GENERAL ELECTRIC CO
Form 10-Q
August 01, 2016

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

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

For the quarterly period ended June 30, 2016

OR

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

For the transition period from ____ to ____

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

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

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

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

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

Non-accelerated filer Smaller reporting company

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

There were 8,961,233,000 shares of common stock with a par value of $0.06 per share outstanding at June 30, 2016.

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FORWARD LOOKING STATEMENTS

This document contains "forward-looking statements" – that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance and financial condition, and often contain words such as "expect," "anticipate," "intend," "plan," "believe," "seek," "see," "will," "would," or "target."
Forward-looking statements by their nature address matters that are, to different degrees, uncertain, such as statements about our announced plan to reduce the size of our financial services businesses, including expected cash and non-cash charges associated with this plan and earnings per share of GE Capital's retained businesses (Verticals); expected income; earnings per share; revenues; organic growth; growth and productivity associated with our Digital business; margins; cost structure; restructuring charges; acquisition-related synergies; cash flows; return on capital; capital expenditures, capital allocation or capital structure; dividends; and the split between Industrial and Capital earnings.

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

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

the impact of potential information technology or data security breaches; and the other factors that are described in "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2015.

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

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

PRESENTATION

The consolidated financial statements of General Electric Company (the Company) combine the industrial manufacturing and services businesses of General Electric Company (GE) with the financial services businesses of GE Capital Global Holdings, LLC, and its predecessor, General Electric Capital Corporation (GE Capital or Financial Services).

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

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

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

Discussion of GE Capital's total assets includes deferred income tax liabilities, which are presented within assets for purposes of our consolidated statement of financial position presentations for this filing.

Amounts reported in billions in graphs within this report are computed based on the amounts in millions. As a result, the sum of the components reported in billions may not equal the total amount reported in billions due to rounding. Certain columns and rows within the tables may not add due to the use of rounded numbers. Percentages presented are calculated from the underlying numbers in millions.

Discussions throughout this 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.

OTHER TERMS USED BY GE

Backlog – unfilled customer orders for products and product services (expected life of contract sales for product services).
Continuing earnings – unless otherwise indicated, we refer to captions such as "earnings from continuing operations attributable to common shareowners" as continuing earnings or simply as earnings.
Continuing earnings per share (EPS) – unless otherwise indicated, when we refer to continuing earnings per share, it is the diluted per-share amount of "earnings from continuing operations attributable to common shareowners".
Digital revenues – revenues related to software-enabled product upgrades, internally developed software (including Predix) and associated hardware, and software-enabled productivity solutions. These revenues are largely generated from our operating businesses and are included in their segment results.
Ending Net Investment (ENI) – the total capital we have invested in the Financial Services business. It is the sum of short-term borrowings, long-term borrowings and equity (excluding noncontrolling interests) adjusted for unrealized gains and losses on investment securities and hedging instruments. Alternatively, it is the amount of assets of continuing operations less the amount of non-interest-bearing liabilities.
Equipment leased to others (ELTO) – rental equipment we own that is available to rent and is stated at cost less accumulated depreciation.
GE Capital Exit Plan – our plan, announced on April 10, 2015, to reduce the size of our financial services businesses through the sale of most of the assets of GE Capital, and to focus on continued investment and growth in our industrial businesses.
Industrial margin – GE revenues and other income excluding GE Capital earnings (loss) from continuing operations (Industrial revenues) minus GE total costs and expenses less GE interest and other financial charges divided by Industrial revenues.
Industrial operating profit margin – Industrial segment profit plus corporate items and eliminations (excluding gains, restructuring, and pre-tax non-operating pension costs) divided by industrial segment revenues plus corporate items and eliminations (excluding gains and GE-GE Capital eliminations).
Industrial segment gross margin – industrial segment sales less industrial segment cost of sales.
Net earnings – unless otherwise indicated, we refer to captions such as "net earnings attributable to GE common shareowners" as net earnings.
Net earnings per share (EPS) – unless otherwise indicated, when we refer to net earnings per share, it is the diluted per-share amount of "net earnings attributable to GE common shareowners".
Non-operating pension costs – comprise the expected return on plan assets, interest cost on benefit obligations and net actuarial gain (loss) amortization for our principal pension plans.
Operating earnings – GE earnings from continuing operations attributable to common shareowners excluding the impact of non-operating pension costs.
Operating earnings per share – unless otherwise indicated, when we refer to operating earnings per share, it is the diluted per-share amount of "operating earnings".

Operating pension costs – comprise the service cost of benefits earned, prior service cost amortization and curtailment gain or loss for our principal pension plans.

Organic revenues – revenues excluding the effects of acquisitions, dispositions and foreign currency exchange.

