	3.4 %	(0.3)%	3.7pts
Less: acquisitions	—	—		—	—				
Less: business dispositions	—	15		—	2				
Less: foreign currency effect	237	—		(25)	—				
Power organic (Non-GAAP)	\$ 12,005	\$ 12,191	(2)%	\$ 441	\$ (34)	F	3.7 %	(0.3)%	4pts

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

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

	Three months ended September 30			Nine months ended September 30		
	2021	2020	V%	2021	2020	V%
GE Industrial revenues (GAAP)	\$ 17,821	\$ 17,918	(1)%	\$ 51,637	\$ 52,828	(2)%
Less: acquisitions	—	(15)		18	(61)	
Less: business dispositions(a)	—	57		—	1,393	
Less: foreign currency effect(b)	185	—		1,042	—	
<b>GE Industrial organic revenues (Non-GAAP)</b>	<b>\$ 17,636</b>	<b>\$ 17,876</b>	<b>(1)%</b>	<b>\$ 50,577</b>	<b>\$ 51,496</b>	<b>(2)%</b>

(a) Dispositions impact in 2020 primarily related to our BioPharma business, with revenues of \$830 million.

(b) Foreign currency impact in 2021 was primarily driven by U.S. Dollar appreciation against euro, British pound, and Chinese renminbi.

**GE INDUSTRIAL EQUIPMENT AND SERVICES  
ORGANIC REVENUES (NON-GAAP)**

	Three months ended September 30			Nine months ended September 30		
	2021	2020	V%	2021	2020	V%
GE Industrial equipment revenues (GAAP)	\$ 8,905	\$ 9,625	(7)%	\$ 25,178	\$ 26,928	(6)%
Less: acquisitions	—	—		—	—	
Less: business dispositions	—	—		—	1,124	
Less: foreign currency effect	133	—		702	—	
<b>GE Industrial equipment organic revenues (Non-GAAP)</b>	<b>\$ 8,772</b>	<b>\$ 9,625</b>	<b>(9)%</b>	<b>\$ 24,477</b>	<b>\$ 25,803</b>	<b>(5)%</b>
GE Industrial services revenues (GAAP)	\$ 8,916	\$ 8,293	8 %	\$ 26,459	\$ 25,901	2 %
Less: acquisitions	—	(15)		18	(61)	
Less: business dispositions	—	57		—	269	
Less: foreign currency effect	51	—		340	—	
<b>GE Industrial services organic revenues (Non-GAAP)</b>	<b>\$ 8,865</b>	<b>\$ 8,251</b>	<b>7 %</b>	<b>\$ 26,100</b>	<b>\$ 25,693</b>	<b>2 %</b>

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

\*Non-GAAP Financial Measure

ADJUSTED GE INDUSTRIAL PROFIT AND PROFIT MARGIN (EXCLUDING CERTAIN ITEMS) (NON-GAAP)	Three months ended September 30			Nine months ended September 30		
	2021	2020	V%	2021	2020	V%
<b>GE Industrial total revenues (GAAP)</b>	\$ 17,821	\$ 17,918	(1) %	\$ 51,637	\$ 52,828	(2) %
<b>Costs</b>						
<b>GE Industrial total costs and expenses (GAAP)</b>	\$ 17,347	\$ 18,705	(7) %	\$ 52,348	\$ 56,943	(8) %
Less: GE Industrial interest and other financial charges	225	313		753	1,016	
Less: debt extinguishment costs	—	—		645	63	
Less: non-operating benefit costs	426	603		1,376	1,815	
Less: restructuring & other(a)	64	91		402	523	
Less: Steam asset impairment	—	363		—	363	
Less: SEC settlement charge	—	100		—	100	
Less: goodwill impairments	—	—		—	728	
Add: noncontrolling interests	16	(51)		22	(161)	
<b>Adjusted GE Industrial costs (Non-GAAP)</b>	\$ 16,648	\$ 17,185	(3) %	\$ 49,194	\$ 52,174	(6) %
<b>Other Income</b>						
<b>GE Industrial other income (GAAP)</b>	\$ 420	\$ (509)	F	\$ 1,760	\$ 8,481	(79) %
Less: gains (losses) on equity securities(a)	412	(669)		1,256	(4,527)	
Less: restructuring & other	—	—		7	—	
Less: gains (losses) on purchases and sales of business interests(a)	(156)	28		(159)	12,431	
<b>Adjusted GE Industrial other income (Non-GAAP)</b>	\$ 165	\$ 132	25 %	\$ 656	\$ 577	14 %
<b>GE Industrial profit (loss) (GAAP)</b>	\$ 894	\$ (1,296)	F	\$ 1,048	\$ 4,366	(76) %
<b>GE Industrial profit (loss) margin (GAAP)</b>	5.0 %	(7.2)%	12.2pts	2.0 %	8.3 %	(6.3)pts
<b>Adjusted GE Industrial profit (loss) (Non-GAAP)</b>	\$ 1,337	\$ 865	55 %	\$ 3,099	\$ 1,231	F
<b>Adjusted GE Industrial profit (loss) margin (Non-GAAP)</b>	7.5 %	4.8 %	2.7pts	6.0 %	2.3 %	3.7pts

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

We believe that adjusting industrial profit to exclude the effects of items that are not closely associated with ongoing operations provides management and investors with a meaningful measure that increases the period-to-period comparability. Gains (losses) and restructuring and other items are impacted by the timing and magnitude of gains associated with dispositions, and the timing and magnitude of costs associated with restructuring and other activities.

ADJUSTED GE INDUSTRIAL ORGANIC PROFIT (NON-GAAP)	Three months ended September 30			Nine months ended September 30		
	2021	2020	V%	2021	2020	V%
<b>Adjusted GE Industrial profit (loss) (Non-GAAP)</b>	\$ 1,337	\$ 865	55 %	\$ 3,099	\$ 1,231	F
Less: acquisitions	(9)	5		(5)	22	
Less: business dispositions	—	(2)		—	354	
Less: foreign currency effect	24	—		30	—	
<b>Adjusted GE Industrial organic profit (loss) (Non-GAAP)</b>	\$ 1,322	\$ 861	54 %	\$ 3,074	\$ 855	F
<b>Adjusted GE Industrial profit (loss) margin (Non-GAAP)</b>	7.5 %	4.8 %	2.7pts	6.0 %	2.3 %	3.7pts
<b>Adjusted GE Industrial organic profit (loss) margin (Non-GAAP)</b>	7.5 %	4.8 %	2.7pts	6.1 %	1.7 %	4.4pts

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

ADJUSTED EARNINGS (LOSS) (NON-GAAP)	Three months ended September 30			Nine months ended September 30		
	2021	2020	V%	2021	2020	V%
Consolidated earnings (loss) from continuing operations attributable to GE common shareholders (GAAP)(a)	\$ 603	\$ (1,132)	F	\$ (2)	\$ 3,848	U
Add: Accretion of redeemable noncontrolling interests (RNCI)	(9)	(6)		(9)	(141)	
Less: GE Capital earnings (loss) from continuing operations attributable to GE common shareholders (GAAP)	(142)	(29)		(887)	(692)	
<b>GE Industrial earnings (loss) (Non-GAAP)</b>	<b>\$ 735</b>	<b>\$ (1,109)</b>	<b>F</b>	<b>\$ 877</b>	<b>\$ 4,399</b>	<b>(80)%</b>
Non-operating benefits costs (pre-tax) (GAAP)	(426)	(603)		(1,376)	(1,815)	
Tax effect on non-operating benefit costs	90	127		289	381	
Less: non-operating benefit costs (net of tax)	(337)	(476)		(1,087)	(1,434)	
Gains (losses) on purchases and sales of business interests (pre-tax)(b)	(156)	28		(159)	12,431	
Tax effect on gains (losses) on purchases and sales of business interests	30	(25)		31	(1,253)	
Less: gains (losses) on purchases and sales of business interests (net of tax)	(126)	3		(128)	11,178	
Restructuring & other (pre-tax)(b)	(64)	(91)		(395)	(523)	
Tax effect on restructuring & other	7	27		36	118	
Less: restructuring & other (net of tax)	(57)	(63)		(359)	(405)	
Steam asset impairments (pre-tax)	—	(363)		—	(363)	
Tax effect on Steam asset impairments	—	37		—	37	
Less: Steam asset impairments (net of tax)	—	(326)		—	(326)	
Gains (losses) on equity securities (pre-tax)(b)	412	(669)		1,256	(4,527)	
Tax effect on gains (losses) on equity securities(c)	78	122		155	934	
Less: gains (losses) on equity securities (net of tax)	490	(547)		1,411	(3,593)	
Goodwill impairments (pre-tax)(b)	—	—		—	(728)	
Tax effect on goodwill impairments	—	—		—	(23)	
Less: goodwill impairments (net of tax)	—	—		—	(751)	
Debt extinguishment costs (pre-tax)	—	—		(645)	(63)	
Tax effect on debt extinguishment costs	—	—		135	13	
Less: debt extinguishment costs (net of tax)	—	—		(510)	(50)	
Less: SEC settlement charge (pre-tax and net of tax)	—	(100)		—	(100)	
Less: Accretion of RNCI (pre-tax and net of tax)	(9)	(6)		(9)	(141)	
Less: GE Industrial U.S. tax reform enactment adjustment	—	(51)		—	(51)	
<b>Adjusted GE Industrial earnings (loss) (Non-GAAP)</b>	<b>\$ 775</b>	<b>\$ 458</b>	<b>69 %</b>	<b>\$ 1,559</b>	<b>\$ 73</b>	<b>F</b>
GE Capital earnings (loss) from continuing operations attributable to GE common shareholders (GAAP)	\$ (142)	(29)	U	\$ (887)	(692)	(28)%
Debt extinguishment costs (pre-tax)	—	—		(771)	(143)	
Tax effect on debt extinguishment costs	—	—		162	24	
Less: debt extinguishment costs (net of tax)	—	—		(609)	(119)	
Less: GE Capital tax benefit related to BioPharma sale	—	8		—	96	
Less: GE Capital tax loss related to GECAS sale	—	—		(44)	—	
Less: GE Capital U.S. tax reform enactment adjustment	—	2		8	2	
<b>Adjusted GE Capital earnings (loss) (Non-GAAP)</b>	<b>\$ (142)</b>	<b>(39)</b>	<b>U</b>	<b>\$ (243)</b>	<b>(671)</b>	<b>64 %</b>
Adjusted GE Industrial earnings (loss) (Non-GAAP)	\$ 775	458	69 %	\$ 1,559	73	F
Add: Adjusted GE Capital earnings (loss) (Non-GAAP)	(142)	(39)	U	(243)	(671)	64 %
<b>Adjusted earnings (loss) (Non-GAAP)</b>	<b>\$ 633</b>	<b>\$ 419</b>	<b>51 %</b>	<b>\$ 1,316</b>	<b>(598)</b>	<b>F</b>

(a) See Note 18 for further information.

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

(c) Included tax benefits available to offset the tax on gains in equity securities.

**ADJUSTED EARNINGS (LOSS) PER SHARE (EPS)**

<b>(NON-GAAP) (In dollars)</b>	<b>Three months ended September 30</b>			<b>Nine months ended September 30</b>		
	<b>2021</b>	<b>2020</b>	<b>V%</b>	<b>2021</b>	<b>2020</b>	<b>V%</b>
Consolidated EPS from continuing operations attributable to GE common shareholders (GAAP)	\$ 0.55	\$ (1.03)	F	\$ —	\$ 3.52	U
Add: Accretion of redeemable noncontrolling interests (RNCI)	(0.01)	(0.01)		(0.01)	(0.13)	
Less: GE Capital EPS from continuing operations attributable to GE common shareholders (GAAP)	(0.13)	(0.03)		(0.81)	(0.63)	
<b>GE Industrial EPS (Non-GAAP)</b>	<b>\$ 0.67</b>	<b>\$ (1.01)</b>	<b>F</b>	<b>\$ 0.80</b>	<b>\$ 4.02</b>	<b>(80)%</b>
Non-operating benefits costs (pre-tax) (GAAP)	(0.39)	(0.55)		(1.25)	(1.66)	
Tax effect on non-operating benefit costs	0.08	0.12		0.26	0.35	
Less: non-operating benefit costs (net of tax)	(0.30)	(0.43)		(0.99)	(1.31)	
Gains (losses) on purchases and sales of business interests (pre-tax)	(0.14)	0.03		(0.14)	11.36	
Tax effect on gains (losses) on purchases and sales of business interests	0.03	(0.02)		0.03	(1.14)	
Less: gains (losses) on purchases and sales of business interests (net of tax)	(0.11)	—		(0.12)	10.21	
Restructuring & other (pre-tax)	(0.06)	(0.08)		(0.36)	(0.48)	
Tax effect on restructuring & other	0.01	0.03		0.03	0.11	
Less: restructuring & other (net of tax)	(0.05)	(0.06)		(0.33)	(0.37)	
Steam asset impairments (pre-tax)	—	(0.33)		—	(0.33)	
Tax effect on Steam asset impairments	—	0.03		—	0.03	
Less: Steam asset impairments (net of tax)	—	(0.30)		—	(0.30)	
Gains (losses) on equity securities (pre-tax)	0.37	(0.61)		1.14	(4.14)	
Tax effect on gains (losses) on equity securities	0.07	0.11		0.14	0.85	
Less: gains (losses) on equity securities (net of tax)	0.44	(0.50)		1.29	(3.28)	
Goodwill impairments (pre-tax)	—	—		—	(0.67)	
Tax effect on goodwill impairments	—	—		—	(0.02)	
Less: goodwill impairments (net of tax)	—	—		—	(0.69)	
Debt extinguishment costs (pre-tax)	—	—		(0.59)	(0.06)	
Tax effect on debt extinguishment costs	—	—		0.12	0.01	
Less: debt extinguishment costs (net of tax)	—	—		(0.46)	(0.05)	
Less: SEC settlement charge (pre-tax and net of tax)	—	(0.09)		—	(0.09)	
Less: Accretion of RNCI (pre-tax and net of tax)	(0.01)	(0.01)		(0.01)	(0.13)	
Less: GE Industrial U.S. tax reform enactment adjustment	—	(0.05)		—	(0.05)	
<b>Adjusted GE Industrial EPS (Non-GAAP)</b>	<b>\$ 0.70</b>	<b>\$ 0.42</b>	<b>67 %</b>	<b>\$ 1.42</b>	<b>\$ 0.07</b>	<b>F</b>
GE Capital EPS from continuing operations attributable to GE common shareholders (GAAP)	\$ (0.13)	\$ (0.03)	U	\$ (0.81)	\$ (0.63)	(29)%
Debt extinguishment costs (pre-tax)	—	—		(0.70)	(0.13)	
Tax effect on debt extinguishment costs	—	—		0.15	0.02	
Less: debt extinguishment costs (net of tax)	—	—		(0.55)	(0.11)	
Less: GE Capital tax benefit related to BioPharma sale	—	0.01		—	0.09	
Less: GE Capital tax loss related to GECAS sale	—	—		(0.04)	—	
Less: GE Capital U.S. tax reform enactment adjustment	—	—		0.01	—	
<b>Adjusted GE Capital EPS (Non-GAAP)</b>	<b>\$ (0.13)</b>	<b>\$ (0.04)</b>	<b>U</b>	<b>\$ (0.22)</b>	<b>\$ (0.61)</b>	<b>64 %</b>
Adjusted GE Industrial EPS (Non-GAAP)	\$ 0.70	\$ 0.42	67 %	\$ 1.42	\$ 0.07	F
Add: Adjusted GE Capital EPS (Non-GAAP)	(0.13)	(0.04)	U	(0.22)	(0.61)	64 %
<b>Adjusted EPS (Non-GAAP)</b>	<b>\$ 0.57</b>	<b>\$ 0.38</b>	<b>50 %</b>	<b>\$ 1.20</b>	<b>\$ (0.55)</b>	<b>F</b>

Earnings-per-share amounts are computed independently. As a result, the sum of per-share amounts may not equal the total.

The service cost of our pension and other benefit plans are included in adjusted earnings (loss)\*, which represents the ongoing cost of providing pension benefits to our employees. The components of non-operating benefit costs are mainly driven by capital allocation decisions and market performance, and we manage these separately from the operational performance of our businesses. Gains (losses) and restructuring and other items are impacted by the timing and magnitude of gains associated with dispositions, and the timing and magnitude of costs associated with restructuring and other activities. We believe that the retained costs in Adjusted earnings (loss)\* provides management and investors a useful measure to evaluate the performance of the total company, and increases period-to-period comparability. We believe that presenting Adjusted Industrial earnings (loss)\* separately for our financial services businesses also provides management and investors with useful information about the relative size of our industrial and financial services businesses in relation to the total company.

\*Non-GAAP Financial Measure



GE INDUSTRIAL FREE CASH FLOWS (FCF) (NON-GAAP)	Nine months ended September 30	
	2021	2020
GE Industrial CFOA (GAAP)	\$ (832)	\$ (3,175)
Add: gross additions to property, plant and equipment	(896)	(1,302)
Add: gross additions to internal-use software	(76)	(121)
Less: CFOA impact from factoring programs discontinued as of April 1, 2021	(3,067)	—
Less: taxes related to business sales	(6)	(837)
<b>GE Industrial free cash flows (Non-GAAP)</b>	<b>\$ 1,270</b>	<b>\$ (3,761)</b>

We believe investors may find it useful to compare GE's Industrial free cash flows\* performance without the effects of cash used for taxes related to business sales and the factoring program discontinuation. The CFOA impact from factoring programs discontinued as of April 1, 2021 of \$(3,067) million represents the cash that GE Industrial would have otherwise collected in the six months ended September 30, 2021 had customer receivables not been previously sold to GE Capital or third parties in those discontinued programs. The CFOA impact associated with this activity in factoring programs that have now been discontinued was \$(3,832) million and \$(1,022) million in the nine months ended September 30, 2021 and 2020, respectively, an increase of \$(2,810) million. The CFOA impact for the three months ended September 30, 2020 was \$613 million. We believe this measure will better allow management and investors to evaluate the capacity of our industrial operations to generate free cash flows.

GE INDUSTRIAL NET DEBT (NON-GAAP)	September 30, 2021	December 31, 2020
Total GE Industrial short- and long-term borrowings (GAAP)	\$ 33,667	\$ 42,736
Less: GE Capital short- and long-term debt assumed by GE Industrial	18,106	22,390
Add: intercompany loans from GE Capital	3,177	3,177
Total adjusted GE Industrial borrowings	\$ 18,738	\$ 23,523
Pension and principal retiree benefit plan liabilities (pre-tax)(a)	25,492	25,492
Less: taxes at 21%	5,353	5,353
Pension and principal retiree benefit plan liabilities (net of tax)	\$ 20,139	\$ 20,139
GE Industrial operating lease liabilities	2,948	3,133
GE Industrial preferred stock	5,933	5,918
Less: 50% of GE Industrial preferred stock	2,966	2,959
50% of preferred stock	\$ 2,966	\$ 2,959
Deduction for total GE Industrial cash, cash equivalents and restricted cash	(17,995)	(23,209)
Less: 25% of GE Industrial cash, cash equivalents and restricted cash	(4,499)	(5,802)
Deduction for 75% of GE Industrial cash, cash equivalents and restricted cash	\$ (13,496)	\$ (17,407)
<b>Total GE Industrial net debt (Non-GAAP)</b>	<b>\$ 31,295</b>	<b>\$ 32,347</b>

(a) Represents the sum of the net deficit of principal pension, other pension and principal retiree benefit plans at December 31, 2020. The funded status of our benefit plans is updated annually in the fourth quarter.

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

**CONTROLS AND PROCEDURES.** Under the direction of our Chief Executive Officer and Chief Financial Officer, we evaluated our disclosure controls and procedures and internal control over financial reporting and concluded that (i) our disclosure controls and procedures were effective as of September 30, 2021, and (ii) no change in internal control over financial reporting occurred during the quarter ended September 30, 2021, that has materially affected, or is reasonably likely to materially affect, such internal control over financial reporting.

**OTHER FINANCIAL DATA.** GE did not repurchase any equity securities during the three months ended September 30, 2021.

\*Non-GAAP Financial Measure

**STATEMENT OF EARNINGS (LOSS)****(UNAUDITED)***(In millions; per-share amounts in dollars)*

Three months ended September 30

	Consolidated	
	2021	2020
Sales of goods	\$ 11,530	\$ 12,306
Sales of services	6,283	5,560
GE Capital revenues from services	616	663
<b>Total revenues (Note 9)</b>	<b>18,429</b>	<b>18,529</b>
Cost of goods sold	9,127	10,555
Cost of services sold	4,275	3,486
Selling, general and administrative expenses	2,747	3,215
Research and development	627	595
Interest and other financial charges	462	526
Debt extinguishment costs	—	—
Insurance losses and annuity benefits	643	624
Goodwill impairments (Note 8)	—	—
Non-operating benefit costs	427	605
Other costs and expenses	28	25
<b>Total costs and expenses</b>	<b>18,337</b>	<b>19,632</b>
Other income (Note 23)	491	(517)
<b>Earnings (loss) from continuing operations before income taxes</b>	<b>584</b>	<b>(1,620)</b>
Benefit (provision) for income taxes	(2)	483
<b>Earnings (loss) from continuing operations</b>	<b>582</b>	<b>(1,137)</b>
Earnings (loss) from discontinued operations, net of taxes (Note 2)	602	(58)
<b>Net earnings (loss)</b>	<b>1,184</b>	<b>(1,195)</b>
Less net earnings (loss) attributable to noncontrolling interests	(73)	(51)
<b>Net earnings (loss) attributable to the Company</b>	<b>1,257</b>	<b>(1,144)</b>
Preferred stock dividends	(52)	(46)
<b>Net earnings (loss) attributable to GE common shareholders</b>	<b>\$ 1,205</b>	<b>\$ (1,190)</b>
<b>Amounts attributable to GE common shareholders</b>		
Earnings (loss) from continuing operations	\$ 582	\$ (1,137)
Less net earnings (loss) attributable to noncontrolling interests, continuing operations	(73)	(51)
Earnings (loss) from continuing operations attributable to the Company	655	(1,087)
Preferred stock dividends	(52)	(46)
Earnings (loss) from continuing operations attributable to GE common shareholders	603	(1,132)
Earnings (loss) from discontinued operations attributable to GE common shareholders	602	(58)
<b>Net earnings (loss) attributable to GE common shareholders</b>	<b>\$ 1,205</b>	<b>\$ (1,190)</b>
Earnings (loss) per share from continuing operations (Note 18)		
Diluted earnings (loss) per share	\$ 0.54	\$ (1.04)
Basic earnings (loss) per share	\$ 0.54	\$ (1.04)
Net earnings (loss) per share (Note 18)		
Diluted earnings (loss) per share	\$ 1.08	\$ (1.09)
Basic earnings (loss) per share	\$ 1.09	\$ (1.09)

**STATEMENT OF EARNINGS (LOSS) (CONTINUED)**
**(UNAUDITED)**
*(In millions)*

	Three months ended September 30			
	GE Industrial		GE Capital	
	2021	2020	2021	2020
Sales of goods	\$ 11,532	\$ 12,314	\$ —	\$ —
Sales of services	6,289	5,604	—	—
GE Capital revenues from services	—	—	734	758
<b>Total revenues</b>	<b>17,821</b>	<b>17,918</b>	<b>734</b>	<b>758</b>
Cost of goods sold	9,129	10,564	—	—
Cost of services sold	4,276	3,525	5	5
Selling, general and administrative expenses	2,665	3,105	96	133
Research and development	627	595	—	—
Interest and other financial charges	225	313	259	267
Debt extinguishment costs	—	—	1	—
Insurance losses and annuity benefits	—	—	645	635
Goodwill impairments (Note 8)	—	—	—	—
Non-operating benefit costs	426	603	—	2
Other costs and expenses	—	—	39	38
<b>Total costs and expenses</b>	<b>17,347</b>	<b>18,705</b>	<b>1,044</b>	<b>1,081</b>
Other income (Note 23)	420	(509)	—	—
<b>Earnings (loss) from continuing operations before income taxes</b>	<b>894</b>	<b>(1,296)</b>	<b>(311)</b>	<b>(323)</b>
Benefit (provision) for income taxes	(81)	143	79	340
<b>Earnings (loss) from continuing operations</b>	<b>813</b>	<b>(1,153)</b>	<b>(231)</b>	<b>16</b>
Earnings (loss) from discontinued operations, net of taxes (Note 2)	(8)	(10)	611	(48)
<b>Net earnings (loss)</b>	<b>804</b>	<b>(1,163)</b>	<b>380</b>	<b>(32)</b>
Less net earnings (loss) attributable to noncontrolling interests	16	(51)	(89)	—
<b>Net earnings (loss) attributable to the Company</b>	<b>788</b>	<b>(1,112)</b>	<b>469</b>	<b>(32)</b>
Preferred stock dividends	(52)	—	—	(46)
<b>Net earnings (loss) attributable to GE common shareholders</b>	<b>\$ 737</b>	<b>\$ (1,112)</b>	<b>\$ 469</b>	<b>\$ (78)</b>
<b>Amounts attributable to GE common shareholders:</b>				
Earnings (loss) from continuing operations	\$ 813	\$ (1,153)	\$ (231)	\$ 16
Less net earnings (loss) attributable to noncontrolling interests, continuing operations	16	(51)	(89)	—
Earnings (loss) from continuing operations attributable to the Company	797	(1,103)	(142)	16
Preferred stock dividends	(52)	—	—	(46)
Earnings (loss) from continuing operations attributable to GE common shareholders	745	(1,103)	(142)	(29)
Earnings (loss) from discontinued operations attributable to GE common shareholders	(8)	(10)	611	(48)
<b>Net earnings (loss) attributable to GE common shareholders</b>	<b>\$ 737</b>	<b>\$ (1,112)</b>	<b>\$ 469</b>	<b>\$ (78)</b>

**STATEMENT OF EARNINGS (LOSS)****(UNAUDITED)***(In millions; per-share amounts in dollars)*

Nine months ended September 30

Consolidated

		2021	2020
Sales of goods	\$	32,983	\$ 35,365
Sales of services		18,615	17,340
GE Capital revenues from services		2,228	2,118
<b>Total revenues (Note 9)</b>		<b>53,826</b>	<b>54,823</b>
Cost of goods sold		26,892	30,272
Cost of services sold		12,666	11,829
Selling, general and administrative expenses		8,504	9,344
Research and development		1,792	1,929
Interest and other financial charges		1,450	1,648
Debt extinguishment costs		1,416	206
Insurance losses and annuity benefits		1,680	1,824
Goodwill impairments (Note 8)		—	877
Non-operating benefit costs		1,374	1,821
Other costs and expenses		91	114
<b>Total costs and expenses</b>		<b>55,866</b>	<b>59,863</b>
Other income (Note 23)		1,824	8,430
<b>Earnings (loss) from continuing operations before income taxes</b>		<b>(216)</b>	<b>3,390</b>
Benefit (provision) for income taxes		323	589
<b>Earnings (loss) from continuing operations</b>		<b>107</b>	<b>3,979</b>
Earnings (loss) from discontinued operations, net of taxes (Note 2)		(2,856)	(1,072)
<b>Net earnings (loss)</b>		<b>(2,748)</b>	<b>2,907</b>
Less net earnings (loss) attributable to noncontrolling interests		(72)	(161)
<b>Net earnings (loss) attributable to the Company</b>		<b>(2,677)</b>	<b>3,068</b>
Preferred stock dividends		(180)	(280)
<b>Net earnings (loss) attributable to GE common shareholders</b>	\$	<b>(2,857)</b>	<b>\$ 2,787</b>
<b>Amounts attributable to GE common shareholders</b>			
Earnings (loss) from continuing operations	\$	107	\$ 3,979
Less net earnings (loss) attributable to noncontrolling interests, continuing operations		(72)	(159)
Earnings (loss) from continuing operations attributable to the Company		179	4,138
Preferred stock dividends		(180)	(280)
Earnings (loss) from continuing operations attributable to GE common shareholders		(1)	3,857
Earnings (loss) from discontinued operations attributable to GE common shareholders		(2,856)	(1,070)
<b>Net earnings (loss) attributable to GE common shareholders</b>	\$	<b>(2,857)</b>	<b>\$ 2,787</b>
Earnings (loss) per share from continuing operations (Note 18)			
Diluted earnings (loss) per share	\$	(0.01)	\$ 3.39
Basic earnings (loss) per share	\$	(0.01)	3.39
Net earnings (loss) per share (Note 18)			
Diluted earnings (loss) per share	\$	(2.61)	2.41
Basic earnings (loss) per share	\$	(2.61)	2.41

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

*(In millions; per-share amounts in dollars)*

	Nine months ended September 30			
	GE Industrial		GE Capital	
	2021	2020	2021	2020
Sales of goods	\$ 32,989	\$ 35,401	\$ —	\$ —
Sales of services	18,648	17,427	—	—
GE Capital revenues from services	—	—	2,470	2,455
<b>Total revenues</b>	<b>51,637</b>	<b>52,828</b>	<b>2,470</b>	<b>2,455</b>
Cost of goods sold	26,899	30,308	—	—
Cost of services sold	12,683	11,901	15	15
Selling, general and administrative expenses	8,200	9,033	318	396
Research and development	1,792	1,929	—	—
Interest and other financial charges	753	1,016	799	821
Debt extinguishment costs	645	63	771	143
Insurance losses and annuity benefits	—	—	1,706	1,866
Goodwill impairments (Note 8)	—	877	—	—
Non-operating benefit costs	1,376	1,815	(2)	6
Other costs and expenses	—	—	127	185
<b>Total costs and expenses</b>	<b>52,348</b>	<b>56,943</b>	<b>3,734</b>	<b>3,432</b>
Other income (Note 23)	1,760	8,481	—	—
<b>Earnings (loss) from continuing operations before income taxes</b>	<b>1,048</b>	<b>4,366</b>	<b>(1,264)</b>	<b>(976)</b>
Benefit (provision) for income taxes	(1)	22	324	566
<b>Earnings (loss) from continuing operations</b>	<b>1,047</b>	<b>4,389</b>	<b>(940)</b>	<b>(410)</b>
Earnings (loss) from discontinued operations, net of taxes (Note 2)	(4)	(33)	(2,851)	(1,039)
<b>Net earnings (loss)</b>	<b>1,042</b>	<b>4,355</b>	<b>(3,791)</b>	<b>(1,449)</b>
Less net earnings (loss) attributable to noncontrolling interests	22	(163)	(94)	2
<b>Net earnings (loss) attributable to the Company</b>	<b>1,021</b>	<b>4,518</b>	<b>(3,698)</b>	<b>(1,451)</b>
Preferred stock dividends	(139)	—	(41)	(280)
<b>Net earnings (loss) attributable to GE common shareholders</b>	<b>\$ 882</b>	<b>\$ 4,518</b>	<b>\$ (3,739)</b>	<b>\$ (1,731)</b>
<b>Amounts attributable to GE common shareholders:</b>				
Earnings (loss) from continuing operations	\$ 1,047	\$ 4,389	\$ (940)	\$ (410)
Less net earnings (loss) attributable to noncontrolling interests, continuing operations	22	(161)	(94)	2
Earnings (loss) from continuing operations attributable to the Company	1,025	4,549	(846)	(412)
Preferred stock dividends	(139)	—	(41)	(280)
Earnings (loss) from continuing operations attributable to GE common shareholders	886	4,549	(887)	(692)
Earnings (loss) from discontinued operations attributable to GE common shareholders	(4)	(31)	(2,851)	(1,039)
<b>Net earnings (loss) attributable to GE common shareholders</b>	<b>\$ 882</b>	<b>\$ 4,518</b>	<b>\$ (3,739)</b>	<b>\$ (1,731)</b>

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

	Consolidated	
	September 30, 2021	December 31, 2020
Cash, cash equivalents and restricted cash(a)	\$ 24,955	\$ 36,530
Investment securities (Note 3)	5,300	7,319
Current receivables (Note 4)	14,874	16,691
Financing receivables – net (Note 5)	271	326
Inventories, including deferred inventory costs (Note 6)	16,790	15,890
Other GE Capital receivables	1,186	1,549
Receivable from GE Capital	—	—
Current contract assets (Note 10)	5,238	5,764
All other current assets (Note 11)	1,191	1,109
Assets of discontinued operations (Note 2)	33,782	—
<b>Current assets</b>	<b>103,587</b>	<b>85,180</b>
Investment securities (Note 3)	42,394	42,549
Other GE Capital receivables	4,668	4,661
Property, plant and equipment – net (Note 7)	15,873	16,699
Receivable from GE Capital	—	—
Goodwill (Note 8)	25,333	25,524
Other intangible assets – net (Note 8)	9,187	9,671
Contract and other deferred assets (Note 10)	6,119	5,888
All other assets (Note 11)	12,651	11,038
Deferred income taxes (Note 16)	14,466	14,253
Assets of discontinued operations (Note 2)	2,855	40,749
<b>Total assets</b>	<b>\$ 237,133</b>	<b>\$ 256,211</b>
Short-term borrowings (Note 12)	\$ 5,459	\$ 4,713
Short-term borrowings assumed by GE (Note 12)	—	—
Accounts payable and equipment project accruals	16,172	16,458
Progress collections and deferred income (Note 10)	16,909	18,371
All other current liabilities (Note 15)	14,349	15,071
Liabilities of discontinued operations (Note 2)	4,788	—
<b>Current liabilities</b>	<b>57,676</b>	<b>54,613</b>
Deferred income (Note 10)	1,839	1,801
Long-term borrowings (Note 12)	57,429	70,189
Long-term borrowings assumed by GE (Note 12)	—	—
Insurance liabilities and annuity benefits (Note 13)	37,705	42,191
Non-current compensation and benefits	28,415	29,677
All other liabilities (Note 15)	14,999	15,484
Liabilities of discontinued operations (Note 2)	109	5,182
<b>Total liabilities</b>	<b>198,172</b>	<b>219,138</b>
Preferred stock (5,939,875 shares outstanding at both September 30, 2021 and December 31, 2020)	6	6
Common stock (1,098,137,128 and 1,095,686,581 shares outstanding at September 30, 2021 and December 31, 2020, respectively)(b)	15	702
Accumulated other comprehensive income (loss) – net attributable to GE	(5,078)	(9,749)
Other capital	34,751	34,307
Retained earnings	89,098	92,247
Less common stock held in treasury	(81,314)	(81,961)
Total GE shareholders' equity	37,477	35,552
Noncontrolling interests	1,484	1,522
<b>Total equity</b>	<b>38,961</b>	<b>37,073</b>
<b>Total liabilities and equity</b>	<b>\$ 237,133</b>	<b>\$ 256,211</b>

(a) Excluded \$807 million and \$455 million at September 30, 2021 and December 31, 2020, respectively, in Insurance, which is subject to regulatory restrictions. This balance is included in All other assets. See Note 11 for further information.

(b) Reduction of \$687 million in common stock represents the change in par value of issued shares from \$0.06 to \$0.01 with the offsetting change in Other capital.



**STATEMENT OF FINANCIAL POSITION (CONTINUED)**

(UNAUDITED) (In millions, except share amounts)	GE Industrial		GE Capital	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Cash, cash equivalents and restricted cash	\$ 17,995	\$ 23,209	\$ 6,960	\$ 13,322
Investment securities (Note 3)	5,300	7,319	—	—
Current receivables (Note 4)	14,368	13,442	—	—
Financing receivables – net (Note 5)	—	—	1,300	4,172
Inventories, including deferred inventory costs (Note 6)	16,790	15,890	—	—
Other GE Capital receivables	—	—	1,544	3,280
Receivable from GE Capital	2,346	2,432	—	—
Current contract assets (Note 10)	5,238	5,764	—	—
All other current assets (Note 11)	839	835	362	543
Assets of discontinued operations (Note 2)	—	—	33,782	—
<b>Current assets</b>	<b>62,876</b>	<b>68,892</b>	<b>43,948</b>	<b>21,317</b>
Investment securities (Note 3)	150	36	42,246	42,515
Other GE Capital receivables	—	—	5,056	5,076
Property, plant and equipment – net (Note 7)	15,635	16,433	241	271
Receivable from GE Capital	12,583	16,780	—	—
Goodwill (Note 8)	25,333	25,524	—	—
Other intangible assets – net (Note 8)	9,155	9,632	32	39
Contract and other deferred assets (Note 10)	6,119	5,921	—	—
All other assets (Note 11)	8,709	7,948	4,170	3,354
Deferred income taxes (Note 16)	10,082	9,154	4,384	5,099
Assets of discontinued operations (Note 2)	123	144	2,732	40,587
<b>Total assets</b>	<b>\$ 150,765</b>	<b>\$ 160,462</b>	<b>\$ 102,809</b>	<b>\$ 118,257</b>
Short-term borrowings (Note 12)	\$ 1,468	\$ 918	\$ 1,862	\$ 1,963
Short-term borrowings assumed by GE (Note 12)	2,346	2,432	2,346	2,432
Accounts payable and equipment project accruals	15,929	16,380	760	918
Progress collections and deferred income (Note 10)	16,936	18,371	—	—
All other current liabilities (Note 15)	13,385	14,131	1,164	2,288
Liabilities of discontinued operations (Note 2)	—	—	4,788	—
<b>Current liabilities</b>	<b>50,064</b>	<b>52,232</b>	<b>10,919</b>	<b>7,602</b>
Deferred income (Note 10)	1,839	1,801	—	—
Long-term borrowings (Note 12)	14,093	19,428	27,575	30,803
Long-term borrowings assumed by GE (Note 12)	15,761	19,957	12,583	16,780
Insurance liabilities and annuity benefits (Note 13)	—	—	38,090	42,565
Non-current compensation and benefits	28,108	29,291	299	379
All other liabilities (Note 15)	14,794	15,072	379	539
Liabilities of discontinued operations (Note 2)	124	139	(15)	5,058
<b>Total liabilities</b>	<b>124,784</b>	<b>137,921</b>	<b>89,830</b>	<b>103,726</b>
Preferred stock (5,939,875 shares outstanding at both September 30, 2021 and December 31, 2020)	6	6	—	6
Common stock (1,098,137,128 and 1,095,686,581 shares outstanding at September 30, 2021 and December 31, 2020, respectively)	15	702	5	—
Accumulated other comprehensive income (loss) – net attributable to GE	(6,437)	(8,945)	1,359	(804)
Other capital	16,827	16,466	17,920	17,835
Retained earnings	95,500	94,910	(6,402)	(2,663)
Less common stock held in treasury	(81,314)	(81,961)	—	—
Total GE shareholders' equity	24,596	21,179	12,881	14,373
Noncontrolling interests	1,386	1,363	97	159
<b>Total equity</b>	<b>25,982</b>	<b>22,542</b>	<b>12,979</b>	<b>14,531</b>
<b>Total liabilities and equity</b>	<b>\$ 150,765</b>	<b>\$ 160,462</b>	<b>\$ 102,809</b>	<b>\$ 118,257</b>

**STATEMENT OF CASH FLOWS**  
**(UNAUDITED)**

*(In millions)*

	Nine months ended September 30	
	Consolidated	
	2021	2020
Net earnings (loss)	\$ (2,748)	\$ 2,907
(Earnings) loss from discontinued operations	2,856	1,072
Adjustments to reconcile net earnings (loss)		
to cash provided from operating activities		
Depreciation and amortization of property, plant and equipment (Note 7)	1,390	1,664
Amortization of intangible assets (Note 8)	860	1,036
Goodwill impairments (Note 8)	—	877
(Gains) losses on purchases and sales of business interests (Note 23)	155	(12,446)
(Gains) losses on equity securities (Note 23)	(1,035)	4,781
Principal pension plans cost (Note 14)	1,990	2,681
Principal pension plans employer contributions	(232)	(226)
Other postretirement benefit plans (net)	(772)	(712)
Provision (benefit) for income taxes	(323)	(589)
Cash recovered (paid) during the year for income taxes	(1,048)	(1,138)
Changes in operating working capital:		
Decrease (increase) in current receivables	874	(1,665)
Decrease (increase) in inventories, including deferred inventory costs	(1,184)	(432)
Decrease (increase) in current contract assets	498	855
Increase (decrease) in accounts payable and equipment project accruals	(167)	(1,208)
Increase (decrease) in progress collections and current deferred income	(1,509)	(1,247)
All other operating activities	(1,132)	1,912
<b>Cash from (used for) operating activities – continuing operations</b>	<b>(1,527)</b>	<b>(1,876)</b>
Cash from (used for) operating activities – discontinued operations	2,427	1,816
<b>Cash from (used for) operating activities</b>	<b>900</b>	<b>(60)</b>
Additions to property, plant and equipment	(895)	(1,302)
Dispositions of property, plant and equipment	128	134
Additions to internal-use software	(78)	(125)
Net decrease (increase) in financing receivables	66	(32)
Proceeds from principal business dispositions	1	20,577
Net cash from (payments for) principal businesses purchased	(27)	(10)
Sales of retained ownership interests	2,961	—
Net (purchases) dispositions of GE Capital investment securities	(1,158)	(1,292)
All other investing activities	1,912	1,719
<b>Cash from (used for) investing activities – continuing operations</b>	<b>2,909</b>	<b>19,667</b>
Cash from (used for) investing activities – discontinued operations	(2,683)	(1,966)
<b>Cash from (used for) investing activities</b>	<b>226</b>	<b>17,702</b>
Net increase (decrease) in borrowings (maturities of 90 days or less)	(390)	(4,198)
Newly issued debt (maturities longer than 90 days)	364	14,452
Repayments and other debt reductions (maturities longer than 90 days)	(10,210)	(24,486)
Dividends paid to shareholders	(431)	(412)
All other financing activities	(1,836)	(369)
<b>Cash from (used for) financing activities – continuing operations</b>	<b>(12,502)</b>	<b>(15,014)</b>
Cash from (used for) financing activities – discontinued operations	101	(24)
<b>Cash from (used for) financing activities</b>	<b>(12,401)</b>	<b>(15,038)</b>
Effect of currency exchange rate changes on cash, cash equivalents and restricted cash	(136)	(11)
<b>Increase (decrease) in cash, cash equivalents and restricted cash</b>	<b>(11,412)</b>	<b>2,593</b>
Cash, cash equivalents and restricted cash at beginning of year	37,608	37,077
Cash, cash equivalents and restricted cash at September 30	26,197	39,670
Less cash, cash equivalents and restricted cash of discontinued operations at September 30	435	612
Cash, cash equivalents and restricted cash of continuing operations at September 30	\$ 25,762	\$ 39,058

**STATEMENT OF CASH FLOWS (CONTINUED)**
**(UNAUDITED)**
*(In millions)*

	Nine months ended September 30			
	GE Industrial		GE Capital	
	2021	2020	2021	2020
Net earnings (loss)	\$ 1,042	\$ 4,355	\$ (3,791)	\$ (1,449)
(Earnings) loss from discontinued operations	4	33	2,851	1,039
Adjustments to reconcile net earnings (loss)				
to cash provided from operating activities				
Depreciation and amortization of property, plant and equipment (Note 7)	1,372	1,664	18	20
Amortization of intangible assets (Note 8)	849	1,028	11	8
Goodwill impairments (Note 8)	—	877	—	—
(Gains) losses on purchases and sales of business interests (Note 23)	155	(12,445)	—	—
(Gains) losses on equity securities (Note 23)	(1,010)	4,761	(26)	21
Principal pension plans cost (Note 14)	1,990	2,681	—	—
Principal pension plans employer contributions	(232)	(226)	—	—
Other postretirement benefit plans (net)	(734)	(675)	(39)	(37)
Provision (benefit) for income taxes	1	(22)	(324)	(566)
Cash recovered (paid) during the year for income taxes	(1,113)	(1,805)	65	667
Changes in operating working capital:				
Decrease (increase) in current receivables	(1,499)	(118)	—	—
Decrease (increase) in inventories, including deferred inventory costs	(1,120)	(385)	—	—
Decrease (increase) in current contract assets	498	855	—	—
Increase (decrease) in accounts payable and equipment project accruals	(287)	(3,020)	8	(26)
Increase (decrease) in progress collections and current deferred income	(1,471)	(1,247)	—	—
All other operating activities	721	513	(1,738)	936
<b>Cash from (used for) operating activities – continuing operations</b>	<b>(832)</b>	<b>(3,175)</b>	<b>(2,963)</b>	<b>612</b>
Cash from (used for) operating activities – discontinued operations	5	34	2,422	1,782
<b>Cash from (used for) operating activities</b>	<b>(827)</b>	<b>(3,141)</b>	<b>(541)</b>	<b>2,394</b>
Additions to property, plant and equipment	(896)	(1,302)	—	—
Dispositions of property, plant and equipment	128	134	—	—
Additions to internal-use software	(76)	(121)	(3)	(5)
Net decrease (increase) in financing receivables	—	—	3,398	(292)
Proceeds from principal business dispositions	1	20,408	—	—
Net cash from (payments for) principal businesses purchased	(27)	(10)	—	—
Sales of retained ownership interests	2,961	—	—	—
Net (purchases) dispositions of GE Capital investment securities	—	—	(1,158)	(1,292)
All other investing activities	124	210	1,771	10,840
<b>Cash from (used for) investing activities – continuing operations</b>	<b>2,216</b>	<b>19,318</b>	<b>4,008</b>	<b>9,251</b>
Cash from (used for) investing activities – discontinued operations	(5)	(39)	(2,678)	(1,927)
<b>Cash from (used for) investing activities</b>	<b>2,211</b>	<b>19,279</b>	<b>1,330</b>	<b>7,324</b>
Net increase (decrease) in borrowings (maturities of 90 days or less)	(1,304)	(4,323)	(118)	(460)
Newly issued debt (maturities longer than 90 days)	5	7,432	359	7,020
Repayments and other debt reductions (maturities longer than 90 days)	(4,156)	(12,129)	(6,054)	(19,857)
Dividends paid to shareholders	(402)	(265)	(41)	(276)
All other financing activities	(658)	(84)	(1,181)	(286)
<b>Cash from (used for) financing activities – continuing operations</b>	<b>(6,514)</b>	<b>(9,369)</b>	<b>(7,035)</b>	<b>(13,859)</b>
Cash from (used for) financing activities – discontinued operations	—	1	101	(24)
<b>Cash from (used for) financing activities</b>	<b>(6,514)</b>	<b>(9,369)</b>	<b>(6,934)</b>	<b>(13,883)</b>
Effect of currency exchange rate changes on cash, cash equivalents and restricted cash	(83)	(50)	(53)	38
<b>Increase (decrease) in cash, cash equivalents and restricted cash</b>	<b>(5,214)</b>	<b>6,719</b>	<b>(6,198)</b>	<b>(4,126)</b>
Cash, cash equivalents and restricted cash at beginning of year	23,209	17,617	14,400	19,460
Cash, cash equivalents and restricted cash at September 30	17,995	24,337	8,202	15,333
Less cash, cash equivalents and restricted cash of discontinued operations at September 30	—	—	435	612
<b>Cash, cash equivalents and restricted cash of continuing operations at September 30</b>	<b>\$ 17,995</b>	<b>\$ 24,337</b>	<b>\$ 7,767</b>	<b>\$ 14,721</b>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)**  
**(UNAUDITED)**
*(In millions, net of tax)*