Product services – for purposes of the financial statement display of sales and costs of sales in our Statement of Earnings, "goods" is required by SEC regulations to include all sales of tangible products, and "services" must include all other sales, including other services activities. In our MD&A section of this report, we refer to sales under product services agreements and sales of both goods (such as spare parts and equipment upgrades) and related services (such as monitoring, maintenance and repairs) as sales of "product services," which is an important part of our operations. We refer to "product services" simply as "services" within the MD&A.
Product services agreements – contractual commitments, with multiple-year terms, to provide specified services for products in our Power, Renewable Energy, Oil & Gas, Aviation and Transportation installed base – for example, monitoring, maintenance, service and spare parts for a gas turbine/generator set installed in a customer's power plant.
Revenues – unless otherwise indicated, we refer to captions such as "revenues and other income" simply as revenues.
Segment profit – refers to the operating profit of the industrial segments and the net earnings of the Financial Services segment. See the Segment Operations section within the MD&A for a description of the basis for segment profits.

NON-GAAP FINANCIAL MEASURES

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

Industrial segment organic revenues
Operating and non-operating pension costs
Adjusted Corporate costs (operating)
Industrial operating and GE Capital earnings (loss) from continuing operations and EPS
Industrial operating + Verticals earnings and EPS
Industrial operating profit and operating profit margin (excluding certain items)
Industrial segment operating profit and operating profit margin (excluding Alstom)
Industrial cash flows from operating activities (Industrial CFOA) and Industrial CFOA excluding taxes related to the Appliances business sale
Capital ending net investment (ENI), excluding liquidity

The reasons we use these non-GAAP financial measures and the reconciliations to their most directly comparable GAAP financial measures are included in the Supplemental Information section within this MD&A. Non-GAAP financial measures referred to in this report are designated with an asterisk (*).

OUR OPERATING SEGMENTS

We are a global digital industrial company, transforming industry with software-defined machines and solutions that are connected, responsive and predictive. With products and services ranging from aircraft engines, locomotives, power generation and oil and gas production equipment to medical imaging, financing and industrial products.

OUR INDUSTRIAL OPERATING SEGMENTS

Power	Energy Connections	Transportation
Renewable Energy	Aviation	Appliances & Lighting
Oil & Gas	Healthcare	

OUR FINANCIAL SERVICES OPERATING SEGMENT

Capital

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

CORPORATE INFORMATION

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

KEY PERFORMANCE INDICATORS

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

REVENUES PERFORMANCE

	2Q 2016	YTD 2016
Industrial Segment	7%	6%
Industrial Segment Organic*	(1)%	(1)%
Capital	3%	2%

INDUSTRIAL ORDERS

Equipment

Services

(a) Included $4.5 billion related to Alstom.
(b) Included $7.5 billion related to Alstom.

INDUSTRIAL BACKLOG

Equipment

Services

(a) Included $30.3 billion related to Alstom.

INDUSTRIAL MARGINS

INDUSTRIAL OPERATING PROFIT MARGINS(a)*

(a) Excluded gains, non-operating pension costs (pre-tax), restructuring and other, noncontrolling

GE CFOA

GE Capital Dividend

Industrial CFOA(b)*

(a) Included $(0.9) billion related to Alstom.
(b) 2016 included taxes of $(0.7) billion related

interests, GE Capital preferred stock dividends, as well as the results of Alstom.	to the sale of our Appliances business.

*Non-GAAP Financial Measure

KEY PERFORMANCE INDICATORS

(Per-share amounts in dollars)

CONTINUING EARNINGS (LOSS) PER SHARE

NET EARNINGS (LOSS) PER SHARE

OPERATING EPS*

INDUSTRIAL OPERATING + VERTICALS EPS*

SIGNIFICANT DEVELOPMENTS IN 2016

During the first half of 2016, we returned $18.0 billion to shareholders including $13.7 billion through buyback of our common stock and $4.3 billion in dividends.

For the six months ended June 30, 2016, Alstom contributed revenues of $6.0 billion and an operating loss of $0.4 billion, which included the effects of purchase accounting and acquisition related charges at Corporate of $0.5 billion. Including the effects of tax benefits of $0.4 billion, net earnings was an insignificant amount for the six months ended June 30, 2016. In addition, Alstom used cash flow from operating activities of $0.9 billion for the six months ended June 30, 2016.

On June 6, 2016, we completed the sale of our Appliances business to Qingdao Haier Co., Ltd. (Haier) for proceeds of $5.6 billion and recognized an after-tax gain of $1.8 billion in the second quarter.

As of June 30, 2016, we have signed agreements with buyers for $181 billion of ending net investment (ENI), excluding liquidity (as originally reported at December 31, 2014), of which $158 billion have closed.

On June 28, 2016, we received approval of our request to the Financial Stability Oversight Council (FSOC) for rescission of GE Capital's designation as a nonbank Systemically Important Financial Institution (SIFI).

GE Capital paid common dividends of $3.5 billion and $11.0 billion for the three and six months ended June 30, 2016, respectively.