	Three months ended September 30		Nine months ended September 30	
	2021	2020	2021	2020
<b>Net earnings (loss)</b>	\$ 1,184	\$ (1,195)	\$ (2,748)	\$ 2,907
Less net earnings (loss) attributable to noncontrolling interests	(73)	(51)	(72)	(161)
<b>Net earnings (loss) attributable to the Company</b>	\$ 1,257	\$ (1,144)	\$ (2,677)	\$ 3,068
Currency translation adjustments	(158)	55	81	133
Benefit plans	753	609	2,372	2,248
Investment securities and cash flow hedges	2,151	32	2,222	(140)
Less: other comprehensive income (loss) attributable to noncontrolling interests	4	—	5	7
<b>Other comprehensive income (loss) attributable to the Company</b>	\$ 2,742	\$ 695	\$ 4,671	\$ 2,234
<b>Comprehensive income (loss)</b>	\$ 3,930	\$ (499)	\$ 1,927	\$ 5,147
Less: comprehensive income (loss) attributable to noncontrolling interests	(69)	(50)	(67)	(154)
<b>Comprehensive income (loss) attributable to the Company</b>	\$ 3,999	\$ (449)	\$ 1,994	\$ 5,302

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)**
*(In millions)*

	Three months ended September 30		Nine months ended September 30	
	2021	2020	2021	2020
Preferred stock issued	\$ 6	\$ 6	\$ 6	\$ 6
Common stock issued	\$ 15	\$ 702	\$ 15	\$ 702
Beginning balance	(7,820)	(10,194)	(9,749)	(11,732)
Currency translation adjustments	(160)	55	80	129
Benefit plans	751	609	2,369	2,245
Investment securities and cash flow hedges	2,151	32	2,222	(140)
<b>Accumulated other comprehensive income (loss)</b>	\$ (5,078)	\$ (9,498)	\$ (5,078)	\$ (9,498)
Beginning balance	34,032	34,292	34,307	34,405
Gains (losses) on treasury stock dispositions	(78)	(162)	(571)	(574)
Stock-based compensation	109	104	322	319
Other changes	689	46	694	129
<b>Other capital</b>	\$ 34,751	\$ 34,279	\$ 34,751	\$ 34,279
Beginning balance	87,993	91,188	92,247	87,732
Net earnings (loss) attributable to the Company	1,257	(1,144)	(2,677)	3,068
Dividends and other transactions with shareholders	(152)	(139)	(473)	(720)
Changes in accounting	—	—	—	(175)
<b>Retained earnings</b>	\$ 89,098	\$ 89,905	\$ 89,098	\$ 89,905
Beginning balance	(81,425)	(82,320)	(81,961)	(82,797)
Purchases	(4)	(3)	(87)	(25)
Dispositions	116	198	733	697
<b>Common stock held in treasury</b>	\$ (81,314)	\$ (82,125)	\$ (81,314)	\$ (82,125)
GE shareholders' equity balance	37,477	33,269	37,477	33,269
Noncontrolling interests balance	1,484	1,524	1,484	1,524
<b>Total equity balance at September 30</b>	\$ 38,961	\$ 34,793	\$ 38,961	\$ 34,793

**NOTE 1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.** We present our financial statements in a three-column format, which allows investors to see our GE industrial operations separately from our financial services operations. We believe that this provides useful supplemental information to our consolidated financial statements. To the extent that we have transactions between GE Industrial and GE Capital, these transactions are made on arms-length terms, are reported in the respective columns of our financial statements and are eliminated in consolidation. See Note 22 for further information.

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

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

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

The accompanying consolidated financial statements and notes are unaudited. The results reported in these consolidated financial statements should not be regarded as necessarily indicative of results that may be expected for the entire year. These consolidated financial statements should be read in conjunction with the financial statements and notes included in our Annual Report on Form 10-K for the year ended December 31, 2020.

Our significant accounting policies are described in Note 1 of our aforementioned Annual Report.

**NOTE 2. BUSINESSES HELD FOR SALE AND DISCONTINUED OPERATIONS.** In September of 2021, we signed an agreement to exit GE's share of our boiler manufacturing business in China in our Power segment. In connection with the transaction, we recorded a loss on the planned disposal of this business of \$172 million in Other income in our consolidated Statement of Earnings (Loss). We expect to complete the sale in the fourth quarter of 2021. See Note 23 for further information.

On March 31, 2020, we completed the sale of our BioPharma business within our Healthcare segment for total consideration of \$21,112 million (after certain working capital adjustments) and incurred \$185 million of cash payments directly associated with the transaction. In the first three quarters of 2020, we recognized a pre-tax gain of \$12,362 million (\$11,214 million after-tax) in our consolidated Statement of Earnings (Loss).

**DISCONTINUED OPERATIONS** primarily comprise our GE Capital Aviation Services (GECAS) business, our mortgage portfolio in Poland, and other trailing assets and liabilities associated with prior dispositions. Results of operations, financial position and cash flows for these businesses are reported as discontinued operations for all periods presented.

**GECAS.** On March 9, 2021 we entered into an agreement with AerCap Holdings N.V. (AerCap) to combine our GECAS business with AerCap (GECAS transaction). GE will receive total consideration consisting of approximately \$22,650 million cash, inclusive of estimated contractual closing adjustments, 111.5 million shares of AerCap common stock (approximately 46% ownership interest) valued at \$6,446 million based on AerCap's closing share price of \$57.81 on September 30, 2021 and \$1,000 million in AerCap notes. As a result, we have reclassified GECAS' results to discontinued operations for all periods presented and recognized a non-cash after-tax loss of \$3,638 million in discontinued operations for the nine months ended September 30, 2021. Given the economics of GECAS accrue to AerCap in conjunction with the transaction, the net impact of GECAS (loss on sale and operations) could change materially, mainly due to fluctuations in AerCap's closing share price. In October 2021, we received final regulatory approvals and are now expecting the transaction to be completed on November 1, 2021.

After completion of the transaction, we will elect to prospectively measure our investment in AerCap at fair value and expect to have continuing involvement with AerCap, primarily through our ownership interest and ongoing sales or leases of products and services.

**Bank BPH.** The mortgage portfolio in Poland (Bank BPH) comprises floating rate residential mortgages, 86% of which are indexed to or denominated in foreign currencies (primarily Swiss francs). At September 30, 2021, the total portfolio had a carrying value of \$1,938 million with a 1.96% 90-day delinquency rate and an average loan to value ratio of approximately 61.1%. The portfolio is recorded at the lower of cost or fair value, less cost to sell, which reflects market yields as well as estimates with respect to ongoing litigation in Poland related to foreign currency-denominated mortgages and other factors. Earnings from discontinued operations for the nine months ended September 30, 2021 included \$289 million non-cash pre-tax charges, reflecting estimates with respect to ongoing litigation as well as market yields, primarily in the first quarter of 2021. Future changes in the estimated legal liabilities or market yields could result in further losses related to these loans in future reporting periods. See Note 21 for further information.

**Baker Hughes (BKR).** We have continuing involvement with BKR primarily through our remaining interest, ongoing purchases and sales of products and services, transition services that we provide to BKR, as well as an aeroderivative joint venture (JV) we formed with BKR in the fourth quarter of 2019. The JV is a 50-50 joint venture between GE and BKR and is consolidated by GE due to the significance of our investment in BKR.

For the nine months ended September 30, 2021, we had sales of \$439 million and purchases of \$177 million with BKR for products and services outside of the JV. We collected net cash of \$347 million from BKR related to sales, purchases and transition services.

For the nine months ended September 30, 2021, we had sales of \$351 million to BKR for products and services from the JV, and we collected cash of \$423 million. We expect to reduce our investment in BKR to below 20% in the fourth quarter, at which point we will deconsolidate the JV. The deconsolidation of the JV is not expected to have a material impact on GE Industrial Cash from operating activities (CFOA).

In addition, for the nine months ended September 30, 2021, we received \$31 million of repayments on the promissory note receivable from BKR and dividends of \$143 million on our investment.

RESULTS OF DISCONTINUED OPERATIONS	Three months ended September 30		Nine months ended September 30	
	2021	2020	2021	2020
<b>Operations</b>				
GE Capital revenues from services	\$ 933	\$ 966	\$ 2,469	\$ 3,032
Cost of goods and services sold	(19)	(640)	(394)	(2,027)
Other income, costs and expenses	(340)	(380)	(1,037)	(2,090)
Earnings (loss) of discontinued operations before income taxes	\$ 575	\$ (54)	\$ 1,037	\$ (1,085)
Benefit (provision) for income taxes	(208)	6	(287)	36
Earnings (loss) of discontinued operations, net of taxes(a)	\$ 367	\$ (49)	\$ 750	\$ (1,050)
<b>Disposal</b>				
Gain (loss) on disposal before income taxes	\$ 174	\$ (8)	\$ (3,661)	\$ (22)
Benefit (provision) for income taxes	62	(1)	55	(1)
Gain (loss) on disposal, net of taxes(b)	\$ 236	\$ (9)	\$ (3,606)	\$ (23)
<b>Earnings (loss) from discontinued operations, net of taxes</b>	<b>\$ 602</b>	<b>\$ (58)</b>	<b>\$ (2,856)</b>	<b>\$ (1,072)</b>

(a) Included \$490 million and \$(38) million from GECAS operations, including zero and \$637 million of depreciation and amortization, for the three months ended September 30, 2021 and 2020, respectively. Included \$1,163 million and \$(906) million from GECAS operations, including \$359 million and \$2,020 million of depreciation and amortization, for the nine months ended September 30, 2021 and 2020, respectively. Depreciation and amortization ceased on March 10, 2021.

(b) Gain for the three months ended September 30, 2021 was primarily driven by GECAS due to an increase in fair value of AerCap common stock to be received of \$736 million, partially offset by an increase in GECAS net assets of \$475 million attributable to income from operations.



**ASSETS AND LIABILITIES OF DISCONTINUED OPERATIONS**

	September 30, 2021	December 31, 2020
Cash, cash equivalents and restricted cash	\$ 31	\$ —
Financing receivables - net	1,985	—
Other GE Capital receivables	1,928	—
Property, plant, and equipment - net	29,369	—
Valuation allowance on disposal group classified as discontinued operations	(3,560)	—
All other current assets	4,029	—
<b>Total current assets of discontinued operations</b>	<b>33,782</b>	<b>—</b>
Cash, cash equivalents and restricted cash	404	623
Financing receivables - net	—	2,710
Other GE Capital receivables	50	1,844
Financing receivables held for sale (Polish mortgage portfolio)	1,938	2,461
Property, plant, and equipment - net	92	28,429
All other assets	370	4,683
<b>Assets of discontinued operations(a)</b>	<b>\$ 36,637</b>	<b>\$ 40,749</b>
Deferred income taxes	\$ 2,242	\$ —
Accounts payable and all other liabilities	2,546	—
<b>Total current liabilities of discontinued operations</b>	<b>4,788</b>	<b>—</b>
Deferred income taxes	2	2,172
Accounts payable and all other liabilities(b)	107	3,010
<b>Liabilities of discontinued operations(a)</b>	<b>\$ 4,896</b>	<b>\$ 5,182</b>

(a) Included \$33,782 million and \$37,199 million of assets and \$4,788 million and \$4,997 million of liabilities for GECAS as of September 30, 2021 and December 31, 2020, respectively.

(b) Included within All other liabilities of discontinued operations at September 30, 2021 and December 31, 2020 are intercompany tax receivables in the amount of \$715 million and \$704 million, respectively, primarily related to previously disposed financial services businesses, which are eliminated upon consolidation.

**NOTE 3. INVESTMENT SECURITIES.** All of our debt securities are classified as available-for-sale and substantially all are investment-grade supporting obligations to annuitants and policyholders in our run-off insurance operations. We have adopted the fair value option for our investment in BKR (comprising 214.0 million shares with approximately 20.5% ownership and a promissory note receivable as of September 30, 2021), which is recorded as Equity securities with readily determinable fair values. We classify investment securities as current or non-current based on our intent regarding the usage of proceeds from those investments. Investment securities held within insurance entities are classified as non-current as they support the long-duration insurance liabilities.

	September 30, 2021				December 31, 2020			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Equity (Baker Hughes)	\$ 5,300	\$ —	\$ —	\$ 5,300	\$ 7,319	\$ —	\$ —	\$ 7,319
<b>Current investment securities</b>	<b>\$ 5,300</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 5,300</b>	<b>\$ 7,319</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 7,319</b>
Debt								
U.S. corporate	\$ 24,995	\$ 5,536	\$ (38)	\$ 30,493	\$ 23,604	\$ 6,651	\$ (26)	\$ 30,230
Non-U.S. corporate	2,489	349	(3)	2,835	2,283	458	(1)	2,740
State and municipal	2,848	643	(5)	3,486	3,387	878	(9)	4,256
Mortgage and asset-backed	3,771	159	(34)	3,896	3,652	171	(71)	3,752
Government and agencies	1,102	120	(2)	1,221	1,169	184	—	1,353
Other equity	465	—	—	465	218	—	—	218
<b>Non-current investment securities</b>	<b>\$ 35,669</b>	<b>\$ 6,808</b>	<b>\$ (82)</b>	<b>\$ 42,394</b>	<b>\$ 34,313</b>	<b>\$ 8,342</b>	<b>\$ (106)</b>	<b>\$ 42,549</b>
<b>Total</b>	<b>\$ 40,970</b>	<b>\$ 6,808</b>	<b>\$ (82)</b>	<b>\$ 47,695</b>	<b>\$ 41,632</b>	<b>\$ 8,342</b>	<b>\$ (106)</b>	<b>\$ 49,868</b>

The amortized cost of debt securities as of September 30, 2021 excludes accrued interest of \$437 million, which is reported in current Other GE Capital receivables.

The estimated fair value of investment securities at September 30, 2021 decreased since December 31, 2020, primarily due to the sale of BKR shares and higher market yields, partially offset by new investments in our Insurance business and the mark-to-market effect on our remaining interest in BKR.

Total estimated fair value of debt securities in an unrealized loss position were \$2,764 million and \$1,765 million, of which \$488 million and \$165 million had gross unrealized losses of \$(32) million and \$(20) million and had been in a loss position for 12 months or more at September 30, 2021 and December 31, 2020, respectively. Gross unrealized losses of \$(82) million at September 30, 2021 included \$(38) million related to U.S. corporate securities and \$(31) million related to commercial mortgage-backed securities (CMBS). The majority of our CMBS in an unrealized loss position have received investment-grade credit ratings from the major rating agencies and are collateralized by pools of commercial mortgage loans on real estate.

Net unrealized gains (losses) for equity securities with readily determinable fair values, which are recorded in Other income within continuing operations, were \$405 million and \$(776) million for the three months ended and \$1,051 million and \$(4,619) million for the nine months ended September 30, 2021 and 2020, respectively.

Proceeds from debt and equity securities sales, early redemptions by issuers and principal payments on the BKR promissory note totaled \$1,745 million and \$833 million for the three months ended and \$4,695 million and \$3,538 million for the nine months ended September 30, 2021 and 2020, respectively. Gross realized gains on debt securities were \$16 million and \$15 million for the three months ended and \$59 million and \$143 million for the nine months ended September 30, 2021 and 2020, respectively. Gross realized losses and impairments on debt securities were both insignificant for the three months ended September 30, 2021 and 2020. Gross realized losses and impairments on debt securities were \$(10) million and \$(49) million for the nine months ended September 30, 2021 and 2020, respectively.

Contractual maturities of our debt securities (excluding mortgage and asset-backed securities) at September 30, 2021 are as follows:

		Amortized cost	Estimated fair value
Within one year	\$	638	\$ 647
After one year through five years		3,290	3,596
After five years through ten years		6,264	7,336
After ten years		21,241	26,455

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

Substantially all our equity securities are classified within Level 1 and our debt securities are primarily classified within Level 2, as their valuation is determined based on significant observable inputs. Investments with a fair value of \$5,845 million and \$5,866 million are classified within Level 3, as significant inputs to the valuation model are unobservable at September 30, 2021 and December 31, 2020, respectively. During the nine months ended September 30, 2021 and 2020, there were no significant transfers into or out of Level 3.

In addition to the equity securities described above, we hold \$366 million and \$274 million of equity securities without readily determinable fair values at September 30, 2021 and December 31, 2020, respectively, that are classified within non-current All other assets in our consolidated Statement of Financial Position. Fair value adjustments, including impairments, recorded in earnings were both insignificant for the three months ended and \$34 million and \$(144) million for the nine months ended September 30, 2021 and 2020, respectively.

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

##### CURRENT RECEIVABLES

	Consolidated		GE Industrial	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Customer receivables	\$ 11,890	\$ 13,459	\$ 11,359	\$ 9,841
Sundry receivables(a)(b)	4,098	4,395	4,121	4,763
Allowance for credit losses(c)	(1,113)	(1,164)	(1,112)	(1,161)
<b>Total current receivables</b>	<b>\$ 14,874</b>	<b>\$ 16,691</b>	<b>\$ 14,368</b>	<b>\$ 13,442</b>

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

(b) Consolidated current receivables included a deferred purchase price receivable, which represents our retained risk with respect to current customer receivables sold to third parties through our active receivables facilities. The balance of the deferred purchase price held by GE Capital as of September 30, 2021 and December 31, 2020 was \$484 million and \$413 million, respectively.

(c) GE Industrial allowance for credit losses decreased primarily due to write-offs and foreign currency impact, partially offset by net new provisions of \$132 million.

**Sales of GE Industrial current customer receivables.** Effective April 1, 2021, the Company discontinued the majority of its factoring programs. The remaining balance related to these discontinued programs was \$720 million as of September 30, 2021, including \$530 million retained by GE Capital. Sales to GE Capital occurring after March 31, 2021 are only in connection with our remaining unconsolidated receivables facility described below. Customer receivables held by GE Capital and third parties were \$3,134 million and \$2,582 million, respectively, at March 31, 2021. When GE Industrial sells customer receivables to GE Capital or third parties, it accelerates the receipt of cash that would otherwise have been collected from customers. In any given period, the amount of cash received from sales of customer receivables compared to the cash GE Industrial would have otherwise collected had those customer receivables not been sold represents the cash generated or used in the period relating to this activity. GE Industrial sales of customer receivables to GE Capital or third parties are made on arms-length terms and any discount related to time value of money is recognized by GE Industrial when the customer receivables are sold. In our Statement of Cash Flows, receivables purchased and retained by GE Capital are reflected as cash from operating activities at GE Industrial, primarily as cash used for investing activities at GE Capital and are eliminated in consolidation. Collections on receivables purchased by GE Capital are reflected primarily as cash from investing activities at GE Capital and are reclassified to cash from operating activities in consolidation. As of September 30, 2021 and 2020, GE Industrial sold approximately 19% and 45%, respectively, of its gross customer receivables to GE Capital or third parties. Activity related to customer receivables sold by GE Industrial is as follows:

	2021		2020	
	GE Capital	Third Parties	GE Capital	Third Parties
Balance at January 1	\$ 3,618	\$ 2,992	\$ 3,087	\$ 6,757
GE Industrial sales to GE Capital	12,890	—	24,630	—
GE Industrial sales to third parties	—	765	—	699
GE Capital sales to third parties	(9,933)	9,933	(13,757)	13,757
Collections and other	(6,144)	(11,538)	(9,805)	(17,755)
Reclassification from long-term customer receivables	99	—	207	—
Balance at September 30	\$ 530 (a)	\$ 2,152 (b)	\$ 4,362 (a)	\$ 3,458

(a) At September 30, 2021 and 2020, \$240 million and \$640 million, respectively, of the current receivables purchased and retained by GE Capital had been sold by GE Industrial to GE Capital with recourse (i.e., GE Industrial retains all or some risk of default). The effect on GE Industrial CFOA of claims by GE Capital on receivables sold with recourse was insignificant for the nine months ended September 30, 2021 and 2020.

(b) Included \$1,962 million in our active unconsolidated receivables facility at September 30, 2021, (\$1,936 million at June 30, 2021 and \$1,863 million at March 31, 2021) under which we currently expect to continue sales of GE Industrial receivables.

#### LONG-TERM RECEIVABLES

	Consolidated		GE Industrial	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Long-term customer receivables(a)	\$ 74	\$ 585	\$ 73	\$ 474
Long-term sundry receivables(b)	1,611	1,748	1,795	2,097
Advance for credit losses	(133)	(142)	(133)	(142)
<b>Total long-term receivables</b>	<b>\$ 2,218</b>	<b>\$ 2,191</b>	<b>\$ 2,440</b>	<b>\$ 2,430</b>

(a) As of September 30, 2021 and December 31, 2020, GE Capital held an insignificant amount and \$111 million, respectively, of GE Industrial long-term customer receivables.

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

**UNCONSOLIDATED RECEIVABLES FACILITIES.** GE Capital has one active revolving receivables facility, under which customer receivables purchased from GE Industrial are sold to third parties. The facility has a program size of \$2,000 million as of September 30, 2021. Upon the sale of receivables, we receive proceeds of cash and deferred purchase price and the Company's remaining risk with respect to the sold receivables is limited to the balance of the deferred purchase price.

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

	2021	2020
Customer receivables sold to receivables facilities	\$ 8,442	\$ 10,570
Collections and other on receivables sold to receivables facilities	8,523	12,146
Total cash purchase price for customer receivables	7,966	10,060
Cash collections re-invested to purchase customer receivables	7,203	8,865
Non-cash increases to deferred purchase price	\$ 432	\$ 446
Cash payments received on deferred purchase price	362	388

**CONSOLIDATED SECURITIZATION ENTITIES.** GE Capital consolidates two variable interest entities (VIEs) that purchased customer receivables and long-term customer receivables from GE Industrial prior to the April 1, 2021 discontinuation of the majority of the Company's factoring programs. At September 30, 2021 and December 31, 2020, these VIEs held current customer receivables of \$198 million and \$1,489 million and long-term customer receivables of zero and \$93 million, respectively. At September 30, 2021 and December 31, 2020, the outstanding non-recourse debt under their respective debt facilities was zero and \$892 million, respectively.

## NOTE 5. FINANCING RECEIVABLES AND ALLOWANCES

	Consolidated		GE Capital	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Loans, net of deferred income	\$ 300	\$ 359	\$ 1,311	\$ 4,182
Allowance for losses	(29)	(32)	(11)	(10)
<b>Current financing receivables – net</b>	<b>\$ 271</b>	<b>\$ 326</b>	<b>\$ 1,300</b>	<b>\$ 4,172</b>

We manage our GE Capital financing receivables portfolio using delinquency data as key performance indicators. At September 30, 2021 and December 31, 2020, financing receivables over 30 days past due were 0.2% and 2.8% and 90 days past due were 0.2% and 1.7%, respectively.

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

## NOTE 6. INVENTORIES, INCLUDING DEFERRED INVENTORY COSTS

	September 30, 2021	December 31, 2020
Raw materials and work in process	\$ 8,682	\$ 7,937
Finished goods	5,583	5,654
Deferred inventory costs(a)	2,525	2,299
<b>Inventories, including deferred inventory costs</b>	<b>\$ 16,790</b>	<b>\$ 15,890</b>

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

## NOTE 7. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2021	December 31, 2020
Original cost	\$ 32,121	\$ 32,098
Less accumulated depreciation and amortization	(18,968)	(18,251)
Right-of-use operating lease assets	2,720	2,852
<b>Property, plant and equipment – net</b>	<b>\$ 15,873</b>	<b>\$ 16,699</b>

Consolidated depreciation and amortization on property, plant and equipment was \$455 million and \$744 million for the three months ended September 30, 2021 and 2020, respectively, and \$1,390 million and \$1,664 million for the nine months ended September 30, 2021 and 2020, respectively.

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

**Operating Lease Liabilities.** Our consolidated operating lease liabilities, included in All other liabilities in our Statement of Financial Position, were \$3,004 million and \$3,195 million, as of September 30, 2021 and December 31, 2020, respectively, which included GE Industrial operating lease liabilities of \$2,948 million and \$3,133 million, respectively. Expense on our operating lease portfolio, primarily from our long-term fixed leases, was \$287 million and \$278 million for the three months ended September 30, 2021 and 2020, respectively, and \$826 million and \$857 million for the nine months ended September 30, 2021 and 2020, respectively.

## NOTE 8. GOODWILL AND OTHER INTANGIBLE ASSETS

GOODWILL	January 1, 2021	Acquisitions	Currency exchange and other	Balance at September 30, 2021
Aviation	\$ 9,247	\$ —	\$ (126)	\$ 9,121
Healthcare	11,855	45	(19)	11,880
Renewable Energy	3,401	—	(88)	3,313
Power	146	—	—	145
Corporate	876	—	(1)	875
Total	\$ 25,524	\$ 45	\$ (235)	\$ 25,333

In assessing the possibility that a reporting unit's fair value has been reduced below its carrying amount due to the occurrence of events or circumstances between annual impairment testing dates, we consider all available evidence, including (i) the results of our impairment testing from the most recent testing date, (ii) downward revisions to internal forecasts or decreases in market multiples, if any, and (iii) declines in market capitalization. In the third quarter of 2021, we did not identify any reporting units that required an interim impairment test. However, we continue to monitor the operating results and cash flow forecasts of our Additive reporting unit in our Aviation segment as the fair value of this reporting unit was not significantly in excess of its carrying value. At September 30, 2021, our Additive reporting unit had goodwill of \$235 million.

Substantially all other intangible assets are subject to amortization. Intangible assets decreased \$484 million during the nine months ended September 30, 2021, primarily as a result of amortization partially offset by the acquisition of patents and technology and capitalized software mainly at Aviation and Healthcare of \$502 million. Consolidated amortization expense was \$272 million and \$420 million in the three months ended, and \$860 million and \$1,036 million in the nine months ended, September 30, 2021 and 2020, respectively.

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

**NOTE 9. REVENUES.** The equipment and services revenues classification in the table below is consistent with our segment Management's Discussion and Analysis presentation.

### EQUIPMENT & SERVICES REVENUES

#### Three months ended September 30

	2021			2020		
	Equipment	Services	Total	Equipment	Services	Total
Aviation	\$ 1,837	\$ 3,562	\$ 5,398	\$ 1,933	\$ 2,987	\$ 4,919
Healthcare	2,187	2,151	4,339	2,538	2,027	4,565
Renewable Energy	3,695	512	4,208	3,771	754	4,525
Power	1,368	2,658	4,026	1,595	2,430	4,025
Corporate items and industrial eliminations	(182)	33	(149)	(212)	95	(117)
Total GE Industrial revenues	\$ 8,905	\$ 8,916	\$ 17,821	\$ 9,625	\$ 8,293	\$ 17,918

#### Nine months ended September 30

	2021			2020		
	Equipment	Services	Total	Equipment	Services	Total
Aviation	\$ 5,549	\$ 9,681	\$ 15,230	\$ 6,234	\$ 9,961	\$ 16,196
Healthcare	6,671	6,429	13,100	7,287	5,899	13,185
Renewable Energy	9,844	1,661	11,505	9,068	2,155	11,224
Power	3,680	8,561	12,242	4,589	7,617	12,206
Corporate items and industrial eliminations	(566)	126	(439)	(251)	268	17
Total GE Industrial revenues	\$ 25,178	\$ 26,459	\$ 51,637	\$ 26,928	\$ 25,901	\$ 52,828

REVENUES	Three months ended September 30		Nine months ended September 30	
	2021	2020	2021	2020
Commercial Engines & Services	\$ 3,602	\$ 3,087	\$ 10,071	\$ 10,718
Military	1,107	1,137	3,104	3,258
Systems & Other	689	696	2,055	2,220
<b>Aviation</b>	<b>\$ 5,398</b>	<b>\$ 4,919</b>	<b>\$ 15,230</b>	<b>\$ 16,196</b>
Healthcare Systems	\$ 3,832	\$ 4,085	\$ 11,572	\$ 11,056
Pharmaceutical Diagnostics	507	480	1,528	1,300
BioPharma	—	—	—	830
<b>Healthcare</b>	<b>\$ 4,339</b>	<b>\$ 4,565</b>	<b>\$ 13,100</b>	<b>\$ 13,185</b>
Onshore Wind	\$ 3,047	\$ 3,303	\$ 8,048	\$ 7,914
Grid Solutions equipment and services	759	936	2,330	2,587
Hydro	190	160	549	490
Offshore Wind and Hybrid Solutions	211	127	577	232
<b>Renewable Energy</b>	<b>\$ 4,208</b>	<b>\$ 4,525</b>	<b>\$ 11,505</b>	<b>\$ 11,224</b>
Gas Power	\$ 2,861	\$ 2,940	\$ 8,739	\$ 8,876
Steam Power	790	769	2,327	2,340
Power Conversion, Nuclear and other	376	316	1,176	990
<b>Power</b>	<b>\$ 4,026</b>	<b>\$ 4,025</b>	<b>\$ 12,242</b>	<b>\$ 12,206</b>
<b>Corporate items and industrial eliminations</b>	<b>(149)</b>	<b>(117)</b>	<b>(439)</b>	<b>17</b>
Total GE Industrial revenues	\$ 17,821	\$ 17,918	\$ 51,637	\$ 52,828
<b>Capital</b>	<b>734</b>	<b>758</b>	<b>2,470</b>	<b>2,455</b>
GE Capital-GE Industrial eliminations	\$ (126)	\$ (147)	\$ (280)	\$ (461)
<b>Consolidated revenues</b>	<b>\$ 18,429</b>	<b>\$ 18,529</b>	<b>\$ 53,826</b>	<b>\$ 54,823</b>

**REMAINING PERFORMANCE OBLIGATION.** As of September 30, 2021, the aggregate amount of the contracted revenues allocated to our unsatisfied (or partially unsatisfied) performance obligations was \$238,505 million. We expect to recognize revenue as we satisfy our remaining performance obligations as follows: (1) equipment-related remaining performance obligation of \$46,666 million, of which 52%, 72% and 97% is expected to be satisfied within 1, 2 and 5 years, respectively; and (2) services-related remaining performance obligation of \$191,839 million, of which 11%, 42%, 64% and 81% is expected to be recognized within 1, 5, 10 and 15 years, respectively, and the remaining thereafter. Contract modifications could affect both the timing to complete as well as the amount to be received as we fulfill the related remaining performance obligations.



**NOTE 10. CONTRACT AND OTHER DEFERRED ASSETS & PROGRESS COLLECTIONS AND DEFERRED INCOME**

**Contract and other deferred assets** decreased \$296 million in the nine months ended September 30, 2021 primarily due to decreased long-term service agreements, partially offset by increased customer advances and other and the timing of revenue recognition ahead of billing milestones on long-term equipment contracts. Our long-term service agreements decreased primarily due to billings of \$7,258 million, offset by revenues recognized of \$6,810 million, a net unfavorable change in estimated profitability of \$325 million at Aviation and a net favorable change in estimated profitability of \$37 million at Power.

September 30, 2021	Aviation	Healthcare	Renewable Energy	Power	Other	Total
Revenues in excess of billings	\$ 2,714	\$ —	\$ —	\$ 5,480	\$ —	\$ 8,195
Billings in excess of revenues	(6,188)	—	—	(1,406)	—	(7,594)
Long-term service agreements	\$ (3,473)	\$ —	\$ —	\$ 4,074	\$ —	\$ 601
Short-term and other service agreements	341	177	97	91	20	725
Equipment contract revenues	40	315	1,349	1,963	244	3,912
Current contract assets	\$ (3,092)	\$ 492	\$ 1,446	\$ 6,128	\$ 264	\$ 5,238
Nonrecurring engineering costs	2,467	31	30	14	—	2,543
Customer advances and other	2,596	135	—	846	—	3,576
Non-current contract and other deferred assets	\$ 5,063	\$ 166	\$ 30	\$ 860	\$ —	\$ 6,119
Total contract and other deferred assets	\$ 1,971	\$ 658	\$ 1,476	\$ 6,988	\$ 264	\$ 11,357

**December 31, 2020**

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

**Progress collections and deferred income** decreased \$1,424 million primarily due to the timing of revenue recognition in excess of new collections received, primarily at Renewable Energy and Aviation. Revenues recognized for contracts included in a liability position at the beginning of the year were \$12,602 million and \$10,762 million for the nine months ended September 30, 2021 and 2020, respectively.

September 30, 2021	Aviation	Healthcare	Renewable Energy	Power	Other	Total
Progress collections on equipment contracts	\$ 155	\$ —	\$ 1,862	\$ 5,227	\$ —	\$ 7,244
Other progress collections	4,245	480	2,750	292	83	7,849
Current deferred income	151	1,346	216	22	81	1,816
Progress collections and deferred income	\$ 4,551	\$ 1,825	\$ 4,828	\$ 5,541	\$ 163	\$ 16,909
Non-current deferred income	963	564	188	118	6	1,839
Total Progress collections and deferred income	\$ 5,514	\$ 2,389	\$ 5,015	\$ 5,659	\$ 170	\$ 18,748

**December 31, 2020**

Progress collections on equipment contracts	\$ 214	\$ —	\$ 1,229	\$ 4,918	\$ —	\$ 6,362
Other progress collections	4,623	414	4,604	458	152	10,252
Current deferred income	132	1,309	194	17	105	1,757
Progress collections and deferred income	\$ 4,969	\$ 1,724	\$ 6,028	\$ 5,393	\$ 257	\$ 18,371
Non-current deferred income	898	564	214	116	10	1,801
Total Progress collections and deferred income	\$ 5,867	\$ 2,288	\$ 6,241	\$ 5,509	\$ 267	\$ 20,172

**NOTE 11. ALL OTHER ASSETS.** All other current assets and All other assets primarily include equity method and other investments, long-term customer and sundry receivables (see Note 4), cash and cash equivalents in our run-off insurance operations and prepaid taxes and other deferred charges. Consolidated All other non-current assets increased \$1,614 million in the nine months ended September 30, 2021, primarily due to increases in pension surplus of \$854 million driven primarily by remeasurement related to freezing the UK pension plans, equity method and other investments of \$365 million and Insurance cash and cash equivalents of \$352 million.

## NOTE 12. BORROWINGS

	September 30, 2021	December 31, 2020
Current portion of long-term borrowings	\$ 1,002	\$ 36
Current portion of long-term borrowings assumed by GE Industrial	2,346	2,432
Other	465	882
<b>Total GE Industrial short-term borrowings</b>	<b>\$ 3,813</b>	<b>\$ 3,350</b>
Current portion of long-term borrowings	\$ 1,696	\$ 788
Intercompany payable to GE Industrial	2,346	2,432
Non-recourse borrowings of consolidated securitization entities	—	892
Other	166	283
<b>Total GE Capital short-term borrowings</b>	<b>\$ 4,207</b>	<b>\$ 4,395</b>
Eliminations	(2,562)	(3,033)
<b>Total short-term borrowings</b>	<b>\$ 5,459</b>	<b>\$ 4,713</b>
Senior notes	\$ 13,709	\$ 18,994
Senior notes assumed by GE Industrial	13,996	18,178
Subordinated notes assumed by GE Industrial	1,765	1,779
Other	384	435
<b>Total GE Industrial long-term borrowings</b>	<b>\$ 29,854</b>	<b>\$ 39,386</b>
Senior notes	\$ 26,918	\$ 30,132
Subordinated notes	146	189
Intercompany payable to GE Industrial	12,583	16,780
Other	511	483
<b>Total GE Capital long-term borrowings</b>	<b>\$ 40,158</b>	<b>\$ 47,584</b>
Eliminations	(12,583)	(16,780)
<b>Total long-term borrowings</b>	<b>\$ 57,429</b>	<b>\$ 70,189</b>
<b>Total borrowings</b>	<b>\$ 62,888</b>	<b>\$ 74,902</b>

At September 30, 2021, the outstanding GE Capital borrowings that had been assumed by GE Industrial as part of the GE Capital Exit Plan was \$18,106 million (\$2,346 million short-term and \$15,761 million long-term), for which GE Industrial has an offsetting Receivable from GE Capital of \$14,929 million. The difference of \$3,177 million in long-term borrowings represents the amount of borrowings GE Capital had funded with available cash to GE Industrial via intercompany loans in lieu of GE Industrial issuing borrowings externally.

At September 30, 2021, total GE Industrial borrowings of \$18,738 million comprised GE Industrial-issued borrowings of \$15,561 million and intercompany loans from GE Capital to GE Industrial of \$3,177 million as described above.

GE Industrial has provided a full and unconditional guarantee on the payment of the principal and interest on all tradable senior and subordinated outstanding long-term debt securities issued by GE Capital. This guarantee applied to \$27,202 million and \$28,503 million of GE Capital debt at September 30, 2021 and December 31, 2020, respectively.

In the second quarter of 2021, GE Industrial completed a tender offer to purchase \$4,114 million in aggregate principal amount of certain GE Industrial unsecured debt, comprising \$201 million of 2.700% Notes due 2022, \$752 million of 4.250% Notes due 2040, \$377 million of 4.125% Notes due 2042, \$311 million of 4.500% Notes due 2044 and \$2,473 million of 4.350% Notes due 2050. The total cash consideration paid for these purchases was \$4,756 million and the total carrying amount of the purchased notes was \$4,084 million, resulting in a total pre-tax loss of \$645 million. In addition to the purchase price, GE Industrial paid any accrued and unpaid interest on the purchased notes through the date of purchase.

In the second quarter of 2021, GE Capital completed a tender offer to purchase a total of \$2,879 million in aggregate principal amount of certain senior unsecured debt, comprising \$23 million of 4.650% Notes due 2021, \$56 million of 3.150% Notes due 2022, \$75 million of 3.100% Notes due 2023, \$503 million of 6.150% Notes due 2037, \$1,400 million of 5.875% Notes due 2038 and \$823 million of 6.875% Notes due 2039. The total cash consideration paid for these purchases was \$3,940 million and the carrying amount of the purchased notes was \$3,191 million, resulting in a total pre-tax loss of \$771 million. In addition to the purchase price, GE Capital paid any accrued and unpaid interest on the purchased notes through the date of purchase.

See Note 19 for further information about borrowings and associated interest rate swaps.

**NOTE 13. INSURANCE LIABILITIES AND ANNUITY BENEFITS.** Insurance liabilities and annuity benefits comprise substantially all obligations to annuitants and insureds in our run-off insurance operations. Our insurance operations generated revenues of \$770 million and \$764 million and profit (loss) of \$52 million and \$57 million for the three months ended September 30, 2021 and 2020, respectively. For the nine months ended September 30, 2021 and 2020, revenues were \$2,348 million and \$2,167 million and profit (loss) was \$360 million and \$78 million, respectively. These operations were supported by assets of \$50,839 million and \$50,824 million at September 30, 2021 and December 31, 2020, respectively. A summary of our insurance contracts is presented below:

September 30, 2021	Long-term care	Structured settlement annuities & life	Other contracts	Other adjustments(a)	Total
Future policy benefit reserves	\$ 17,078	\$ 8,969	\$ 187	\$ 3,919	\$ 30,153
Claim reserves	4,445	265	966	—	5,677
Investment contracts	—	974	971	—	1,945
Unearned premiums and other	14	190	110	—	315
	21,538	10,397	2,235	3,919	38,090
Eliminations	—	—	(385)	—	(385)
Total	\$ 21,538	\$ 10,397	\$ 1,851	\$ 3,919	\$ 37,705

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

(a) To the extent that unrealized gains on specific investment securities supporting our insurance contracts would result in a premium deficiency should those gains be realized, an increase in future policy benefit reserves is recorded, with an after-tax reduction of net unrealized gains recognized through Accumulated other comprehensive income (loss) (AOCI) in our consolidated Statement of Earnings (Loss). The decrease in Other adjustments of \$4,241 million is a result of the decline in unrealized gains on investment securities and the higher margin resulting from the 2021 premium deficiency test.

Claim reserves included incurred claims of \$1,264 million and \$1,390 million, of which insignificant amounts related to the recognition of adjustments to prior year claim reserves arising from our periodic reserve evaluation for the nine months ended September 30, 2021 and 2020, respectively. Paid claims were \$1,290 million and \$1,328 million in the nine months ended September 30, 2021 and 2020, respectively.

Reinsurance recoverables, net of allowances of \$1,609 million and \$1,510 million, are included in non-current Other GE Capital receivables in our consolidated Statement of Financial Position, and amounted to \$2,613 million and \$2,552 million at September 30, 2021 and December 31, 2020, respectively. The vast majority of our remaining net reinsurance recoverables are secured by assets held in a trust for which we are the beneficiary.

**2021 Premium Deficiency Testing.** We completed our annual premium deficiency testing in the aggregate across our run-off insurance portfolio in the third quarter of 2021. These procedures included updating experience studies since our last test completed in the third quarter of 2020, independent actuarial analysis (principally on long-term care exposures) and review of industry benchmarks. Our 2021 premium deficiency testing started with the positive margin of less than 2% of the recorded future policy benefit reserves that resulted from our 2020 premium deficiency testing. Using updated assumptions, the 2021 premium deficiency testing results indicated a significant increase in the positive margin to approximately 11% of the related future policy benefit reserves recorded at September 30, 2021. As a result, the assumptions updated in connection with the premium deficiency recognized in 2019 remain locked-in and will remain so unless another premium deficiency occurs in the future.

The significant increase in the premium deficiency testing margin resulting from our 2021 premium deficiency testing was largely attributable to an increase in the overall discount rate to a weighted average rate of 6.15% compared to 5.70% in 2020 (\$2,216 million). This increase in the discount rate from 2020 reflects further development of our previously communicated investment portfolio realignment strategy, that includes increased amounts allocated to growth assets, consisting of private equity, equity-like securities and select high yield credit strategies, from our current target of approximately 8% up to approximately 15%. These amounts are expected to be funded over the next 5 to 7 years from the remaining projected capital contribution of approximately \$5,500 million through 2024 and regular portfolio cash flows while maintaining an overall A-rated fixed income portfolio. The 2021 discount rate assumptions also reflect a lower expected reinvestment rate on fixed-income investments versus that applied in 2020, due to lower prevailing benchmark interest rates in the U.S, grading to a lower expected long-term average investment yield over a shorter period and slightly lower actual yields on our fixed-income investment security portfolio. As a result of this increased allocation to higher-yielding assets, our run-off insurance operations may experience future earnings volatility due to investments carried at fair value with changes in fair values reported in earnings and changes in the allowance for credit losses and temporary elevated amounts of unfunded investment commitments.

When results of the premium deficiency testing indicate overall reserves are sufficient, we are also required to assess whether additional future policy benefit reserves are required to be accrued over time in the future. Such an accrual would be required if profits are projected in earlier future periods followed by losses projected in later future years (i.e., profits followed by losses). When this pattern of profits followed by losses is projected, we would be required to accrue a liability in the expected profitable years by the amount necessary to offset projected losses in later future years. We noted our projections as of third quarter 2021 indicate the present value of projected earnings in each future year to be positive, and therefore, no further adjustments to our future policy benefit reserves were required at this time.

**NOTE 14. POSTRETIREMENT BENEFIT PLANS.** We sponsor a number of pension and retiree health and life insurance benefit plans that we present in three categories, principal pension plans, other pension plans and principal retiree benefit plans. Please refer to Note 13 to the consolidated financial statements of our Annual Report on Form 10-K for the year ended December 31, 2020 for a discussion of our postretirement benefit plans.

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

#### PRINCIPAL PENSION PLANS

	Three months ended September 30		Nine months ended September 30	
	2021	2020	2021	2020
Service cost for benefits earned	\$ 57	\$ 156	\$ 179	\$ 501
Prior service cost amortization	8	36	22	110
Expected return on plan assets	(763)	(747)	(2,288)	(2,243)
Interest cost on benefit obligations	488	588	1,464	1,764
Net actuarial loss amortization	871	850	2,613	2,549
Benefit plans cost	\$ 661	\$ 883	\$ 1,990	\$ 2,681

Principal retiree benefit plans income was \$43 million and \$31 million for the three months ended September 30, 2021 and 2020, and \$125 million and \$85 million for the nine months ended September 30, 2021 and 2020, respectively. Other pension plans was \$57 million income and \$2 million cost for the three months ended September 30, 2021 and 2020, respectively and \$44 million income and \$12 million cost for the nine months ended September 30, 2021, and 2020, respectively, which includes a curtailment loss of \$77 million in 2021 resulting from the freeze of the UK pension plans announced on June 10, 2021.

We also have a defined contribution plan for eligible U.S. employees that provides employer contributions. Defined contribution plan costs were \$99 million and \$71 million for the three months ended September 30, 2021 and 2020 and \$321 million and \$253 million for the nine months ended September 30, 2021 and 2020, respectively.

**NOTE 15. CURRENT AND ALL OTHER LIABILITIES.** All other current liabilities and All other liabilities primarily includes liabilities for customer sales allowances, equipment project and commercial liabilities, loss contracts, employee compensation and benefits, income taxes payable and uncertain tax positions, operating lease liabilities (see Note 7), environmental, health and safety remediations and product warranties (see Note 21). GE Industrial All other current liabilities decreased \$746 million in the nine months ended September 30, 2021, primarily due to decreases in liabilities due to GE Capital of \$957 million, employee compensation and benefit liabilities of \$274 million and taxes payable of \$220 million. These decreases were partially offset by increased sales allowances, equipment project and other commercial liabilities of \$420 million and the conversion of a redeemable noncontrolling interest of \$297 million, in our Aviation segment, into a mandatorily redeemable instrument and reclassified to All other current liabilities.