*Non-GAAP Financial Measure

CONSOLIDATED RESULTS

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

REVENUES	INDUSTRIAL AND FINANCIAL SERVICES REVENUES
(a) Included $3.2 billion related to Alstom (b) Included $6.0 billion related to Alstom	(a) Included $3.2 billion related to Alstom (b) Included $6.0 billion related to Alstom

COMMENTARY: 2016 - 2015

THREE MONTHS

Consolidated revenues increased $4.3 billion, or 15%.

Industrial revenues increased $4.3 billion, or 16%, mainly from the effects of acquisitions of $3.2 billion, primarily Alstom, and the net effects of dispositions of $1.6 billion, primarily due to a pre-tax gain of $3.1 billion from the sale of our Appliances business to Haier. These increases were partially offset by a decrease in Industrial organic revenue of $0.3 billion and the effects of a stronger U.S. dollar of $0.1 billion.

In 2015, the effects of acquisitions and dispositions on Industrial revenues were an insignificant amount and an increase of $0.2 billion, respectively.

Financial Services revenues increased $0.1 billion, or 3%, as a result of lower impairments, partially offset by lower gains.

SIX MONTHS

Consolidated revenues increased $5.9 billion, or 11%.

Industrial revenues increased $5.9 billion, or 12%, mainly from the effects of acquisitions of $6.0 billion, primarily Alstom, and the net effects of dispositions of $1.1

billion, primarily due to a pre-tax gain of $3.1 billion from the sale of our Appliances business to Haier. These increases were partially offset by the effects of a stronger U.S. dollar of $0.7 billion and a decrease in Industrial organic revenue of $0.5 billion.

In 2015, the effects of acquisitions and dispositions on Industrial revenues were an increase of $0.2 billion and an insignificant amount, respectively.

Financial Services revenues increased $0.1 billion, or 2%, primarily due to lower impairments, organic revenue growth and the effects of acquisitions, partially offset by lower gains and the effects of currency exchange.

*Non-GAAP Financial Measure

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

CONTINUING EARNINGS (LOSS)	INDUSTRIAL OPERATING EARNINGS + VERTICALS EARNINGS*	INDUSTRIAL SELLING, GENERAL & ADMINISTRATIVE (SG&A) AS A % OF SALES
		(a) 14.6% excluding $3.2 billion of Alstom sales and $0.6 billion of Alstom SG&A (b) 14.9% excluding $6.1 billion of Alstom sales and $1.1 billion of Alstom SG&A

COMMENTARY: 2016 - 2015

THREE MONTHS

Consolidated continuing earnings increased $1.6 billion, or 95%.

The net effects of dispositions on consolidated continuing earnings were increases of $1.9 billion in 2016, primarily due to an after-tax gain of $1.8 billion from the sale of our Appliances business to Haier and $0.3 billion in 2015. The effects of acquisitions on consolidated continuing earnings were a decrease of $0.1 billion in 2016 and an insignificant amount in 2015.

Financial Services losses increased $0.1 billion, or 22%, primarily due to core decreases, reflecting excess interest expense and higher insurance reserve provisions, partially offset by tax adjustments in the three months ended June 30, 2016, to bring the GE Capital six- month tax rate in line with the projected full-year tax rate.

Earnings per share amounts for the second quarter of 2016 were positively impacted by the reduction in number of outstanding common shares compared to the second quarter of 2015. The average number of shares outstanding used to

SIX MONTHS

Consolidated continuing earnings increased $6.4 billion.

The net effects of dispositions on consolidated continuing earnings were increases of $1.9 billion in 2016, primarily due to an after-tax gain of $1.8 billion from the sale of our Appliances business to Haier and $0.3 billion in 2015. The effects of acquisitions on consolidated continuing earnings were a decrease of $0.1 billion in 2016 and an increase of $0.1 billion in 2015.

Financial Services losses decreased $4.7 billion, or 76%, primarily due to the absence of the 2015 charges associated with the GE Capital Exit Plan.

Earnings per share amounts for the first six months of 2016 were positively impacted by the reduction in number of outstanding common shares compared to the first six months of 2015. The average number of shares outstanding used to calculate first six-month 2016 earnings per share amounts was 8% lower than in the first six-month of 2015 as a result of previously disclosed actions, primarily the 2015 Synchrony Financial share exchange and ongoing share buyback activities over the last 12 months funded in large part by dividends from GE Capital.

Industrial SG&A costs increased $0.7 billion as the favorable impact of cost reductions at Corporate and lower non-operating pension costs were more than offset by increases in SG&A relating to Alstom and higher restructuring charges.

calculate second quarter 2016 earnings per share amounts was 10% lower than in the second quarter of 2015 as a result of previously disclosed actions, primarily the 2015 Synchrony Financial share exchange and ongoing share buyback activities over the last 12 months funded in large part by dividends from GE Capital.