**NOTE 16. INCOME TAXES.** Our consolidated effective income tax rate was 149.5% and (17.4)% during the nine months ended September 30, 2021 and 2020, respectively. The tax rate for 2021 reflects a tax benefit on a pre-tax loss. The negative rate for 2020 reflects a tax benefit on pre-tax income. The rate for 2021 is higher than the U.S. statutory rate on the loss primarily due to tax benefits associated with internal restructurings to recognize historical losses as a result of decreases in fair value. This was partially offset by the cost of global activities, including the base erosion and global intangible minimum tax provisions and an adjustment to increase the 2021 nine-month tax rate to be in-line with the expected full-year rate. The tax benefit for 2020 is primarily due to the lower tax rate on the sale of our BioPharma business. The tax rate on the BioPharma sale was low because the gain outside the U.S. was taxed at lower than 21% and because we recorded \$633 million of the tax associated with preparatory steps for the transaction in the fourth quarter of 2019. This was partially offset by a non-deductible goodwill impairment charge associated with our Additive business within our Aviation segment.

The Internal Revenue Service (IRS) is currently auditing our consolidated U.S. income tax returns for 2016-2018.

GE has resolved its dispute with the United Kingdom tax authority, HM Revenue & Customs (HMRC) in connection with interest deductions claimed by GE Capital for the years 2004-2015. As previously disclosed, HMRC had proposed to disallow interest deductions with a potential impact of approximately \$1,100 million, which included a possible assessment of tax and reduction of deferred tax assets, not including interest and penalties. As part of the settlement, GE and HMRC agreed that a portion of the interest deductions claimed were disallowed, with no fault or blame attributed to either party. The resolution concluded the dispute in its entirety without interest or penalties. The adjustments result in no current tax payment to HMRC, but a deferred tax charge of \$112 million as part of discontinued operations as a result of a reduction of available tax attributes, which had previously been recorded as deferred tax assets.

## NOTE 17. SHAREHOLDERS' EQUITY

ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	Three months ended September 30		Nine months ended September 30	
	2021	2020	2021	2020
Beginning balance	\$ (4,146)	\$ (4,743)	\$ (4,386)	\$ (4,818)
AOI before reclasses – net of taxes of \$5, \$(59), \$(51) and \$(39)	(158)	55	82	(558)
Reclasses from AOI – net of taxes of \$0, \$0, \$0 and \$0(a)	—	—	—	691
AOI	(158)	55	81	133
Less AOI attributable to noncontrolling interests	1	—	1	3
<b>Currency translation adjustments AOI</b>	<b>\$ (4,305)</b>	<b>\$ (4,689)</b>	<b>\$ (4,305)</b>	<b>\$ (4,689)</b>
Beginning balance	\$ (3,777)	\$ (5,387)	\$ (5,395)	\$ (7,024)
AOI before reclasses – net of taxes of \$16, \$(22), \$(5) and \$6	91	(87)	264	58
Reclasses from AOI – net of taxes of \$192, \$187, \$592 and \$613(a)	662	695	2,108	2,190
AOI	753	609	2,372	2,248
Less AOI attributable to noncontrolling interests	2	—	4	3
<b>Benefit plans AOI</b>	<b>\$ (3,026)</b>	<b>\$ (4,779)</b>	<b>\$ (3,026)</b>	<b>\$ (4,779)</b>
Beginning balance	\$ 103	\$ (63)	\$ 32	\$ 109
AOI before reclasses – net of taxes of \$576, \$62, \$566 and \$0(b)	2,152	65	2,201	(116)
Reclasses from AOI – net of taxes of \$3, \$(11), \$13 and \$(17)(a)	(1)	(33)	21	(24)
AOI	2,151	32	2,222	(140)
<b>Investment securities and cash flow hedges AOI</b>	<b>\$ 2,254</b>	<b>\$ (30)</b>	<b>\$ 2,254</b>	<b>\$ (30)</b>
<b>AOI at September 30</b>	<b>\$ (5,078)</b>	<b>\$ (9,498)</b>	<b>\$ (5,078)</b>	<b>\$ (9,498)</b>
<b>Dividends declared per common share</b>	<b>\$ 0.08</b>	<b>\$ 0.08</b>	<b>\$ 0.24</b>	<b>\$ 0.24</b>

(a) The total reclassification from AOI included \$836 million, including currency translation of \$688 million, net of taxes, for the nine months ended September 30, 2020, related to the sale of our BioPharma business within our Healthcare segment.

(b) Included adjustments of \$2,456 million and \$(420) million for the three months ended September 30, 2021 and 2020, respectively and \$3,350 million and \$(1,382) million for the nine months ended September 30, 2021 and 2020, respectively, related to insurance liabilities and annuity benefits in our run-off insurance operations to reflect the effects that would have been recognized had the related unrealized investment security gains been realized. See Note 13 for further information.

For information on our preferred stock issuances, please refer to our Annual Report on Form 10-K for the year ended December 31, 2020 and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2021.

Redeemable noncontrolling interests, presented within All other liabilities in our consolidated Statement of Financial Position, include common shares issued by our affiliates that are redeemable at the option of the holder of those interests and amounted to \$171 million and \$487 million as of September 30, 2021 and December 31, 2020, respectively. The decrease of \$316 million was primarily due to a redeemable noncontrolling interest in our Aviation segment, which was converted into a mandatorily redeemable instrument and reclassified to All other current liabilities.

**NOTE 18. EARNINGS PER SHARE INFORMATION.** In the second quarter of 2021, we announced that we would proceed with the 1-for-8 reverse stock split, as approved by shareholders, and filed an amendment to our certificate of incorporation to effectuate the reverse stock split after the close of trading on July 30, 2021. GE common stock began trading on a split-adjusted basis on August 2, 2021. Effective this quarter, our shares of outstanding common stock and earnings per share calculation have been retroactively restated for all periods presented.

Three months ended September 30 (Earnings for per-share calculation, shares in millions, per-share amounts in dollars)	2021		2020	
	Diluted	Basic	Diluted	Basic
Earnings from continuing operations	\$ 654	\$ 654	\$ (1,087)	\$ (1,087)
Preferred stock dividends	(52)	(52)	(46)	(46)
Accretion of redeemable noncontrolling interests, net of tax(a)	(9)	(9)	(6)	(6)
Earnings from continuing operations attributable to common shareholders	593	593	(1,138)	(1,138)
Earnings (loss) from discontinued operations	602	602	(58)	(58)
Net earnings (loss) attributable to GE common shareholders	1,195	1,195	(1,196)	(1,196)
Shares of GE common stock outstanding	1,098	1,098	1,095	1,095
Employee compensation-related shares (including stock options)	7	—	—	—
<b>Total average equivalent shares</b>	<b>1,105</b>	<b>1,098</b>	<b>1,095</b>	<b>1,095</b>
Earnings per share from continuing operations	\$ 0.54	\$ 0.54	\$ (1.04)	\$ (1.04)
Earnings (loss) per share from discontinued operations	0.54	0.55	(0.05)	(0.05)
Net earnings (loss) per share	1.08	1.09	(1.09)	(1.09)
Potentially dilutive securities(b)	37		61	

Nine months ended September 30 (Earnings for per-share calculation, shares in millions, per-share amounts in dollars)	2021		2020	
	Diluted	Basic	Diluted	Basic
Earnings from continuing operations	\$ 179	\$ 179	\$ 4,129	\$ 4,129
Preferred stock dividends	(180)	(180)	(280)	(280)
Accretion of redeemable noncontrolling interests, net of tax(a)	(9)	(9)	(141)	(141)
Earnings from continuing operations attributable to common shareholders	(11)	(11)	3,707	3,707
Earnings (loss) from discontinued operations	(2,856)	(2,856)	(1,067)	(1,067)
Net earnings attributable to GE common shareholders	(2,866)	(2,866)	2,639	2,639
Shares of GE common stock outstanding	1,097	1,097	1,094	1,094
Employee compensation-related shares (including stock options)	—	—	1	—
<b>Total average equivalent shares</b>	<b>1,097</b>	<b>1,097</b>	<b>1,094</b>	<b>1,094</b>
Earnings from continuing operations	\$ (0.01)	\$ (0.01)	\$ 3.39	\$ 3.39
Loss from discontinued operations	(2.60)	(2.60)	(0.98)	(0.98)
Net earnings	(2.61)	(2.61)	2.41	2.41
Potentially dilutive securities(b)	42		57	

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

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

Our unvested restricted stock unit awards that contain non-forfeitable rights to dividends or dividend equivalents are considered participating securities and, therefore, are included in the computation of earnings per share pursuant to the two-class method. For the three months ended September 30, 2021, application of this treatment had an insignificant effect. For the three months ended September 30, 2020, as a result of the loss from continuing operations, losses were not allocated to the participating securities. For the nine months ended September 30, 2021, as a result of the loss from continuing operations, losses were not allocated to the participating securities. For the nine months ended September 30, 2020, application of this treatment had an insignificant effect.

**NOTE 19. FINANCIAL INSTRUMENTS.** The following table provides information about assets and liabilities not carried at fair value and excludes finance leases, equity securities without readily determinable fair value and non-financial assets and liabilities. Substantially all of these assets are considered to be Level 3 and the vast majority of our liabilities' fair value are considered Level 2.

		September 30, 2021		December 31, 2020	
		Carrying amount (net)	Estimated fair value	Carrying amount (net)	Estimated fair value
<b>Assets</b>	Loans and other receivables	\$ 2,960	\$ 3,136	\$ 2,904	\$ 3,125
<b>Liabilities</b>	Borrowings (Note 12)	62,888	73,476	74,902	86,001
	Investment contracts (Note 13)	1,945	2,344	2,049	2,547

Assets and liabilities that are reflected in the accompanying financial statements at fair value are not included in the above disclosures; such items include cash and equivalents, investment securities and derivative financial instruments.



**DERIVATIVES AND HEDGING.** Our policy requires that derivatives are used solely for managing risks and not for speculative purposes. GE Capital notional relates primarily to managing interest rate and currency risk between financial assets and liabilities, and GE Industrial notional relates primarily to managing currency risk.

#### FAIR VALUE OF DERIVATIVES

	September 30, 2021			December 31, 2020		
	Gross Notional	All other assets	All other liabilities	Gross Notional	All other assets	All other liabilities
Interest rate contracts	\$ 25,697	\$ 900	44	\$ 20,500	\$ 1,912	7
Currency exchange contracts	7,343	152	36	7,387	164	125
<b>Derivatives accounted for as hedges</b>	<b>\$ 33,040</b>	<b>\$ 1,052</b>	<b>81</b>	<b>\$ 27,886</b>	<b>\$ 2,076</b>	<b>132</b>
Interest rate contracts	\$ 270	\$ 6	—	\$ 346	\$ 8	(1)
Currency exchange contracts	70,072	677	798	65,379	767	918
Other contracts	1,738	296	21	2,036	218	71
<b>Derivatives not accounted for as hedges</b>	<b>\$ 72,080</b>	<b>\$ 978</b>	<b>819</b>	<b>\$ 67,761</b>	<b>\$ 993</b>	<b>989</b>
<b>Gross derivatives(a)</b>	<b>\$ 105,120</b>	<b>\$ 2,030</b>	<b>899</b>	<b>\$ 95,647</b>	<b>\$ 3,069</b>	<b>1,121</b>
Netting and credit adjustments	\$	(615)	(614)	\$	(647)	(647)
Cash collateral adjustments		(773)	(66)		(1,935)	(104)
<b>Net derivatives recognized in statement of financial position</b>	<b>\$ 642</b>	<b>\$ 220</b>		<b>\$ 487</b>	<b>\$ 369</b>	
Net accrued interest	\$ 35	(19)		\$ —	\$ —	
Securities held as collateral		(2)	—		(2)	—
<b>Net amount</b>	<b>\$ 675</b>	<b>\$ 201</b>		<b>\$ 484</b>	<b>\$ 369</b>	

(a) Gross notional includes \$43,731 million in GE Capital and \$61,389 million in GE Industrial, and \$45,445 million in GE Capital and \$50,202 million in GE Industrial at September 30, 2021 and December 31, 2020, respectively

It is standard market practice to post or receive cash collateral with our derivative counterparties in order to minimize counterparty exposure. Included in GE Capital Cash, cash equivalents and restricted cash was total net cash collateral received on derivatives of \$1,330 million (comprising \$1,963 million received and \$633 million posted) at September 30, 2021 and \$3,289 million (comprising \$4,203 million received and \$914 million posted) at December 31, 2020. Of these amounts, \$959 million and \$1,968 million at September 30, 2021 and December 31, 2020, respectively, were received on interest rate derivatives traded through clearing houses, which are recorded as a reduction of derivative assets.

Also included in total net cash collateral received are amounts presented as cash collateral adjustments in the table above, amounts related to accrued interest on interest rate derivatives presented as a reduction of Net accrued interest of \$180 million and \$292 million at September 30, 2021 and December 31, 2020, respectively, and excess net cash collateral posted of \$517 million (comprising \$38 million received and \$555 million posted) at September 30, 2021, and \$802 million (comprising \$3 million received and \$805 million posted) at December 31, 2020, which are excluded from cash collateral adjustments in the table above.

**FAIR VALUE HEDGES.** At September 30, 2021, the cumulative amount of hedging adjustments of \$3,788 million (including \$2,579 million on discontinued hedging relationships) was included in the carrying amount of the hedged liability of \$32,679 million. At September 30, 2020, the cumulative amount of hedging adjustments of \$6,203 million (including \$2,346 million on discontinued hedging relationships) was included in the carrying amount of the hedged liability of \$33,434 million. The cumulative amount of hedging adjustments was primarily recorded in long-term borrowings.

#### CASH FLOW AND NET INVESTMENT HEDGES

	Gain (loss) recognized in AOCI for the three months ended September 30		Gain (loss) recognized in AOCI for the nine months ended September 30	
	2021	2020	2021	2020
Cash flow hedges(a)	\$ (30)	\$ 121	\$ 1	\$ (139)
Net investment hedges(b)	191	(529)	290	(461)

(a) Primarily related to currency exchange and interest rate contracts.

(b) The carrying value of foreign currency debt designated as net investment hedges was \$4,449 million and \$8,175 million at September 30, 2021 and 2020, respectively. No significant amount was reclassified from AOCI into earnings for both the three and nine months ended September 30, 2021 and 2020, respectively.

The total amount in AOCI related to cash flow hedges of forecasted transactions was a \$39 million gain at September 30, 2021. We expect to reclassify \$24 million of gain to earnings in the next 12 months contemporaneously with the earnings effects of the related forecasted transactions. At September 30, 2021, the maximum term of derivative instruments that hedge forecasted transactions was approximately 14 years.

The table below presents the effect of our derivative financial instruments in the consolidated Statement of Earnings (Loss):

	Three months ended September 30, 2021					Three months ended September 30, 2020				
	Revenues	Cost of sales	Interest Expense(a)	SG&A	Other Income	Revenues	Cost of sales	Interest Expense(a)	SG&A	Other Income
	\$ 18,429	\$ 13,401	\$ 463	\$ 2,747	\$ 491	\$ 18,529	\$ 14,042	\$ 526	\$ 3,215	\$ (517)
<b>Effect of cash flow hedges</b>	\$ (14)	\$ 2	\$ (7)	\$ —	\$ —	\$ 68	\$ (14)	\$ (9)	\$ 6	\$ —
Hedged items		\$ 190					\$ 311			
Derivatives designated as hedging instruments			(241)					(330)		
<b>Effect of fair value hedges</b>			\$ (52)					\$ (19)		
Interest rate contracts (a)	\$ —	\$ —	\$ 2	\$ —	\$ —	\$ 8	\$ —	\$ (3)	\$ —	\$ —
Currency exchange contracts	(177)	(11)	(18)	(66)	40	174	10	—	(130)	35
Other	—	—	—	1	41	—	—	—	48	50
<b>Effect of derivatives not designated as hedges</b>	\$ (177)	\$ (11)	\$ (17)	\$ (65)	\$ 81	\$ 181	\$ 10	\$ (3)	\$ (81)	\$ 85

	Nine months ended September 30, 2021					Nine months ended September 30, 2020				
	Revenues	Cost of sales	Interest Expense(a)	SG&A	Other Income	Revenues	Cost of sales	Interest Expense(a)	SG&A	Other Income
	\$ 53,826	\$ 39,558	\$ 2,866	\$ 8,504	\$ 1,824	\$ 54,823	\$ 42,101	\$ 1,853	\$ 9,344	\$ 8,430
<b>Effect of cash flow hedges</b>	\$ (14)	\$ (4)	\$ (29)	\$ 1	\$ —	\$ 62	\$ (52)	\$ (31)	\$ 1	\$ —
Hedged items		\$ 1,375					\$ (2,290)			
Derivatives designated as hedging instruments			(1,510)					2,290		
<b>Effect of fair value hedges</b>			\$ (135)					\$ —		
Interest rate contracts(a)	\$ 2	\$ —	\$ 48	\$ —	\$ (1)	\$ (28)	\$ —	\$ (16)	\$ —	\$ —
Currency exchange contracts	226	(6)	(18)	48	28	(443)	39	—	29	14
Other	—	—	—	113	162	—	—	—	(15)	39
<b>Effect of derivatives not designated as hedges</b>	\$ 228	\$ (6)	\$ 30	\$ 161	\$ 188	\$ (470)	\$ 39	\$ (16)	\$ 14	\$ 53

(a) Amounts are inclusive of debt extinguishment costs, the derivative components of which (included in interest rate contracts at total effect of derivatives not designated as hedges) totaled \$48 million and zero for the nine months ended September 30, 2021 and 2020, respectively. There were no debt extinguishment costs related to derivative components for the three months ended September 30, 2021 and 2020.

**COUNTERPARTY CREDIT RISK.** Our exposures to counterparties (including accrued interest), net of collateral we held, was \$572 million and \$392 million at September 30, 2021 and December 31, 2020, respectively. Counterparties' exposures to our derivative liability (including accrued interest), net of collateral posted by us, was \$138 million and \$307 million at September 30, 2021 and December 31, 2020, respectively.

**NOTE 20. VARIABLE INTEREST ENTITIES.** In addition to the two VIEs detailed in Note 4, in our consolidated Statement of Financial Position, we have assets of \$1,841 million and \$1,733 million and liabilities of \$580 million and \$657 million, inclusive of intercompany eliminations, at September 30, 2021 and December 31, 2020, respectively, from other consolidated VIEs. These entities were created to help our customers facilitate or finance the purchase of GE goods and services and have no features that could expose us to losses that would significantly exceed the difference between the consolidated assets and liabilities. Substantially all the assets of our consolidated VIEs at September 30, 2021 can only be used to settle the liabilities of those VIEs.

Our investments in unconsolidated VIEs were \$4,239 million and \$3,230 million at September 30, 2021 and December 31, 2020, respectively. These investments are primarily owned by GE Capital businesses of which \$1,280 million and \$1,141 million were owned by EFS, comprising equity method investments, primarily renewable energy tax equity investments, at September 30, 2021 and December 31, 2020, respectively. In addition, \$2,739 million and \$1,833 million were owned by our run-off insurance operations, primarily comprising investment securities at September 30, 2021 and December 31, 2020, respectively. The increase in investments in unconsolidated VIEs in our run-off insurance operations reflects implementation of our revised reinvestment plan, which incorporates the introduction of strategic initiatives to invest in higher-yielding asset classes. Our maximum exposure to loss in respect of unconsolidated VIEs is increased by our commitments to make additional investments in these entities described in Note 21.

## NOTE 21. COMMITMENTS, GUARANTEES, PRODUCT WARRANTIES AND OTHER LOSS CONTINGENCIES

**COMMITMENTS.** GE Capital had total investment commitments of \$3,449 million at September 30, 2021. The commitments primarily comprise project financing investments in thermal and wind energy projects of \$532 million and investments by our run-off insurance operations in investment securities and other assets of \$2,917 million, and included within these commitments are obligations to make investments in unconsolidated VIEs of \$429 million and \$2,834 million, respectively. See Note 20 for further information.

As of September 30, 2021, in our Aviation segment, we have committed to provide financing assistance of \$2,072 million of future customer acquisitions of aircraft equipped with our engines.

**Commitments - Discontinued Operations.** The GECAS business within discontinued operations has placed multiple-year orders for various Boeing, Airbus and other aircraft manufacturers with list prices approximating \$24,675 million, excluding pre-delivery payments made in advance (including 249 new aircraft with estimated delivery dates of 11% in 2021, 15% in 2022 and 74% in 2023 through 2027) and secondary orders with airlines for used aircraft approximating \$1,035 million (including 22 used aircraft with estimated delivery dates of 41% in 2021, 45% in 2022 and 14% in 2023) at September 30, 2021. When GECAS purchases aircraft, it is at contractual price, which is usually less than the aircraft manufacturer's list price. As of September 30, 2021, GECAS has made \$2,615 million of pre-delivery payments to aircraft manufacturers.

**GUARANTEES. Credit Support and Indemnification Agreements - Continuing Operations.** For further information on credit support and indemnification agreements for continuing operations, see our Annual Report on Form 10-K for the year ended December 31, 2020.

**Indemnification agreements - Discontinued Operations.** At September 30, 2021, we have provided specific indemnities to buyers of GE Capital's assets that, in the aggregate, represent a maximum potential claim of \$551 million with related reserves of \$64 million.

**PRODUCT WARRANTIES.** We provide for estimated product warranty expenses when we sell the related products. Because warranty estimates are forecasts that are based on the best available information, mostly historical claims experience, claims costs may differ from amounts provided. The liability for product warranties was \$1,914 million and \$2,054 million at September 30, 2021 and December 31, 2020, respectively.

**LEGAL MATTERS.** The following information supplements and amends the discussion of Legal Matters in Note 23 in our Annual Report on Form 10-K for the year ended December 31, 2020 and Note 21 in our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2021 and June 30, 2021; refer to those discussions for information about previously reported legal matters that are not updated below. In the normal course of our business, we are involved from time to time in various arbitrations, class actions, commercial litigation, investigations and other legal, regulatory or governmental actions, including the significant matters described below that could have a material impact on our results of operations. In many proceedings, including the specific matters described below, it is inherently difficult to determine whether any loss is probable or even reasonably possible or to estimate the size or range of the possible loss, and accruals for legal matters are not recorded until a loss for a particular matter is considered probable and reasonably estimable. Given the nature of legal matters and the complexities involved, it is often difficult to predict and determine a meaningful estimate of loss or range of loss until we know, among other factors, the particular claims involved, the likelihood of success of our defenses to those claims, the damages or other relief sought, how discovery or other procedural considerations will affect the outcome, the settlement posture of other parties and other factors that may have a material effect on the outcome. For these matters, unless otherwise specified, we do not believe it is possible to provide a meaningful estimate of loss at this time. Moreover, it is not uncommon for legal matters to be resolved over many years, during which time relevant developments and new information must be continuously evaluated.

**Alstom legacy matters.** In November 2015, we acquired the Thermal, Renewables and Grid businesses from Alstom. Prior to the acquisition, the seller was the subject of two significant cases involving anti-competitive activities and improper payments: (1) in January 2007, Alstom was fined €65 million by the European Commission for participating in a gas insulated switchgear cartel that operated from 1988 to 2004 (that fine was later reduced to €59 million), and (2) in December 2014, Alstom pled guilty in the United States to multiple violations of the Foreign Corrupt Practices Act and paid a criminal penalty of \$772 million. As part of GE's accounting for the acquisition, we established a reserve amounting to \$858 million for legal and compliance matters related to the legacy business practices that were the subject of these and related cases in various jurisdictions. The reserve balance was \$653 million and \$858 million at September 30, 2021 and December 31, 2020, respectively.

Regardless of jurisdiction, the allegations relate to claimed anti-competitive conduct or improper payments in the pre-acquisition period as the source of legal violations and/or damages. Given the significant litigation and compliance activity related to these matters and our ongoing efforts to resolve them, it is difficult to assess whether the disbursements will ultimately be consistent with the reserve established. The estimation of this reserve involved significant judgment and may not reflect the full range of uncertainties and unpredictable outcomes inherent in litigation and investigations of this nature, and at this time we are unable to develop a meaningful estimate of the range of reasonably possible additional losses beyond the amount of this reserve. Damages sought may include disgorgement of profits on the underlying business transactions, fines and/or penalties, interest, or other forms of resolution. Factors that can affect the ultimate amount of losses associated with these and related matters include the way cooperation is assessed and valued, prosecutorial discretion in the determination of damages, formulas for determining fines and penalties, the duration and amount of legal and investigative resources applied, political and social influences within each jurisdiction, and tax consequences of any settlements or previous deductions, among other considerations. Actual losses arising from claims in these and related matters could exceed the amount provided.

**Shareholder and related lawsuits.** Since February 2018, multiple shareholder derivative lawsuits have been filed against current and former GE executive officers and members of GE's Board of Directors and GE (as nominal defendant). Two shareholder derivative lawsuits are currently pending: the Lindsey and Priest/Tola cases, which were filed in New York state court. These lawsuits have alleged violations of securities laws, breaches of fiduciary duties, unjust enrichment, waste of corporate assets, abuse of control and gross mismanagement, although the specific matters underlying the allegations in the lawsuits have varied. The allegations in the Bennett, Lindsey and Priest/Tola cases relate to substantially the same facts as those underlying the Hachem securities class action described in our Annual Report on Form 10-K for the year ended December 31, 2020, and the allegations in the Cuker case relate to alleged corruption in China. The plaintiffs seek unspecified damages and improvements in GE's corporate governance and internal procedures. The Lindsey case has been stayed by agreement of the parties. GE filed a motion to dismiss the Priest/Tola complaint in March 2021. In July 2021, the court granted GE's motion to dismiss the Cuker complaint. In October 2021, the Bennett case was voluntarily dismissed by the plaintiff.

In October 2018, a putative class action (the Houston case) was filed in New York state court naming as defendants GE, certain GE subsidiaries and current and former GE executive officers and employees. It alleges violations of Sections 11, 12 and 15 of the Securities Act of 1933 and seeks damages on behalf of purchasers of senior notes issued in 2016 and rescission of transactions involving those notes. This case was stayed pending resolution of the motion to dismiss the Hachem case. In September 2021, following the filing by GE of a motion to dismiss the complaint, the court granted plaintiff's motion to discontinue the case.

**Bank BPH.** As previously reported, GE Capital's subsidiary Bank BPH, along with other Polish banks, has been subject to ongoing litigation in Poland related to its portfolio of floating rate residential mortgage loans, with cases brought by individual borrowers seeking relief related to their foreign currency denominated mortgage loans in various courts throughout Poland. At September 30, 2021, approximately 86% of the Bank BPH portfolio is indexed to or denominated in foreign currencies (primarily Swiss francs), and the total portfolio had a carrying value of \$1,938 million. We continue to observe an increase in the number of lawsuits being brought against Bank BPH and other banks in Poland, and we expect this to continue in future reporting periods.

We estimate potential losses for Bank BPH in connection with borrower litigation cases that are pending by recording legal reserves, as well as in connection with potential future cases or other adverse developments as part of our ongoing valuation of the Bank BPH portfolio, which we record at the lower of cost or fair value, less cost to sell. At September 30, 2021, the total amount of such estimated losses was \$565 million. We update our assumptions underlying the amount of estimated losses based primarily on the number of lawsuits filed and estimated to be filed in the future, whether liability will be established in lawsuits and the nature of the remedy ordered by courts if liability is established. The increase in the amount of estimated losses during the third quarter of 2021 was driven by increases across each of these factors. We expect the trends we have previously reported of an increasing number of lawsuits being filed, more findings of liability and more severe remedies being ordered against Polish banks (including Bank BPH) to continue in future reporting periods, although Bank BPH is unable at this time to develop a meaningful estimate of reasonably possible losses associated with active and inactive Bank BPH mortgage loans beyond the amounts currently recorded. Additional factors may also affect our estimated losses over time, including: potentially significant judicial decisions or binding resolutions by the European Court of Justice (ECJ) or the Polish Supreme Court, including a new binding resolution anticipated to be considered by the Polish Supreme Court in the coming months; the impact of any of these or other future or recent decisions or resolutions (including the ECJ decision in April 2021 on a case involving a Bank BPH mortgage loan, and the Polish Supreme Court binding resolution delivered verbally in May 2021 with written reasoning issued in July 2021) on how Polish courts will interpret and apply the law in particular cases and how borrower behavior may change in response, neither of which are known immediately upon the issuance of a decision or resolution; uncertainty related to a proposal by the Chairman of the Polish Financial Supervisory Authority in December 2020 that banks voluntarily offer borrowers an opportunity to convert their foreign currency denominated mortgage loans to Polish zlotys using an exchange rate applicable at the date of loan origination, and about the settlement strategies or other approaches that Polish banks are adopting or will adopt in response to this proposal or other factors, and the approaches that regulators and other government authorities will adopt in response; uncertainty arising from investigations of the Polish Office of Competition and Consumer Protection (UOKiK), including a UOKiK decision in December 2020 which found that certain foreign exchange clauses that appear in certain of Bank BPH's mortgage loan agreements are unfair contractual terms under Polish law. Future adverse developments related to any of the foregoing, or other developments such as actions by regulators or other governmental authorities could have a material adverse effect on Bank BPH and the carrying value of its mortgage loan portfolio and could result in significant losses beyond the amount that we currently estimate.

**ENVIRONMENTAL, HEALTH AND SAFETY MATTERS.** For further information about environmental, health and safety matters, see our Annual Report on Form 10-K for the year ended December 31, 2020 and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2021.

**NOTE 22. INTERCOMPANY TRANSACTIONS.** Presented below is a walk of intercompany eliminations from the combined GE Industrial and GE Capital totals to the consolidated cash flows for continuing operations.

	Nine months ended September 30, 2021			Nine months ended September 30, 2020		
	Operating activities	Investing activities	Financing activities	Operating activities	Investing activities	Financing activities
<b>Cash from (used for):</b>						
Combined GE Industrial and GE Capital cash flows	\$ (3,795)	\$ 6,224	\$ (13,550)	\$ (2,563)	\$ 28,568	\$ (23,228)
GE Industrial current receivables sold to GE Capital(a)	2,423	(3,069)	646	(1,361)	1,086	276
GE Industrial long-term receivables sold to GE Capital	93	(93)	—	210	(210)	—
Supply chain finance programs	135	(135)	—	1,853	(1,853)	—
Repayment of GE Capital loans by GE Industrial	—	—	—	—	(7,500)	7,500
Other reclassifications and eliminations	(384)	(18)	401	(15)	(423)	438
<b>Consolidated cash flows</b>	<b>\$ (1,527)</b>	<b>\$ 2,909</b>	<b>\$ (12,502)</b>	<b>\$ (1,876)</b>	<b>\$ 19,667</b>	<b>\$ (15,014)</b>

(a) Included the elimination of \$2,957 million and \$11,335 million payments to GE Industrial for receivables purchased and retained by GE Capital and the related reclassification to CFOA of \$5,380 million and \$9,974 million due to GE Capital collections and other activity in our consolidated statement of cash flows for the nine months ended September 30, 2021 and 2020, respectively.

Cash payments received on the Receivable facility deferred purchase price are reflected as Cash from investing activities in the GE Capital and Consolidated columns of our consolidated Statement of Cash Flows. Sales of customer receivables from GE Industrial to GE Capital are classified as Cash from operating activities in the GE Industrial column of our Statement of Cash Flows. See Note 4 for further information.

## NOTE 23. OTHER INCOME

	Three months ended September 30		Nine months ended September 30	
	2021	2020	2021	2020
Purchases and sales of business interests(a)	\$ (153)	\$ 21	\$ (155)	\$ 12,445
Licensing and royalty income	54	44	141	117
Equity method income	42	(78)	96	(9)
Net interest and investment income (loss)(b)	482	(582)	1,523	(4,259)
Other items	(5)	86	154	187
<b>GE Industrial</b>	<b>\$ 420</b>	<b>\$ (509)</b>	<b>\$ 1,760</b>	<b>\$ 8,481</b>
Eliminations	71	(8)	64	(50)
<b>Total</b>	<b>\$ 491</b>	<b>\$ (517)</b>	<b>\$ 1,824</b>	<b>\$ 8,430</b>

(a) Included a pre-tax and after-tax loss of \$172 million related to the planned sale of our boiler manufacturing business in China in our Power segment for the three and nine months ended September 30, 2021. Included a pre-tax gain of \$12,362 million (\$11,214 million after-tax) on the sale of BioPharma for the nine months ended September 30, 2020. See Note 2 for further information.

(b) Included a pre-tax realized and unrealized gain of \$359 million (\$282 million after-tax) and a pre-tax unrealized loss of \$748 million (\$618 million after-tax) for the three months ended September 30, 2021 and 2020, respectively, and a pre-tax realized and unrealized gain of \$1,028 million (\$767 million after-tax) and a pre-tax unrealized loss of \$4,613 million (\$3,679 million after-tax) for the nine months ended September 30, 2021 and 2020, respectively, related to our interest in Baker Hughes.

## EXHIBITS

**Exhibit 3.** The Restated Certificate of Incorporation of General Electric Company (Incorporated by reference to Exhibit 3(i) to GE's Annual Report on Form 10-K for the fiscal year ended December 31, 2013), as amended by the Certificate of Amendment, dated December 2, 2015 (Incorporated by reference to Exhibit 3.1 to GE's Current Report on Form 8-K, dated December 3, 2015), as further amended by the Certificate of Amendment, dated January 19, 2016 (Incorporated by reference to Exhibit 3.1 to GE's Current Report on Form 8-K, dated January 20, 2016), as further amended by the Certificate of Change of General Electric Company (Incorporated by reference to Exhibit 3(1) to GE's Current Report on Form 8-K, dated September 1, 2016), as further amended by the Certificate of Amendment, dated May 13, 2019 (Incorporated by reference to Exhibit 3.1 to GE's Current Report on Form 8-K, dated May 13, 2019), as further amended by the Certificate of Change of General Electric Company (Incorporated by reference to Exhibit 3.1 to GE's Current Report on Form 8-K, dated December 9, 2019), as further amended by the Certificate of Amendment, dated July 30, 2021 (Incorporated by reference to Exhibit 3.1 to GE's Current Report on Form 8-K, dated July 30, 2021) (in each case, under Commission file number 001-00035).

**Exhibit 10(a).** GE 2007 Long-Term Incentive Plan (as amended and restated April 26, 2017, as further amended and restated February 15, 2019, and as further amended and restated July 30, 2021).

**Exhibit 10(b).** Form of Agreement for Performance Stock Unit Grants to Executive Officers in 2021 under the GE 2007 Long-Term Incentive Plan, as amended July 30, 2021.

**Exhibit 10(c).** Notice of Adjustment to the Performance Share Grant Agreement for H. Lawrence Culp, Jr., effective July 30, 2021.

**Exhibit 10(d).** Notice of Adjustment to the Performance Stock Unit Grant Agreement for Carolina Dybeck Happe, effective July 30, 2021.

**Exhibit 11.** Computation of Per Share Earnings. Data is provided in Note 18 of this Report.

**Exhibit 31(a).** Certification Pursuant to Rules 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as Amended.

**Exhibit 31(b).** Certification Pursuant to Rules 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as Amended.

**Exhibit 32.** Certification Pursuant to 18 U.S.C. Section 1350.

**Exhibit 101.** The following materials from General Electric Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2021, formatted in XBRL (eXtensible Business Reporting Language); (i) Statement of Earnings (Loss) for the three and nine months ended September 30, 2021 and 2020, (ii) Statement of Financial Position at September 30, 2021 and December 31, 2020, (iii) Statement of Cash Flows for the nine months ended September 30, 2021 and 2020, (iv) Consolidated Statement of Comprehensive Income (Loss) for the three and nine months ended September 30, 2021 and 2020, (v) Statement of Changes in Shareholders' Equity for the three and nine months ended September 30, 2021 and 2020, and (vi) Notes to Consolidated Financial Statements.

**Exhibit 104.** Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

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(a) There have been no material changes to our risk factors since March 31, 2021. For a discussion of our risk factors, refer to our Annual Report on Form 10-K for the year ended December 31, 2020, and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2021.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

October 26, 2021

Date

/s/ Thomas S. Timko

Thomas S. Timko

Vice President, Chief Accounting Officer and Controller

Principal Accounting Officer



**GE 2007 Long-Term Incentive Plan**  
**(as amended and restated April 26, 2017, as further amended and restated February 15, 2019,**  
**and as further Amended and Restated July 30, 2021)**

**SECTION 1. PURPOSE**

The purposes of this GE 2007 Long-Term Incentive Plan (the “Plan”) are to encourage selected Salaried Employees and Directors of General Electric Company (together with any successor thereto, the “Company”) and its Affiliates (as defined below) to acquire a proprietary interest in the growth and performance of the Company, to generate an increased incentive to contribute to the Company’s future success and prosperity, thus enhancing the value of the Company for the benefit of its shareowners, and to enhance the ability of the Company and its Affiliates to attract and retain exceptionally qualified individuals upon whom, in large measure, the sustained progress, growth and profitability of the Company depend.

**SECTION 2. DEFINITIONS**

As used in the Plan, the following terms shall have the meanings set forth below:

- (a) “Affiliate” shall mean (i) any entity that, directly or through one or more intermediaries, is controlled by the Company and (ii) any entity in which the Company has a significant equity interest, as determined by the Committee.
- (b) “Award” shall mean any Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit, Performance Award, Dividend Equivalent, or Other Stock-Based Award granted under the Plan.
- (c) “Award Agreement” shall mean any written agreement, contract, or other instrument or document, including an electronic communication, as may from time to time be designated by the Company as evidencing any Award granted under the Plan.
- (d) “Board” shall mean the Board of Directors of the Company.
- (e) “Code” shall mean the Internal Revenue Code of 1986, as amended from time to time.
- (f) “Committee” shall mean a committee of the Board, acting in accordance with the provisions of Section 3, designated by the Board to administer the Plan and composed of not less than three non-employee directors. Unless otherwise determined by the Board, the Management Development and Compensation Committee of the Board generally serves as the Committee for purposes of the Plan, except that the Governance and Public Affairs Committee of the Board is responsible for administering the Plan as it relates to any Award provided to a Director.
- (g) “Director” shall mean any member of the Board who is not a Salaried Employee at the time of receiving an Award under the Plan.
- (h) “Dividend Equivalent” shall mean any right granted under Section 6(e) of the Plan.
- (i) “Fair Market Value” shall mean, with respect to any Shares or other securities, the closing price of a Share on the date as of which the determination is being made or as otherwise determined in a manner specified by the Committee.
- (j) “Incentive Stock Option” shall mean an option granted under Section 6(a) of the Plan that is intended to meet the requirements of Section 422 of the Code, or any successor provision thereto.
- (k) “Non-Qualified Stock Option” shall mean an option granted under Section 6(a) of the Plan that is not intended to be an Incentive Stock Option.
- (l) “Option” shall mean an Incentive Stock Option or a Non-Qualified Stock Option.
- (m) “Other Stock-Based Award” shall mean any right, including a Deferred Stock Unit, granted under Section 6(f) of the Plan.
- (n) “Participant” shall mean a Salaried Employee or Director designated to be granted an Award under the Plan.
- (o) “Performance Award” shall mean any right granted under Section 6(d) of the Plan.
- (p) “Performance Criteria” shall mean any quantitative and/or qualitative measures, as determined by the Committee, which may be used to measure the level of performance of the Company or any individual Participant during a Performance Period, including any Qualifying Performance Criteria.
- (q) “Performance Period” shall mean any period as determined by the Committee in its sole discretion.
- (r) “Person” shall mean any individual, corporation, partnership, association, joint-stock company, trust, unincorporated organization, or government or political subdivision thereof.
- (s) “Qualifying Performance Criteria” shall mean one or more of the following performance criteria, either individually, alternatively or in any combination, applied to either the company as a whole or to a business

unit or related company, and measured either annually or cumulatively over a period of years, on an absolute basis or relative to a pre-established target, to a previous year's results or to a designated comparison group, in each case as specified by the Committee in the Award: sales and revenue; income, earnings, profit and margins; earnings per share; return on capital, return on equity and return on investment; cash flow and cash returned to investors; and total shareowner return, subject to adjustment by the Committee to remove the effect of charges for restructurings, discontinued operations and all items of gain, loss or expense determined to be unusual in nature or infrequent in occurrence, related to the disposal of a segment or a business, or related to a change in accounting principle or otherwise.

- (t) "Restricted Stock" shall mean any award of Shares granted under Section 6(c) of the Plan.
- (u) "Restricted Stock Unit" shall mean any right granted under Section 6(c) of the Plan that is denominated in Shares.
- (v) "Salaried Employee" shall mean any salaried employee of the Company or of any Affiliate.
- (w) "Shares" shall mean the common shares of the Company and such other securities as may become the subject of Awards, or become subject to Awards, pursuant to an adjustment made under Section 4(b) of the Plan.
- (x) "Stock Appreciation Right" shall mean any right granted under Section 6(b) of the Plan.

### SECTION 3. ADMINISTRATION

Except as otherwise provided herein, the Plan shall be administered by the Committee, which shall have the power to interpret the Plan and to adopt such rules and guidelines for implementing the terms of the Plan as it may deem appropriate. The Committee shall have the ability to modify the Plan provisions, to the extent necessary, or delegate such authority, to accommodate any law or regulation in jurisdictions in which Participants will receive Awards.

(a) Subject to the terms of the Plan and applicable law, the Committee shall have full power and authority to:

- i. designate Participants;
- ii. determine the type or types of Awards to be granted to each Participant under the Plan and grant Awards to such Participants;
- iii. determine the number of Shares to be covered by (or with respect to which payments, rights, or other matters are to be calculated in connection with) Awards;
- iv. determine the terms and conditions of any Award and of Award Agreements, and verify the extent of satisfaction of any performance goals or other conditions applicable to the grant, issuance, exercisability, vesting and/or ability to retain any Award;
- v. determine whether, to what extent, and under what circumstances Awards may be settled or exercised in cash, Shares, other securities, or other Awards, or canceled, forfeited, or suspended, and the method or methods by which Awards may be settled, exercised, canceled, forfeited, or suspended;
- vi. determine whether, to what extent, and under what circumstances cash, Shares, other securities, other Awards, and other amounts payable with respect to an Award under the Plan shall be deferred either automatically or at the election of the holder thereof or of the Committee;
- vii. interpret and administer the Plan and any instrument or agreement relating to, or Award made under, the Plan;
- viii. establish, amend, suspend, or waive such rules and guidelines;
- ix. appoint such agents as it shall deem appropriate for the proper administration of the Plan;
- x. make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan; and
- xi. correct any defect, supply any omission, or reconcile any inconsistency in the Plan or any Award in the manner and to the extent it shall deem desirable to carry the Plan into effect.

(b) Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations, and other decisions under or with respect to the Plan or any Award shall be within the sole discretion of the Committee, may be made at any time, and shall be final, conclusive, and binding upon all Persons, including the Company, any Affiliate, any Participant, any holder or beneficiary of any Award, any shareowner, and any employee of the Company or of any Affiliate. Actions of the Committee may be taken by:

- i. the Chairman of the Committee;
- ii. a subcommittee, designated by the Committee;
- iii. the Committee but with one or more members abstaining or recusing himself or herself from acting on the matter, so long as two or more members remain to act on the matter. Such action, authorized by the Chairman, such a subcommittee or by the Committee (whether upon the abstention or recusal of such members or otherwise), shall be the action of the Committee for purposes of the Plan; or
- iv. one or more officers or managers of the Company or any Affiliate, or a committee of such officers or managers whose authority is subject to such terms and limitations set forth by the Committee, and only with respect to Salaried Employees who are not officers or directors of the Company for purposes of Section 16 of the Securities Exchange Act of 1934, as amended. This delegation shall include modifications necessary to accommodate changes in the laws or regulations of jurisdictions outside the U.S.

#### **SECTION 4. SHARES AVAILABLE FOR AWARDS**

(a) **SHARES AVAILABLE.** Subject to adjustment as provided in Section 4(b):

- i. The total number of Shares reserved and available for delivery pursuant to Awards granted under the Plan shall be 134,375,000; of which no more than 28,750,000 may be available for Awards granted in any form provided for under the Plan other than Options or Stock Appreciation Rights. If any Shares covered by an Award granted under the Plan, or to which such an Award or award relates, are forfeited, or if an Award or award otherwise terminates without the delivery of Shares or of other consideration, then the Shares covered by such Award or award, or to which such Award or award relates, or the number of Shares otherwise counted against the aggregate number of Shares available under the Plan with respect to such Award or award, to the extent of any such forfeiture or termination, shall again be available for granting Awards under the Plan. Notwithstanding the foregoing, but subject to adjustment as provided in Section 4(b), no more than 134,375,000 Shares shall be available for delivery pursuant to the exercise of Incentive Stock Options.
- ii. **ACCOUNTING FOR AWARDS.** For purposes of this Section 4,
  - A. If an Award (other than a Dividend Equivalent) is denominated in Shares, the number of Shares covered by such Award, or to which such Award relates, shall be counted on the date of grant of such Award against the aggregate number of Shares available for granting Awards under the Plan;
  - B. Dividend Equivalents denominated in Shares and Awards not denominated, but potentially payable, in Shares shall be counted against the aggregate number of Shares available for granting Awards under the Plan in such amount and at such time as the Dividend Equivalents and such Awards are settled in Shares, PROVIDED, HOWEVER, that Awards that operate in tandem with (whether granted simultaneously with or at a different time from), or that are substituted for, other Awards may only be counted once against the aggregate number of shares available, and the Committee shall adopt procedures, as it deems appropriate, in order to avoid double counting. Any Shares that are delivered by the Company, and any Awards that are granted by, or become obligations of, the Company through the assumption by the Company or an Affiliate of, or in substitution for, outstanding awards previously granted by an acquired company, shall not be counted against the Shares available for granting Awards under this Plan; and
  - C. Notwithstanding anything herein to the contrary, any Shares related to Awards which terminate by expiration, forfeiture, cancellation, or otherwise without the issuance of such Shares, are settled in cash in lieu of Shares, or, subject to Section 6(g)(ix), are exchanged with the Committee's permission, prior to the issuance of Shares, for Awards not involving Shares, shall be available again for grant under this Plan. Shares subject to an Award under the Plan may not again be made available for issuance under the Plan if such Shares are: (w) Shares delivered to or withheld by the Company to pay taxes on Awards other than Options or Stock Appreciation Rights, (x) Shares that were subject to an Option or a stock-settled Stock Appreciation Right and were not issued upon the net settlement or net exercise of such Option or Stock Appreciation Right, (y) Shares delivered to or withheld by the

Company to pay the exercise price or the withholding taxes under Options or Stock Appreciation Rights, or (z) Shares repurchased on the open market with the proceeds of an Option exercise.