Industrial SG&A costs increased $0.6 billion as the favorable impact of cost reductions at Corporate and lower non-operating pension costs were more than offset by increases in SG&A relating to Alstom and higher restructuring charges.

See the "Other Consolidated Information" section within the MD&A for a discussion of income taxes.

*Non-GAAP Financial Measure

GE CAPITAL

GE Capital results include continuing operations, which are reported in the Capital segment (see Segment discussion), and discontinued operations (see Discontinued Operations section and Note 2).

THE GE CAPITAL EXIT PLAN

On April 10, 2015, the Company announced a plan (the GE Capital Exit Plan) to create a simple, more valuable company by reducing the size of its financial services businesses through the sale of most of the assets of GE Capital over the following 24 months and aligning a smaller GE Capital with GE's industrial businesses.

Under the GE Capital Exit Plan, which was approved on April 2, 2015 and aspects of which were approved on March 31, 2015, the Company will retain certain GE Capital businesses, principally its vertical financing businesses—GE Capital Aviation Services (GECAS), Energy Financial Services (EFS) and Industrial Finance (which includes Healthcare Equipment Finance, Working Capital Solutions and Industrial Financing Solutions)—that relate to the Company's core industrial domain and other operations, including our run-off insurance activities, and allocated corporate costs (together referred to as GE Capital Verticals or Verticals).

We expect GE Capital to release approximately $35 billion in dividends to GE (subject to regulatory approval) as a result of the sale of GE Capital assets. We received $4.3 billion in dividends from GE Capital in 2015 and $11 billion in the first half of 2016. In July 2016, we received an additional $4 billion of common dividends from GE Capital bringing our year-to-date total to $15 billion. As of June 30, 2016, we are ahead of our plan, having signed agreements with buyers for $181 billion of ending net investment (ENI), excluding liquidity (as originally reported at December 31, 2014), of which $158 billion has closed. In addition, as part of our initiative to reduce the size of our financial services businesses, we completed the split-off of our remaining interest in GE Capital's North American Retail Finance business, Synchrony Financial, to holders of GE common stock, which resulted in a $20.4 billion buyback of GE common stock (671.4 million shares) in 2015. In connection with the GE Capital Exit Plan, we completed a legal reorganization of GE Capital that included a merger of GE Capital into GE, a guarantee by GE of GE Capital debt, and an exchange of $36 billion of GE Capital debt for new notes guaranteed by GE. The result of all these actions reduced GE Capital's total assets by 56% from $501 billion at December 31, 2014 to $219 billion at June 30, 2016. As of June 30, 2016, we incurred charges of $23.2 billion. Due to anticipated tax benefits and gains, we do not expect total after-tax charges through the completion of the GE Capital Exit Plan to exceed our initial $23 billion estimate.

Given the progress of the GE Capital Exit Plan to date, we expect to largely complete that plan by the end of 2016. On March 31, 2016, GE filed its request to the Financial Stability Oversight Council (FSOC) for rescission of GE Capital's designation as a nonbank Systemically Important Financial Institution (SIFI). On June 28, 2016, we received approval of our request to the FSOC for rescission of GE Capital's designation as a nonbank SIFI.

SALES AGREEMENTS

During the six months ended June 30, 2016, GE signed agreements to sell approximately $25 billion of ENI, excluding liquidity (as originally reported at December 31, 2014), of which approximately $8 billion, $16 billion and less than $1 billion related to our Commercial Lending and Leasing (CLL), Consumer and Real Estate businesses, respectively.

Of the signed agreements, sales representing approximately $54 billion of ENI, excluding liquidity (as originally reported at December 31, 2014) have closed during the first half of 2016, including approximately $46 billion, $8 billion and less than $1 billion related to our CLL, Consumer and Real Estate businesses, respectively.

In July, we signed an additional $7.9 billion of ENI, excluding liquidity (as originally reported at December 31, 2014), which related to our CLL and Consumer businesses and closed $10.2 billion of ENI, excluding liquidity (as originally reported at December 31, 2014), which related to our CLL business.

AFTER-TAX CHARGES RELATED TO THE GE CAPITAL EXIT PLAN

In the six months ended June 30, 2016, GE recorded $1.2 billion of after-tax charges related to the GE Capital Exit Plan of which $0.4 billion was recorded in continuing operations and $0.8 billion was recorded in discontinued operations. Of these after-tax charges, $0.6 billion were recorded in the second quarter of 2016, primarily exit-related charges in our CLL business. A description of these after-tax charges for the six months ended June 30, 2016 is provided below.

$0.7 billion of net loss primarily related to the completed and planned dispositions of most of the CLL businesses, which was recorded in discontinued operations under the caption "Earnings (loss) from discontinued operations, net of taxes" in the Statement of Earnings.
$0.3 billion of charges associated with the preferred equity exchange that was completed in January 2016, which was recorded in continuing operations and reported in GE Capital's corporate component under the caption "Preferred stock dividends" in the Statement of Earnings.
$0.2 billion of restructuring and other charges, of which $0.1 billion was recorded in discontinued operations under the caption "Earnings (loss) from discontinued operations, net of taxes" in the Statement of Earnings and $0.1 billion was recorded in continuing operations and reported in GE Capital's corporate component under the captions "Selling, general and administrative expenses" and "Other costs and expenses" in the Statement of Earnings.

For additional information about the GE Capital Exit Plan 2015 sales agreements and after-tax charges, refer to our Form 8-K filed on June 3, 2016 related to the Annual Report on Form 10-K for the year ended December 31, 2015.

In addition to the above charges, during the six months ended June 30, 2016, we have incurred other costs related to our ongoing liability management actions, including $0.5 billion of pre-tax losses related to the repurchase of $10.2 billion of long-term unsecured debt and subordinated debentures which were recorded in continuing operations. These charges will result in lower future interest costs, more than offsetting the initial charges. We expect to continue these actions when economically beneficial.

SEGMENT OPERATIONS

SUMMARY OF OPERATING SEGMENTS

	Three months ended June 30			Six months ended June 30		
(In millions)	2016	2015	V%	2016	2015	V%
Revenues						
Power	$6,639	$5,055	31 %	$11,843	$9,667	23 %
Renewable Energy	2,094	1,641	28 %	3,763	2,669	41 %
Oil & Gas	3,219	4,118	(22)%	6,533	8,157	(20)%
Energy Connections	2,734	1,768	55 %	4,994	3,453	45 %
Aviation	6,511	6,251	4 %	12,774	11,926	7 %
Healthcare	4,525	4,337	4 %	8,708	8,412	4 %
Transportation	1,240	1,420	(13)%	2,222	2,728	(19)%
Appliances & Lighting	1,667	2,236	(25)%	3,663	4,177	(12)%
Total industrial segment revenues	28,630	26,826	7 %	54,499	51,188	6 %
Capital	2,771	2,690	3 %	5,656	5,556	2 %
Total segment revenues	31,401	29,516	6 %	60,155	56,744	6 %
Corporate items and eliminations	2,093	(290)		1,184	(1,278)	
Consolidated revenues	$33,494	$29,226	15 %	$61,339	$55,466	11 %
Segment profit (loss)						
Power	$1,140	$1,046	9 %	$1,714	$1,803	(5)%
Renewable Energy	128	144	(11)%	211	201	5 %
Oil & Gas	320	613	(48)%	628	1,102	(43)%
Energy Connections	35	82	(57)%	(49)	110	U
Aviation	1,348	1,269	6 %	2,872	2,583	11 %
Healthcare	782	704	11 %	1,413	1,292	9 %
Transportation	273	331	(18)%	437	556	(21)%
Appliances & Lighting	96	165	(42)%	211	268	(21)%
Total industrial segment profit	4,122	4,355	(5)%	7,437	7,915	(6)%
Capital	(600)	(493)	(22)%	(1,492)	(6,215)	76 %
Total segment profit (loss)	3,523	3,862	(9)%	5,944	1,700	F
Corporate items and eliminations	974	(1,185)		(597)	(2,876)	
GE interest and other financial charges	(567)	(414)		(1,007)	(803)	
GE provision for income taxes	(648)	(583)		(849)	(890)	
Earnings (loss) from continuing operations attributable to GE common shareowners	3,281	1,679	95 %	3,492	(2,869)	F
Earnings (loss) from discontinued operations, net of tax	(541)	(2,947)	82 %	(849)	(11,883)	93 %
Less net earnings attributable to noncontrolling interests, discontinued operations	3	92	(97)%	3	181	(98)%
Earnings (loss) from discontinued operations, net of tax and noncontrolling interest	(544)	(3,039)	82 %	(852)	(12,064)	93 %
Consolidated net earnings (loss) attributable to the GE common shareowners	$2,738	$(1,360)	F	$2,639	$(14,933)	F
	\			\		

REVENUES AND PROFIT

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

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

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

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

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

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

With respect to the segment revenue and profit walks, the overall effect of foreign exchange is included within multiple captions.

The translational foreign exchange impact is included within Foreign Exchange.
The transactional impact of foreign exchange hedging is included in operating cost within Productivity and in other income within Other.

SEGMENT RESULTS – THREE AND SIX MONTHS ENDED JUNE 30

(Dollars in billions)

INDUSTRIAL SEGMENT EQUIPMENT & SERVICES REVENUES	INDUSTRIAL SEGMENT PROFIT

Equipment(a)

Services(b)

(a) $13.5 billion, excluding $2.0 billion related to Alstom*, and $25.6 billion, excluding $3.7 billion related to Alstom* for the three and six months ended June 30, 2016, respectively (b) $12.0 billion, excluding $1.2 billion related to Alstom*, and $23.0 billion, excluding $2.3 billion related to Alstom* for the three and six months ended June 30, 2016, respectively	(a) $4.0 billion, excluding $0.1 billion related to Alstom* (b) $7.3 billion, excluding $0.1 billion related to Alstom*

*Non-GAAP Financial Measure

2016 – 2015 COMMENTARY: THREE MONTHS ENDED JUNE 30

Industrial segment revenues increased $1.8 billion (7%), driven by increases at Power, Renewable Energy and Energy Connections, mainly as a result of the effects of acquisitions (primarily Alstom). This increase was partially offset by lower revenues at Oil & Gas and Appliances & Lighting (due to the sale of the Appliances business in the second quarter of 2016), as well as an unfavorable impact of foreign exchange.