- iii. SOURCES OF SHARES DELIVERABLE UNDER AWARDS. Any Shares delivered pursuant to an Award may consist, in whole or in part, of authorized and unissued Shares or of treasury Shares.

(b) ADJUSTMENTS.

- i. In the event that the Committee shall determine that any dividend or other distribution (whether in the form of cash, Shares, or other securities), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company, or other similar corporate transaction or event constitutes an equity restructuring transaction, as that term is defined in Accounting Standards Codification Topic 718 (or any successor thereto) or otherwise affects the Shares, then the Committee shall adjust the following in a manner that is determined by the Committee to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan:
- A. the number and type of Shares or other securities which thereafter may be made the subject of Awards including the limit specified in Section 4(a)(i) regarding the number of shares that may be granted in the form of Restricted Stock, Restricted Stock Units, Performance Awards, or Other Stock-Based Awards;
  - B. the number and type of Shares or other securities subject to outstanding Awards;
  - C. the grant, purchase, or exercise price with respect to any Award, or, if deemed appropriate, make provision for a cash payment to the holder of an outstanding Award; and
  - D. other value determinations applicable to outstanding awards.

PROVIDED, HOWEVER, in each case, that with respect to Awards of Incentive Stock Options no such adjustment shall be authorized to the extent that such authority would cause the Plan to violate Section 422(b)(1) of the Code or any successor provision thereto; and PROVIDED FURTHER, HOWEVER, that the number of Shares subject to any Award denominated in Shares shall always be a whole number.

- ii. ADJUSTMENTS OF AWARDS UPON CERTAIN ACQUISITIONS. In the event the Company or any Affiliate shall assume outstanding employee awards or the right or obligation to make future such awards in connection with the acquisition of another business or another corporation or business entity, the Committee may make such adjustments, not inconsistent with the terms of the Plan, in the terms of Awards as it shall deem appropriate in order to achieve reasonable comparability or other equitable relationship between the assumed awards and the Awards granted under the Plan as so adjusted.
- iii. ADJUSTMENTS OF AWARDS UPON THE OCCURRENCE OF CERTAIN UNUSUAL OR NONRECURRING EVENTS. The Committee shall be authorized to make adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of unusual or nonrecurring events affecting the Company, any Affiliate, or the financial statements of the Company or any Affiliate, or of changes in applicable laws, regulations, or accounting principles, whenever the Committee determines that such adjustments are appropriate in order to prevent dilution or enlargement of the benefits or potential benefits to be made available under the Plan.

**SECTION 5. ELIGIBILITY**

Any Salaried Employee, including any officer or employee-director of the Company or of any Affiliate, or Director shall be eligible to be designated a Participant.

## SECTION 6. AWARDS

- (a) **OPTIONS.** The Committee is hereby authorized to grant Options to Participants with the following terms and conditions and with such additional terms and conditions, in either case not inconsistent with the provisions of the Plan, as the Committee shall determine:
- i. **EXERCISE PRICE.** The purchase price per Share purchasable under an Option shall be determined by the Committee; provided, however, and except as provided in Section 4(b), that such purchase price shall not be less than 100% of the Fair Market Value of a Share on the date of grant of such Option.
  - ii. **OPTION TERM.** The term of each Option shall not exceed ten (10) years from the date of grant.
  - iii. **TIME AND METHOD OF EXERCISE.** The Committee shall establish in the applicable Award Agreement the time or times at which an Option may be exercised in whole or in part, and the method or methods by which, and the form or forms, including, without limitation, cash, Shares, or other Awards, or any combination thereof, having a Fair Market Value on the exercise date equal to the relevant exercise price, in which, payment of the exercise price with respect thereto may be made or deemed to have been made.
  - iv. **INCENTIVE STOCK OPTIONS.** The terms of any Incentive Stock Option granted under the Plan shall be designed to comply in all respects with the provisions of Section 422 of the Code, or any successor provision thereto, and any regulations promulgated thereunder. For the avoidance of doubt, Incentive Stock Options shall not be granted to Directors. Notwithstanding anything in this Section 6(a) to the contrary, Options designated as Incentive Stock Options shall not be eligible for treatment under the Code as Incentive Stock Options (and will be deemed to be Non-Qualified Stock Options) to the extent that either (1) the aggregate Fair Market Value of Shares (determined as of the time of grant) with respect to which such Options are exercisable for the first time by the Participant during any calendar year (under all plans of the Company and any subsidiary) exceeds \$100,000, taking Options into account in the order in which they were granted, or (2) such Options otherwise remain exercisable but are not exercised within three (3) months of termination of employment (or such other period of time provided in Section 422 of the Code).
- (b) **STOCK APPRECIATION RIGHTS.** The Committee is hereby authorized to grant Stock Appreciation Rights to Participants. Subject to the terms of the Plan and any applicable Award Agreement, a Stock Appreciation Right granted under the Plan shall confer on the holder thereof a right to receive, upon exercise thereof, the excess of (1) the Fair Market Value of one Share on the date of exercise over (2) the grant price of the right as specified by the Committee.
- i. **GRANT PRICE.** The grant price per share of each Stock Appreciation Right shall be determined by the Committee, provided, however, and except as provided in Section 4(b), that such price shall not be less than 100% of the Fair Market Value of one Share on the date of grant of the Stock Appreciation Right, except that if a Stock Appreciation Right is at any time granted in tandem to an Option, the grant price of the Stock Appreciation Right shall not be less than the exercise price of such Option.
  - ii. **TERM.** The term of each Stock Appreciation Right shall not exceed ten (10) years from the date of grant.
  - iii. **TIME AND METHOD OF EXERCISE.** The Committee shall establish in the applicable Award Agreement the time or times at which a Stock Appreciation Right may be exercised in whole or in part.
- (c) **RESTRICTED STOCK AND RESTRICTED STOCK UNITS.**
- i. **ISSUANCE.** The Committee is hereby authorized to grant Awards of Restricted Stock and Restricted Stock Units to Participants.
  - ii. **RESTRICTIONS.** Awards of Restricted Stock and Restricted Stock Units shall be subject to such restrictions as the Committee may establish in the applicable Award Agreement (including, without limitation, any limitation on the right to vote a Share of Restricted Stock or the right to receive any dividend or other right), which restrictions may lapse separately or in combination at such time or times, in such installments or otherwise, as the Committee may deem appropriate. Unrestricted Shares, evidenced in such manner as the Committee shall deem appropriate, shall be delivered to the holder of Restricted Stock promptly after such restrictions have lapsed.

- iii. REGISTRATION. Any Restricted Stock or Restricted Stock Units granted under the Plan may be evidenced in such manner as the Committee may deem appropriate, including, without limitation, book-entry registration or issuance of a stock certificate or certificates. In the event any stock certificate is issued in respect of Shares of Restricted Stock granted under the Plan, such certificate shall be registered in the name of the Participant and shall bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Restricted Stock.
  - iv. FORFEITURE. Upon termination of employment during the applicable restriction period, except as determined otherwise by the Committee, all Shares of Restricted Stock and all Restricted Stock Units still, in either case, subject to restriction shall be forfeited and reacquired by the Company.
- (d) PERFORMANCE AWARDS. The Committee is hereby authorized to grant Performance Awards to Participants. Performance Awards include arrangements under which the grant, issuance, retention, exercisability, vesting and/or transferability of any Award is subject to such Performance Criteria and such additional conditions or terms as the Committee may designate. Subject to the terms of the Plan and any applicable Award Agreement, a Performance Award granted under the Plan:
- i. may be denominated or payable in cash, Shares (including, without limitation, Restricted Stock), other securities, or other Awards; and
  - ii. shall confer on the holder thereof rights valued as determined by the Committee and payable to, or exercisable by, the holder of the Performance Award, in whole or in part, upon the achievement of such performance goals during such Performance Periods as the Committee shall establish.
- (e) DIVIDEND EQUIVALENTS. The Committee is hereby authorized to grant to Participants Awards (other than Options and Stock Appreciation Rights) under which the holders thereof shall be entitled to receive payments equivalent to dividends or interest with respect to a number of Shares determined by the Committee, and the Committee may provide that such amounts (if any) shall be deemed to have been reinvested in additional Shares and paid out only on and when Shares actually vest, are earned or are received under such Awards. Subject to the terms of the Plan and any applicable Award Agreement, such Awards may have such terms and conditions as the Committee shall determine.
- (f) OTHER STOCK-BASED AWARDS. The Committee is hereby authorized to grant to Participants such other Awards, including, but not limited to, Deferred Stock Units, that are denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, Shares (including, without limitation, securities convertible into Shares), as are deemed by the Committee to be consistent with the purposes of the Plan, provided, however, that such grants must comply with applicable law. Subject to the terms of the Plan and any applicable Award Agreement, the Committee shall determine the terms and conditions of such Awards. Shares or other securities delivered pursuant to a purchase right granted under this Section 6(f) shall be purchased for such consideration, which may be paid by such method or methods and in such form or forms, including, without limitation, cash, Shares, other securities, or other Awards, or any combination thereof, as the Committee shall determine, the value of which consideration, as established by the Committee, and except as provided in Section 4(b), shall not be less than the Fair Market Value of such Shares or other securities as of the date such purchase right is granted.
- (g) GENERAL.
- i. NO CASH CONSIDERATION FOR AWARDS. Awards shall be granted for no cash consideration or for such minimal cash consideration as may be required by applicable law.
  - ii. AWARDS MAY BE GRANTED SEPARATELY OR TOGETHER. Awards may, in the discretion of the Committee, be granted either alone or in addition to, in tandem with, or in substitution for any other Award or any award granted under any other plan of the Company or any Affiliate. Awards granted in addition to or in tandem with other Awards, or in addition to or in tandem with awards granted under any other plan of the Company or any Affiliate, may be granted either at the same time as or at a different time from the grant of such other Awards or awards.



- iii. **FORMS OF PAYMENT UNDER AWARDS.** Subject to the terms of the Plan and of any applicable Award Agreement, payments or transfers to be made by the Company or an Affiliate upon the grant, exercise, or payment of an Award may be made in such form or forms as the Committee shall determine, including, without limitation, cash, Shares, rights in or to Shares issuable under the Award or other Awards, other securities, or other Awards, or any combination thereof, and may be made in a single payment or transfer, in installments, or on a deferred basis, in each case in accordance with rules and procedures established by the Committee. Such rules and procedures may include, without limitation, provisions for the payment or crediting of reasonable interest on installment or deferred payments or the grant or crediting of Dividend Equivalents in respect of installment or deferred payments.
- iv. **LIMITS ON TRANSFER OF AWARDS.** Except as provided by the Committee, no Award and no right under any such Award, shall be assignable, alienable, saleable, or transferable by a Participant otherwise than by will or by the laws of descent and distribution provided, however, that, if so determined by the Committee, a Participant may, in the manner established by the Committee, designate a beneficiary or beneficiaries to exercise the rights of the Participant with respect to any Award upon the death of the Participant. Each Award, and each right under any Award, shall be exercisable, during the Participant's lifetime, only by the Participant or, if permissible under applicable law, by the Participant's guardian or legal representative. No Award and no right under any such Award, may be pledged, alienated, attached, or otherwise encumbered, and any purported pledge, alienation, attachment, or encumbrance thereof shall be void and unenforceable against the Company or any Affiliate.
- v. **PER-PERSON LIMITATION FOR SALARIED EMPLOYEES.** The aggregate dollar value of any Awards granted to a Salaried Employee under the Plan (based on the grant date fair value of Awards as determined for financial reporting purposes, which shall be calculated based on the target value for any performance based award) in any fiscal year may not exceed \$20,000,000.
- vi. **PER-PERSON LIMITATION FOR DIRECTORS.** The aggregate dollar value of (A) any Awards granted to a Director under the Plan (based on the grant date fair value of Awards as determined for financial reporting purposes) and (B) any cash or other compensation that is not equity-based and that is paid by the Company with respect to the Director's service as a Director for any fiscal year may not exceed \$1,500,000. The Committee may make exceptions to the foregoing limit for a Director or committee of Directors, as it may determine in its discretion, provided that (C) the aggregate dollar value of any such additional compensation may not exceed \$1,000,000 for the fiscal year and (D) the Director receiving such additional compensation does not participate in the decision to award such compensation.
- vii. **CONDITIONS AND RESTRICTIONS UPON SECURITIES SUBJECT TO AWARDS.** The Committee may provide that the Shares issued upon exercise of an Option or Stock Appreciation Right or otherwise subject to or issued under an Award shall be subject to such further agreements, restrictions, conditions or limitations as the Committee in its discretion may specify prior to the exercise of such Option or Stock Appreciation Right or the grant, vesting or settlement of such Award, including without limitation, conditions on vesting or transferability and forfeiture or repurchase provisions or provisions on payment of taxes arising in connection with an Award. Without limiting the foregoing, such restrictions may address the timing and manner of any resales by the Participant or other subsequent transfers by the Participant of any Shares issued under an Award, including without limitation: (A) restrictions under an insider trading policy or pursuant to applicable law, (B) restrictions designed to delay and/or coordinate the timing and manner of sales by Participant and holders of other Company equity compensation arrangements, (C) restrictions as to the use of a specified brokerage firm for such resales or other transfers and (D) provisions requiring Shares to be sold on the open market or to the Company in order to satisfy tax withholding or other obligations.
- viii. **SHARE CERTIFICATES.** All Shares or other securities delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan or the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which such Shares or other securities are then listed, and any applicable Federal, state, or local securities laws, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.
- ix. **NO REPRICING.** Except in connection with a corporate transaction or adjustment described in Section 4(b) of the Plan, the terms of outstanding Options, Stock Appreciation Rights or other Stock-Based Awards encompassing rights to purchase Shares that have an exercise or purchase price in excess of the Fair

Market Value of a Share may not be amended to reduce the exercise or purchase price of such Awards, and any such outstanding Options, Stock Appreciation Rights or other Stock-Based Awards encompassing rights to purchase Shares may not be exchanged for cash or property, other Awards, or Options, Stock Appreciation Rights or other Stock-Based Awards encompassing rights to purchase Shares with an exercise or purchase price that is less than the exercise or purchase price of the original Awards, in each case unless approved by shareowners.

- x. RECOUPMENT. The Plan will be administered in compliance with Section 10D of the Securities Exchange Act of 1934, as amended, any applicable rules or regulations promulgated by the Securities and Exchange Commission or any national securities exchange or national securities association on which the Shares may be traded, and any Company policy adopted with respect to compensation recoupment. This Section 6(g)(x) will not be the Company's exclusive remedy with respect to such matters.

## **SECTION 7. AMENDMENT AND TERMINATION**

Except to the extent prohibited by applicable law and unless otherwise expressly provided in an Award Agreement or in the Plan:

- (a) AMENDMENTS TO THE PLAN. The Board may amend, alter, suspend, discontinue, or terminate the Plan, in whole or in part; provided, however, that without the prior approval of the Company's shareowners, no material amendment shall be made if shareowner approval is required by law, regulation, or stock exchange, and; PROVIDED, FURTHER, that, notwithstanding any other provision of the Plan or any Award Agreement, no such amendment, alteration, suspension, discontinuation, or termination shall be made without the approval of the shareowners of the Company that would:
  - i. increase the total number of Shares available for Awards under the Plan, except as provided in Section 4 hereof; or
  - ii. amend Section 6(g)(ix) or, except as provided in Section 4(b), permit Options, Stock Appreciation Rights, or other Stock-Based Awards encompassing rights to purchase Shares to be repriced, replaced, or exchanged as described in Section 6(g)(ix).
- (b) AMENDMENTS TO AWARDS. Subject to Section 6(g)(ix), the Committee may waive any conditions or rights under, amend any terms of, or amend, alter, suspend, discontinue, or terminate, any Awards theretofore granted, prospectively or retroactively. No such amendment or alteration shall be made which would impair the rights of any Participant, without such Participant's consent, under any Award theretofore granted, provided that no such consent shall be required with respect to any amendment or alteration if the Committee determines in its sole discretion that such amendment or alteration either (i) is required or advisable in order for the Company, the Plan or the Award to satisfy or conform to any law or regulation or to meet the requirements of any accounting standard, or (ii) is not reasonably likely to significantly diminish the benefits provided under such Award.

## **SECTION 8. GENERAL PROVISIONS**

- (a) NO RIGHTS TO AWARDS. No Salaried Employee, Participant or other Person shall have any claim to be granted any Award under the Plan, or, having been selected to receive an Award under this Plan, to be selected to receive a future Award, and further there is no obligation for uniformity of treatment of Salaried Employees, Participants, or holders or beneficiaries of Awards under the Plan. The terms and conditions of Awards need not be the same with respect to each recipient.
- (b) WITHHOLDING. The Company or any Affiliate shall be authorized to withhold from any Award granted or any payment due or transfer made under any Award or under the Plan the amount (in cash, Shares, other securities, or other Awards) of taxes required or permitted to be withheld (up to the maximum statutory tax rate in the relevant jurisdiction) in respect of an Award, its exercise, or any payment or transfer under such Award or under the Plan and to take such other action as may be necessary or appropriate in the opinion of the Company or Affiliate to satisfy withholding taxes.
- (c) NO LIMIT ON OTHER COMPENSATION ARRANGEMENTS. Nothing contained in the Plan shall prevent the Company or any Affiliate from adopting or continuing in effect other or additional compensation arrangements, and such arrangements may be either generally applicable or applicable only in specific cases.

- (d) **NO RIGHT TO EMPLOYMENT.** The grant of an Award shall not constitute an employment contract nor be construed as giving a Participant the right to be retained in the employ of the Company or any Affiliate. Further, the Company or an Affiliate may at any time dismiss a Participant from employment, free from any liability, or any claim under the Plan, unless otherwise expressly provided in the Plan or in any Award Agreement.
- (e) **GOVERNING LAW.** The validity, construction, and effect of the Plan and any rules and regulations relating to the Plan shall be determined in accordance with the laws of the State of New York and applicable Federal law without regard to conflict of law.
- (f) **SEVERABILITY.** If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction, or as to any Person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, Person, or Award, and the remainder of the Plan and any such Award shall remain in full force and effect.
- (g) **NO TRUST OR FUND CREATED.** Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Affiliate and a Participant or any other Person. To the extent that any Person acquires a right to receive payments from the Company or any Affiliate pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Company or any Affiliate.
- (h) **NO FRACTIONAL SHARES.** No fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine whether cash, or other securities shall be paid or transferred in lieu of any fractional Shares, or whether such fractional Shares or any rights thereto shall be canceled, terminated, or otherwise eliminated.
- (i) **HEADINGS.** Headings are given to the Sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.
- (j) **INDEMNIFICATION.** Subject to requirements of New York State law, each individual who is or shall have been a member of the Board, or a Committee appointed by the Board, or an officer or manager of the Company to whom authority was delegated in accordance with Section 3, shall be indemnified and held harmless by the Company against and from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action taken or failure to act under this Plan and against and from any and all amounts paid by him or her in settlement thereof, with the Company's approval, or paid by him or her in satisfaction of any judgment in any such action, suit, or proceeding against him or her, provided he or she shall give the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his/her own behalf, unless such loss, cost, liability, or expense is a result of his/her own willful misconduct or except as expressly provided by statute. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such individuals may be entitled under the Company's Certificate of Incorporation or Bylaws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.
- (k) **COMPLIANCE WITH SECTION 409A OF THE CODE.** Except to the extent specifically provided otherwise by the Committee, Awards under the Plan are intended to be exempt from or satisfy the requirements of Section 409A of the Code (and the Treasury Department guidance and regulations issued thereunder) so as to avoid the imposition of any additional taxes or penalties under Section 409A of the Code. If the Committee determines that an Award, Award Agreement, payment, distribution, deferral election, transaction or any other action or arrangement contemplated by the provisions of the Plan would, if undertaken, cause a Participant to become subject to any additional taxes or other penalties under Section 409A of the Code, then unless the Committee specifically provides otherwise, such Award, Award Agreement, payment, distribution, deferral election, transaction or other action or arrangement shall not be given effect to the extent it causes such result and the related provisions of the Plan and/or Award Agreement will be deemed modified, or, if necessary, suspended in order to comply with the requirements of Section 409A of the Code to the extent determined appropriate by the Committee, in each case without the consent of or notice to the Participant.

- (l) NO REPRESENTATIONS OR COVENANTS WITH RESPECT TO TAX QUALIFICATION. Although the Company may endeavor to (i) qualify an Award for favorable U.S. or foreign tax treatment (e.g., incentive stock options under Section 422 of the Code or French qualified stock options) or (ii) avoid adverse tax treatment (e.g., under Section 409A of the Code), the Company makes no representation to that effect and expressly disavows any covenant to maintain favorable or avoid unfavorable tax treatment. The Company shall be unconstrained in its corporate activities without regard to the potential negative tax impact on holders of Awards under the Plan.
- (m) AWARDS TO NON-U.S. EMPLOYEES. The Committee shall have the power and authority to determine which Affiliates shall be covered by this Plan and which employees outside the U.S. shall be eligible to participate in the Plan. The Committee may adopt, amend or rescind rules, procedures or sub-plans relating to the operation and administration of the Plan to accommodate the specific requirements of local laws, procedures, and practices. Without limiting the generality of the foregoing, the Committee is specifically authorized to adopt rules, procedures and sub-plans with provisions that limit or modify rights on death, disability or retirement or on termination of employment; available methods of exercise or settlement of an award; payment of income, social insurance contributions and payroll taxes; the withholding procedures and handling of any stock certificates or other indicia of ownership which vary with local requirements. The Committee may also adopt rules, procedures or sub-plans applicable to particular Affiliates or locations.
- (n) COMPLIANCE WITH LAWS. The granting of Awards and the issuance of Shares under the Plan shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or stock exchanges on which the Company's securities are listed as may be required. The Company shall have no obligation to issue or deliver evidence of title for Shares issued under the Plan prior to:
  - i. obtaining any approvals from governmental agencies that the Company determines are necessary or advisable; and
  - ii. completion of any registration or other qualification of the Shares under any applicable national or foreign law or ruling of any governmental body that the Company determines to be necessary or advisable or at a time when any such registration or qualification is not current, has been suspended or otherwise has ceased to be effective.

The inability or impracticability of the Company to obtain or maintain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

#### **SECTION 9. EFFECTIVE DATE OF THE PLAN**

The Plan, as hereby amended and restated, shall be effective as of the date of its approval by the Board or, to the extent that such amendment and restatement is submitted for shareowner approval, the date of its approval by shareowners of the Company.