Industrial segment profit decreased $0.2 billion (5%), mainly driven by lower earnings at Oil & Gas, partially offset by higher earnings at Power, Aviation and Healthcare.

Industrial segment margin decreased 180 bps primarily driven by the effects of Alstom results. Excluding Alstom, industrial segment margin was 15.6%, compared with 16.2% in the same period of 2015.

2016 – 2015 COMMENTARY: SIX MONTHS ENDED JUNE 30

Industrial segment revenues increased $3.3 billion (6%), driven by increases at Power, Renewable Energy and Energy Connections, mainly as a result of the effects of acquisitions (primarily Alstom). This increase was partially offset by lower revenues at Oil & Gas, as well as an unfavorable impact of foreign exchange.

Industrial segment profit decreased $0.5 billion (6%), mainly driven by lower earnings at Oil & Gas, Energy Connections and Transportation, partially offset by higher earnings at Aviation and Healthcare.

Industrial segment margin decreased 190 bps primarily driven by the effects of Alstom results. Excluding Alstom, industrial segment margin was 15.1%, compared with 15.5% in the same period of 2015.

SIGNIFICANT SEGMENT DEVELOPMENTS

ALSTOM ACQUISITION

On November 2, 2015, we completed the acquisition of Alstom's Thermal, Renewables and Grid businesses. The completion of the transaction followed the regulatory approval of the deal in over 20 countries and regions including the EU, U.S., China, India, Japan and Brazil. The cash purchase price was €9.2 billion (approximately $10.1 billion), net of cash acquired. The acquisition and alliances with Alstom affected our Power, Energy Connections and Renewable Energy segments, and to a lesser extent our Oil & Gas segment.

At year-end 2015, our preliminary allocation of purchase price resulted in recognition of approximately $13.5 billion of goodwill, $5.2 billion of intangible assets, and $1.1 billion of unfavorable customer contract liabilities. The preliminary fair value of the associated noncontrolling interest was approximately $3.6 billion. As of the end of the second quarter of 2016, the preliminary amount of goodwill, intangible assets and unfavorable customer contract liabilities recognized was adjusted to approximately $14.8 billion, $4.5 billion, and $1.2 billion, respectively. The adjustments reflected revisions in estimates primarily related to updated revenue and cost assumptions for customer contracts, and other fair value adjustments related to acquired assets and liabilities. Although we believe we have recorded a substantial majority of the purchase accounting adjustments, further adjustments are expected in the third quarter. We will complete our post-closing procedures and purchase price allocation no later than the fourth quarter of 2016. See Note 7 to the consolidated financial statements for further information.

For the six months ended June 30, 2016, Alstom contributed revenues of $6.0 billion and an operating loss of $0.4 billion, which included the effects of purchase accounting and acquisition related charges at Corporate of $0.5 billion. Including the effects of tax benefits of $0.4 billion, net earnings was an insignificant amount for the six months ended June 30, 2016. In addition, Alstom used cash flow from operating activities of $0.9 billion for the six months ended June 30, 2016. Alstom related revenues and operating profit are presented separately in the segment revenues and profit walks that follow.

SALE OF APPLIANCES

On January 15, 2016, we announced the signing of an agreement to sell our Appliances business to Qingdao Haier Co., Ltd. (Haier). On June 6, 2016, we completed the sale for proceeds of $5.6 billion and recognized an after-tax gain of $1.8 billion in the second quarter. Beginning in the third quarter, the Lighting business and Energy Connections will be presented as one reporting segment.

POWER

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

2016 YTD SUB-SEGMENT REVENUES

EQUIPMENT/SERVICES REVENUES

(a) Includes Water & Distributed Power and GE Hitachi Nuclear

Services

Equipment

ORDERS

BACKLOG

Equipment

Equipment

Services

Services

(a) Included $2.9 billion related to Alstom
(b) Included $4.3 billion related to Alstom

(a) Included $16.6 billion related to Alstom

UNIT SALES

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

SEGMENT REVENUES		SEGMENT PROFIT	SEGMENT PROFIT MARGIN
(a) $5.2 billion, excluding $1.5 billion related to Alstom* (b) $9.0 billion, excluding $2.9 billion related to Alstom*	Equipment Services	(a) $1.1 billion, excluding $0.1 billion related to Alstom* (b) $1.6 billion, excluding $0.1 billion related to Alstom*	(a) 20.3%, excluding 6.1% related to Alstom* (b) 17.8%, excluding 4.0% related to Alstom*

SEGMENT REVENUES & PROFIT WALK:

THREE MONTHS

	Revenues		Profit	
June 30, 2015	$	5.1	$	1.0
Volume		0.2		-
Price		-		-
Foreign Exchange		-		-
(Inflation)/Deflation		N/A		-
Mix		N/A		-
Productivity		N/A		-
Other		(0.1)		(0.1)
Alstom		1.5		0.1
June 30, 2016	$	6.6	$	1.1

COMMENTARY: 2016 - 2015

Segment revenues up $1.6 billion (31%); Segment profit up $0.1 billion (9%) as a result of:

The increase in revenues was primarily driven by the effects of Alstom and increased services volume at Power Services, partially offset by lower Gas Power Systems volume. The increase in volume was partially offset by lower other income, including negative foreign exchange transactional hedge impacts.

The increase in profit was

primarily driven by the effects of Alstom, partially offset by other income, including negative foreign exchange transactional hedge impacts.

SIX MONTHS	Revenues	Profit
June 30, 2015	$ 9.7	$ 1.8
Volume	(0.5)	(0.1)
Price	-	-
Foreign Exchange	(0.1)	-
(Inflation)/Deflation	N/A	-
Mix	N/A	0.2
Productivity	N/A	(0.2)
Other	(0.1)	(0.2)
Alstom	2.9	0.1
June 30, 2016	$ 11.8	$ 1.7

Segment revenues up $2.2 billion (23%); Segment profit down $0.1 billion (5%) as a result of:

The increase in revenues was primarily driven by the effects of Alstom and increased services volume at Power Services, partially offset by lower equipment volume at Gas Power Services as a result of 24 fewer gas turbine shipments than in the prior year. The increase was partially offset by lower other income, including negative foreign exchange transactional hedge impacts, as well as the effects of a stronger U.S. dollar.

The decrease in profit was primarily driven by lower cost productivity, lower volume and lower other income, including negative foreign exchange transactional hedge impacts. These decreases were partially offset by a favorable business mix and the effects of Alstom.

*Non-GAAP Financial Measure

RENEWABLE ENERGY

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

2016 YTD SUB-SEGMENT REVENUES

EQUIPMENT/SERVICES REVENUES

(a) Offshore Wind revenues were insignificant

Equipment

Services

ORDERS

BACKLOG

Equipment

Equipment

Services

Services

(a) Included $0.2 billion related to Alstom
(b) Included $0.4 billion related to Alstom

(a) Included $5.1 billion related to Alstom

UNIT SALES

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

SEGMENT REVENUES		SEGMENT PROFIT	SEGMENT PROFIT MARGIN
(a) $1.9 billion, excluding $0.2 billion related to Alstom*	Equipment	(a) $0.1 billion, excluding an insignificant amount related to Alstom*	(a) 6.8%, excluding 0.5% related to Alstom*
(b) $3.2 billion, excluding $0.5 billion related to Alstom*	Services	(b) $0.2 billion, excluding an insignificant amount related to Alstom*	(b) 6.7%, excluding (1.4)% related to Alstom*

SEGMENT REVENUES & PROFIT WALK:

THREE MONTHS

	Revenues		Profit	
June 30, 2015	$	1.6	$	0.1
Volume		0.3		-
Price		-		-
Foreign Exchange		-		-
(Inflation)/Deflation		N/A		-
Mix		N/A		-
Productivity		N/A		-
Other		-		-
Alstom		0.2		-
June 30, 2016	$	2.1	$	0.1

COMMENTARY:
2016 - 2015
Segment revenues up $0.5 billion (28%);
Segment profit down 11% as a result of:

The increase in revenues was primarily due to the effects of Alstom and higher volume, mainly driven by higher equipment sales in Onshore Wind as a result of shipping 50 more onshore wind turbines than in the prior year.

The decrease in profit was mainly due to increased launch costs related to the 2 and 3 MW onshore units, partially offset by higher volume.

SIX MONTHS

	Revenues		Profit	
June 30, 2015	$	2.7	$	0.2
Volume		0.8		0.1
Price		-		-
Foreign Exchange		(0.1)		-
(Inflation)/Deflation		N/A		-
Mix		N/A		-
Productivity		N/A		0.1
Other		(0.1)		(0.1)
Alstom		0.5		-
June 30, 2016	$	3.8	$	0.2

Segment revenues up $1.1 billion (41%);
Segment profit up 5% as a result of:

The increase in revenues was primarily due to higher volume, mainly driven by the increase in onshore wind turbine shipments, as a result of shipping 246 more units than in the prior year, and the effects of Alstom. The increase was partially offset by the effects of a stronger U.S. dollar and lower other income, including negative foreign exchange transactional hedge impacts.