#### **SECTION 10. TERM OF THE PLAN**

No Award shall be granted under the Plan after the date of the Annual Meeting of the Company in 2027. However, unless otherwise expressly provided in the plan or in an applicable Award Agreement, any Award theretofore granted may extend beyond such date, and the authority of the Committee to amend, alter, adjust, suspend, discontinue, or terminate any such Award, or to waive any conditions or rights under any such Award, and the authority of the Board to amend the Plan, shall extend beyond such date.



## March 1, 2021 Equity Grant Agreement GE 2007 Long-Term Incentive Plan

(as amended and restated April 26, 2017, as further amended and restated February 15, 2019, and as further amended and restated July 30, 2021)

### GE Performance Stock Unit Grant Agreement (“Grant Agreement”) For <<Employee Name>> (“Grantee”)

Grant Date	PSUs Granted	Vesting Date
March 1, 2021	<<number>>* (target)	March 1, 2024

\*Actual number of Shares delivered to be between 0% and 175% of target  
based on performance as defined below.

1. **Grant.** The Management Development and Compensation Committee (“Committee”) of the Board of Directors of General Electric Company (“Company”) has granted the above number of Performance Stock Units (“PSUs”) to the individual named in this Grant Agreement (“Grantee”), subject to the terms of this Grant Agreement. Without limiting any condition of this PSU award, the award is subject to cancellation and forfeiture if the Grantee does not confirm acceptance within 45 days of the Grant Date. Once vested, each PSU entitles the Grantee to receive from the Company (i) one Share of Company common stock, par value \$0.01 per share and (ii) a cash payment in respect of Dividend Equivalents (described below), each in accordance with the terms of this Grant Agreement, the GE 2007 Long-Term Incentive Plan as amended and restated April 26, 2017, as further amended and restated February 15, 2019, and as further amended and restated July 30, 2021 (“Plan”), and any rules, procedures and sub-plans (including country addenda) adopted by the Committee.
2. **Vesting.** A PSU shall become vested only upon satisfaction of the performance criteria described in Section 2(a) and the employment criteria described in Section 2(b).
  - a. **Performance Criteria.** Subject to satisfying the employment criteria, the number of PSUs to be vested shall be a percentage of the number of PSUs Granted (as shown above), determined as follows:

**i. Financial Goals Percentage.** A percentage based on 2021 performance against the Earnings Per Share and Free Cash Flow targets shown below (the “Financial Goals Percentage”) shall be calculated. The Financial Goals Percentage equals the sum of the Earnings Per Share Factor plus the Free Cash Flow Factor, with each such Factor weighted 50% of the total as shown in the table below. If performance for a Factor is below the threshold level, that factor will be 0%. If performance for a Factor is above the maximum level, that Factor will be capped at 50% of 175%, or 87.5%. If performance is between the threshold and target, or between the target and maximum, the percentage will be determined by interpolation.

Factor	Weight	Threshold	Target	Maximum
Earnings Per Share	50%	\$1.36	\$1.68	\$2.00
Free Cash Flow (\$MM)	50%	\$2,880	\$3,600	\$4,320
<i>Percentage</i>		25%	100%	175%

**ii. TSR Adjustment.** The Financial Goals Percentage shall be adjusted based on relative Total Shareholder Return for the three-year period of 2021-2023 (the “TSR Adjustment”) as follows:

- A. If the Company’s Total Shareholder Return (“Company TSR”) is equal to or below the 35th percentile (“threshold”) of the Total Shareholder Return for the S&P 500 Industrial Index Companies (“S&P Industrials TSR”), then the Financial Goals Percentage will be multiplied by 80%.
- B. If the Company TSR is equal to the 55th percentile (“target”) of the S&P Industrials TSR, then the Financial Goals Percentage will be multiplied by 100%.
- C. If the Company TSR is equal to or exceeds the 80th percentile (“maximum”) of the S&P Industrials TSR, then the Financial Goals Percentage will be multiplied by 120%.

If the Company TSR is between the threshold and target, or between the target and maximum, TSR Adjustment shall be determined by interpolation. However, in no event will the PSUs be adjusted to provide more than 175% of the PSUs Granted in total.

All determinations regarding performance (both for the Financial Goals Percentage and TSR Adjustment) shall be made solely by the Committee in accordance with the customary accounting and financial reporting practices used by the Company for external reporting, and shall include adjustment for any recapitalization, split-up, spinoff, reorganization, restructuring or other similar corporate transaction as determined by the Committee to prevent dilution or enlargement of intended benefits.



- b. Employment Criteria.** In order to vest in a PSU with respect to which the performance criteria are satisfied, the Grantee must be continuously employed by the Company and its Affiliates from the Grant Date through the Vesting Date listed above. All unvested PSUs shall be immediately cancelled upon termination of employment for any reason before the Vesting Date, except as specifically provided below:
- i. Death or Disability.** If the Grantee's employment with the Company and its Affiliates terminates prior to the Vesting Date as a result of the Grantee's death or disability, then the employment criteria shall be deemed satisfied. For this purpose, "disability" shall have the same definition as provided in the long-term disability plan sponsored by the Company or an Affiliate in which the Grantee is eligible to participate.
- ii. Retirement Eligibility.** If, on or after the first anniversary of the Grant Date (and prior to the Vesting Date), the Grantee attains age 60 and completes 5 years of continuous employment with the Company and its Affiliates, then the employment criteria shall be deemed satisfied.
- 3. Dividend Equivalents.** The Company will establish an amount for each PSU equal to the per Share quarterly dividend payments made to Shareholders during the period beginning on the Grant Date and ending on the date that such PSU vests or is cancelled ("Dividend Equivalents"). The Company shall accumulate Dividend Equivalents and, upon vesting of the related PSU, will pay the Grantee a single lump sum cash amount equal to the Dividend Equivalents on the same date that Shares are delivered with respect to such PSU, as described in Section 4 of this Grant Agreement. Any accumulated and unpaid Dividend Equivalents attributable to a PSU that is cancelled are immediately forfeited upon cancellation and will not be paid.
- 4. Delivery and Tax Withholding.** As soon as practicable after the Vesting Date and during the 2024 calendar year, the Company shall deliver to the Grantee a number of Shares equal to the number of vested PSUs and the Dividend Equivalent cash amount with respect to each vested PSU (in each case net of applicable tax withholding and fees). Delivery shall be electronic, through the brokerage account established by the Company for the Grantee, or in such other medium as is determined by the Company. The Grantee is ultimately responsible for any and all applicable taxes, regardless of the amount withheld or reported. Notwithstanding the foregoing, the date of issuance or delivery of Shares may be postponed by the Company for such period as may be required for it with reasonable diligence to comply with any applicable listing requirements of any national securities exchange and requirements under any law or regulation applicable to the issuance or transfer of such Shares to the extent such postponement is permissible under Section 409A of the Code.

5. **Holding Period.** Shares paid to the Grantee pursuant to this Grant Agreement must be held for at least one year following the delivery date (except for such Shares used to satisfy any tax withholding obligation or fees) and may be used to satisfy any Company stock ownership requirements imposed by the Company.
6. **Data Security and Privacy.**
- a. **Data Collection, Processing and Usage.** Personal data collected, processed and used by the Company in connection with Awards granted under the Plan includes the Grantee's name, home address, email address, telephone number, date of birth, social insurance number or other identification number, salary, citizenship, job title, any Shares or directorships held in the Company, and details of all Awards granted, cancelled, exercised, vested, or outstanding. In granting Awards under the Plan, the Company will collect the Grantee's personal data for purposes of allocating Shares in settlement of the Awards and implementing, administering and managing the Plan. The Company collects, processes and uses the Grantee's personal data in compliance with [GE's Employment Data Protection Standards](#) and the [Uses of Employment Data for GE Entities](#). The Grantee may exercise rights to access, correction, or restriction or deletion where applicable, by contacting the Grantee's local HR manager or initiating a request through [www.onehr.ge.com](http://www.onehr.ge.com).
- b. **Administrative Service Provider.** The Company transfers the Grantee's personal data to UBS Financial Services, which assists with the implementation, administration and management of the Plan (the "Third-Party Administrator"). In the future, the Company may select a different Third-Party Administrator and share the Grantee's personal data with another company that serves in a similar manner. The Third-Party Administrator will open an account for the Grantee to receive and trade Shares acquired under the Plan. The Grantee will be asked to agree on separate terms and data processing practices with the Third-Party Administrator, which is a condition to the Grantee's ability to participate in the Plan. The privacy policy of the Third-Party Administrator may be reviewed [here](#).
7. **Non-solicitation, Non-competition and Compliance with Agreements.** During the Grantee's employment with the Company or its Affiliate, and for the one-year period following termination of such employment (the "Restriction Period"), the Grantee will not, without prior written approval from the Senior Human Resources Manager of the Grantee's Company business segment: (a) whether on his or her own behalf or in conjunction with any other person or third party, directly or indirectly solicit or encourage any person who is a Lead Professional Band or higher employee of the Company or any of its Affiliates (a "Restricted Person") to terminate his or her employment relationship with, or accept any other employment outside of, the Company and its Affiliates; (b) directly hire, or recommend or cause to be hired by an entity for which the Grantee works, or with which the Grantee is otherwise associated or owns more than a 1% ownership interest, any person who is, or was within one year before or after the Grantee's termination of employment with the

Company and its Affiliates, a Restricted Person (this restriction does not apply where legally impermissible, such as California); or (c) provide any non-public information regarding any Restricted Person, including, but not limited to, compensation data, performance evaluations, skill sets or qualifications, etc., to any external person in connection with employment outside the Company and its Affiliates, including, but not limited to, recruiters and prospective employers. The above restrictions do not apply once a Restricted Person has been formally notified of his or her impending layoff from the Company or any of its Affiliates.

In addition, the Grantee agrees that during the Restriction Period, the Grantee will not, without prior written approval from the Senior Human Resources Manager of the Grantee's Company business segment, whether directly or indirectly, perform activities or services in the Restricted Area for any Competitive Company which: (a) are similar in nature to the activities and services the Grantee performed for the Company or its Affiliate (or gained confidential information about, as described in the Employee Innovation and Proprietary Information Agreement or "EIPIA") during the last two years of Grantee's employment; and/or (b) will include Grantee working on products or services that are competitive with the products or services the Grantee worked on during the last two years of Grantee's employment with the Company or its Affiliate. The term "Competitive Company" means any company or other third party that provides products and services that are competitive with the Company or its Affiliates. The term "Restricted Area" means the country in which the Grantee is based. Grantee agrees that the foregoing Restriction Period and Restricted Area are reasonable and appropriate to protect the Company's legitimate business interests and goodwill because (i) the Company or its Affiliate has material business operations in the Restricted Area as of the Grantee's termination of employment and (ii) the Grantee has provided services in, had a material presence or influence in, and/or has received confidential information about (as described in the EIPIA) the Restricted Area during the last two years of the Grantee's employment with the Company or its Affiliate. The foregoing restrictions do not apply where legally impermissible (such as California). To the extent the Grantee is subject to an existing non-competition agreement with the Company or any of its affiliates (the "Prior Agreement"), the Prior Agreement shall be incorporated herein by reference and the Prior Agreement and this Grant Agreement shall be read together; provided, however, that where the provisions are inconsistent, the more restrictive covenant shall apply.

Furthermore, during the Grantee's employment with the Company or its Affiliate, and for all periods thereafter, the Grantee will not breach his or her EIPIA or otherwise disclose the Company's or Affiliate's non-public information.

The Grantee agrees that any breach by him or her of the foregoing obligations inevitably would cause substantial and irreparable damage to the Company and its Affiliates for which money damages may not be an adequate remedy. Accordingly, the Grantee agrees that the Company and its Affiliates will be entitled to an injunction and/or other equitable relief, without the necessity of posting security, to

prevent the breach of such obligations. The Grantee also agrees to indemnify and hold the Company and its Affiliates harmless from any loss, claim or damages, including, without limitation, all reasonable attorneys' fees, costs and expenses incurred in enforcing its rights under this Grant Agreement, as well as repay any payments made hereunder (regardless of whether the PSUs are vested), except to the extent that such reimbursement is prohibited by law.

The Grantee agrees that the payment and benefits provided for in the Grant Agreement constitute fair and reasonable consideration for Grantee's compliance with this section.

8. **Additional Requirements.** The Company reserves the right to impose other requirements on the Award, Shares acquired pursuant to the Award, and the Grantee's participation in the Plan to the extent the Company determines, in its sole discretion, that such other requirements are necessary or advisable in order to comply with local law or to facilitate the operation and administration of the Award and the Plan. Without limiting the generality of the foregoing, the Company may require the Grantee to sign any agreements or undertakings that may be necessary to accomplish the foregoing.
9. **Alteration/Termination.** Under the express terms of this Grant Agreement, the Committee shall have the right at any time in its sole discretion to amend, alter, suspend, discontinue or terminate any PSUs without the consent of the Grantee. Furthermore, if the Company determines in its sole discretion that the Grantee has engaged in conduct that (a) constitutes a breach of this Grant Agreement, the EIPIA or any other confidentiality, non-solicitation, or non-competition agreement with the Company or its Affiliates, (b) results in (or has the potential to cause) material harm financially, reputationally, or otherwise to the Company or its Affiliates or (c) occurred prior to the Grantee's termination of employment and would give rise to a termination for Cause (regardless of whether such conduct is discovered before or after the Grantee's termination of employment), any unvested PSUs shall be cancelled immediately, and any amounts previously conveyed under this Grant Agreement shall be subject to recoupment. In any event, the PSUs provided under this Grant Agreement shall be further subject to the Company's policy with respect to compensation recoupment, as in effect and amended from time to time. The Grantee agrees that the Company may take any such actions as are necessary to effectuate recoupment or applicable law without further consent or action being required by the Grantee, including issuing instructions to any Third-Party Administrator to (i) hold the Grantee's Shares and other amounts acquired under the Plan and/or (ii) reconvey, transfer, or otherwise return such Shares and other assets to the Company. Also, the PSUs shall be null and void to the extent the grant of PSUs or the vesting thereof is prohibited under the laws of the country of residence of the Grantee.

For this purpose, "Cause" shall be determined by the Company in its sole discretion and includes: (a) breach of the Employee Innovation and Proprietary Information Agreement or any other confidentiality, non-solicitation, or non-competition agreement with the Company or Affiliate, or breach of a material term of any other agreement with the Company or Affiliate; (b) engagement in conduct that results in, or has the potential to cause, material harm financially, reputationally, or otherwise to the Company or its Affiliate; (c) commission of an act of dishonesty, fraud, embezzlement or theft; (d) conviction of, or plea of guilty or no contest to a felony or crime involving moral turpitude; or (e) failure to comply with the Company's or Affiliate's policies and procedures, including, but not limited to, The Spirit and Letter.

10. **Plan Terms and Definitions.** Except to the extent that the context clearly provides otherwise, all terms used in this Grant Agreement have the same meaning as given such terms in the Plan. This Grant Agreement is subject to the terms and provisions of the Plan, which are incorporated by reference. In the event of any conflict between the provisions of this Grant Agreement and those of the Plan, the provisions of the Plan shall control.
11. **Interpretation and Construction.** This Grant Agreement and the Plan shall be construed and interpreted by the Committee, in its sole discretion. Any interpretation or other determination by Committee (including correction of any defect or omission and reconciliation of any inconsistency) shall be binding and conclusive. All determinations regarding enforcement, waiver or modification of the cancellation and rescission and other provisions of this Grant Agreement shall be made in the Committee's sole discretion. Determinations made under this Grant Agreement and the Plan need not be uniform and may be made selectively among individuals, whether or not such individuals are similarly situated.
12. **Severability.** The invalidity or unenforceability of any provision of the Plan or this Grant Agreement will not affect the validity or enforceability of any other provision of the Plan or this Grant Agreement, and each provision of the Plan and this Grant Agreement will be severable and enforceable to the extent permitted by law.
13. **Shareholder Rights.** The Grantee shall not have any voting or other Shareholder rights unless and until Shares are actually delivered to the Grantee.
14. **No Employment Rights.** The grant of the Award described in this Grant Agreement does not give the Grantee any rights in respect of employment with the Company or any of its Affiliates.
15. **Discretionary Award, Extraordinary Benefit.** Awards under the Plan are granted to employees of the Company and its Affiliates in the Committee's sole discretion. The Award described in this Grant Agreement is a one-time benefit and does not create any contractual or other right to receive other Awards under the Plan or other benefits in lieu thereof. Future grants, if any, will be at the sole discretion of the Committee. The Grantee's participation in the Plan is voluntary. This Award (and each other Award, if any, granted under the Plan) constitutes an extraordinary item

of compensation and is not part of the Grantee's normal or expected compensation for purposes of calculating any severance, retirement, or other benefit rights (unless otherwise expressly provided in an applicable benefit plan).

16. **No Transfer or Assignment.** No rights under this Award shall be assignable or transferable by the Grantee, except to the extent expressly permitted by the Plan.
17. **Successors and Assigns.** The Company may assign any of its rights under this Grant Agreement. This Grant Agreement will be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein, this Grant Agreement will be binding upon the Grantee and the Grantee's beneficiaries, executors or administrators.
18. **Section 409A.** To the extent applicable, this Grant Agreement shall be construed and administered consistently with the intent to comply with or be exempt from the requirements of Section 409A of the Code ("Section 409A") and any state law of similar effect (i.e., applying the "short-term deferral" rule described in Treas. Reg. § 1.409A-1(b)(4) and/or another exemption). Where the Grant Agreement specifies a window during which a payment may be made, the payment date within such window shall be determined by the Company in its sole discretion.
19. **Entire Agreement.** This Grant Agreement, the Plan, and any rules, procedures and sub-plans (including country addenda) adopted by the Committee contain all of the provisions applicable to the PSUs. No other statements, documents or practices may modify, waive or alter such provisions unless expressly set forth in writing, signed by an authorized officer of the Company and delivered to the Grantee.

By acknowledging this Grant Agreement, the Grantee acknowledges and confirms that the Grantee has read this Grant Agreement and the Plan (including applicable addenda), and the Grantee accepts and agrees to the provisions therein.
20. **Electronic Delivery.** The Company may, in its sole discretion, decide to deliver any documents related to this or other Awards under the Plan by electronic means. The Grantee hereby consents to receive such documents electronically and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.
21. **Global Addendum.** Notwithstanding any provisions in this document to the contrary, the PSUs will also be subject to the special terms and conditions set forth on Appendix A for Grantees who reside outside of the United States. Moreover, if a Grantee is not a resident of any of the countries listed on Appendix A as of the Grant Date, but relocates to one of the listed countries at any point thereafter, the special terms and conditions for such country will apply to the Grantee, to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. Appendix A constitutes part of this Grant Agreement.



**NOTICE OF ADJUSTMENT TO THE  
GE PERFORMANCE SHARE GRANT AGREEMENT**

This NOTICE OF ADJUSTMENT TO THE GE PERFORMANCE SHARE GRANT AGREEMENT (this "Notice") is hereby given that, effective July 30, 2021 (the "effective date"), certain adjustments were made to the GE Performance Share Grant Agreement between General Electric Company (the "Company") and H. Lawrence Culp, Jr., dated August 18, 2020 (the "Award Agreement"), which documents the grant of certain performance shares by the Company to Mr. Culp.

This Notice is to advise Mr. Culp that proportional adjustments have been made to the Award Agreement to reflect the reverse stock split of the Company's common stock at a ratio of 1-for-8 (the "reverse stock split"), which was completed on the effective date. The adjustments described herein are made in accordance with the anti-dilution provisions of the Award Agreement and the 2007 Long-Term Incentive Plan, as amended and restated, and are consistent with the adjustments made for shareholders generally.

1. Adjustments:

- a. The number of performance shares granted at target is adjusted from 9,295,352 to 1,161,919.
- b. The reference to par value shall mean \$0.01 per share.
- c. The Reference Stock Price is adjusted from \$6.67 to \$53.36.
- d. The closing price per Share used to calculate the Highest Average Price shall be adjusted for any day prior to and including the effective date of this Notice to reflect the reverse stock split.

2. Effect of Notice. Except as set forth in this Notice, the terms of the Award Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, this Notice has been duly given by and on behalf of the Company.

General Electric Company

By:           /s/ L. Kevin Cox  
Name:       L. Kevin Cox  
Title:       Chief Human Resource Officer

**NOTICE OF ADJUSTMENT TO THE  
GE PERFORMANCE STOCK UNIT GRANT AGREEMENT**

This NOTICE OF ADJUSTMENT TO THE GE PERFORMANCE STOCK UNIT GRANT AGREEMENT (this "Notice") is hereby that, effective July 30, 2021 (the "effective date"), certain adjustments were made to the GE Performance Share Grant Agreement between General Electric Company (the "Company") and Carolina Dybeck Happe, dated September 3, 2020 (the "Award Agreement"), which documents the grant of certain performance stock units by the Company to Ms. Dybeck Happe.

This Notice is to advise Ms. Dybeck Happe that proportional adjustments have been made to the Award Agreement to reflect the reverse stock split of the Company's common stock at a ratio of 1-for-8 (the "reverse stock split"), which was completed on the effective date. The adjustments described herein are made in accordance with the anti-dilution provisions of the Award Agreement and the 2007 Long-Term Incentive Plan, as amended and restated, and are consistent with the adjustments made for shareholders generally.

1. Adjustments:

- a. The number of performance shares granted at target is adjusted from 1,093,920 to 136,740.
- b. The reference to par value shall mean \$0.01 per share.
- c. The Reference Stock Price is adjusted from \$6.67 to \$53.36.
- d. The closing price per Share used to calculate the Highest Average Price shall be adjusted for any day prior to and including the effective date of this Notice to reflect the reverse stock split.

2. Effect of Notice. Except as set forth in this Notice, the terms of the Award Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, this Notice has been duly given by and on behalf of the Company.

General Electric Company

By:           /s/ L. Kevin Cox  
Name:       L. Kevin Cox  
Title:       Chief Human Resource Officer

**Certification Pursuant to  
Rules 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as Amended**

I, H. Lawrence Culp, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of General Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 26, 2021

/s/ H. Lawrence Culp, Jr.

H. Lawrence Culp, Jr.

Chairman & Chief Executive Officer

**Certification Pursuant to  
Rules 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as Amended**

I, Carolina Dybeck Happe, certify that:

1. I have reviewed this quarterly report on Form 10-Q of General Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 26, 2021

/s/ Carolina Dybeck Happe

Carolina Dybeck Happe

Chief Financial Officer

**Certification Pursuant to  
18 U.S.C. Section 1350**

In connection with the Quarterly Report of General Electric Company (the "registrant") on Form 10-Q for the period ended September 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "report"), we, H. Lawrence Culp, Jr. and Carolina Dybeck Happe, Chief Executive Officer and Chief Financial Officer, respectively, of the registrant, certify, pursuant to 18 U.S.C. § 1350, that to our knowledge:

- (1) The report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

October 26, 2021

/s/ H. Lawrence Culp, Jr.

H. Lawrence Culp, Jr.  
Chairman & Chief Executive Officer

/s/ Carolina Dybeck Happe

Carolina Dybeck Happe  
Chief Financial Officer