The increase in profit was primarily due to higher volume and cost productivity, partially offset by lower other income, including negative foreign exchange transactional hedge impacts.

*Non-GAAP Financial Measure

OIL & GAS

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

2016 YTD SUB-SEGMENT REVENUES	EQUIPMENT/SERVICES REVENUES
(a) Previously referred to as Measurement & Controls (M&C)	Equipment Services

ORDERS	BACKLOG
Equipment Services	Equipment Services
(a) Included an insignificant amount related to Alstom (b) Included $0.1 billion related to Alstom	(a) Included $0.1 billion related to Alstom

2016 2Q FORM 10-Q 21

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

SEGMENT REVENUES		SEGMENT PROFIT	SEGMENT PROFIT MARGIN
(a) $3.2 billion, excluding an insignificant amount related to Alstom*	Equipment	(a) $0.3 billion, excluding an insignificant amount related to Alstom*	(a) 10.0%, excluding 7.3% related to Alstom*
(b) $6.5 billion, excluding $0.1 billion related to Alstom*	Services	(b) $0.6 billion, excluding an insignificant amount related to Alstom*	(b) 9.7%, excluding 4.8% related to Alstom*

SEGMENT REVENUES & PROFIT WALK:

THREE MONTHS

	Revenues	Profit
June 30, 2015	$ 4.1	$ 0.6
Volume	(0.7)	(0.1)
Price	(0.1)	(0.1)
Foreign Exchange	-	-
(Inflation)/Deflation	N/A	0.1
Mix	N/A	-
Productivity	N/A	(0.1)
Other	(0.1)	(0.1)
Alstom	-	-
June 30, 2016	$ 3.2	$ 0.3

COMMENTARY: 2016 - 2015

Segment revenues down $0.9 billion (22%);
Segment profit down $0.3 billion (48%) as a result of:

The decrease in revenues was primarily market driven, mainly due a decrease in equipment volume across all sub-segments and lower prices at TMS and SS&D, as well as lower other income, including negative foreign exchange transactional hedge impacts.

The decrease in profit was primarily market driven, mainly due to lower equipment volume and prices, which, despite the effects of restructuring actions, drove lower cost productivity, and lower other income, including negative foreign exchange transactional hedge impacts. These decreases were partially offset by material deflation.

SIX MONTHS

	Revenues	Profit
June 30, 2015	$ 8.2	$ 1.1
Volume	(1.4)	(0.2)
Price	(0.1)	(0.1)
Foreign Exchange	(0.2)	-
(Inflation)/Deflation	N/A	0.1
Mix	N/A	-
Productivity	N/A	(0.3)
Other	-	0.1
Alstom	0.1	-
June 30, 2016	$ 6.5	$ 0.6

Segment revenues down $1.6 billion (20%);
Segment profit down $0.5 billion (43%) as a result of:

The decrease in revenues was primarily due to lower equipment volume across all sub-segments, the effects of a stronger U.S. dollar and lower prices.

The decrease in profit was primarily market driven, mainly due to lower equipment volume and prices, which, despite the effects of restructuring actions, drove lower cost productivity. These decreases were partially offset by material deflation and higher other income.

*Non-GAAP Financial Measure

ENERGY CONNECTIONS

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

2016 YTD SUB-SEGMENT REVENUES	EQUIPMENT/SERVICES REVENUES
	Services Equipment
ORDERS	BACKLOG
Equipment	Equipment
Services	Services
(a) Included \$1.4 billion related to Alstom (b) Included \$2.6 billion related to Alstom	(a) Included \$8.4 billion related to Alstom

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

SEGMENT REVENUES		SEGMENT PROFIT (LOSS)	SEGMENT PROFIT MARGIN
(a) $1.3 billion, excluding $1.4 billion related to Alstom*	Equipment	(a) Includes an insignificant amount related to Alstom*	(a) (0.7)%, excluding 3.1% related to Alstom*
(b) $2.5 billion, excluding $2.5 billion related to Alstom*	Services	(b) $(0.1) billion, excluding an insignificant amount related to Alstom*	(b) (2.3)%, excluding 0.3% related to Alstom*

SEGMENT REVENUES & PROFIT WALK:

COMMENTARY: 2016 - 2015

THREE MONTHS

	Revenues	Profit
June 30, 2015	$ 1.8	$ 0.1
Volume	(0.4)	-
Price	-	-
Foreign Exchange	-	-
(Inflation)/Deflation	N/A	-
Mix	N/A	-
Productivity	N/A	(0.1)
Other	-	-
Alstom	1.4	-
June 30, 2016	$ 2.7	$ -

Segment revenues up $1.0 billion (55%);
Segment profit down 57% as a result of:

The increase in revenues was driven by the effects of Alstom, including higher equipment sales at Grid, partially offset by a decrease in core volume driven by Industrial Solutions and Power Conversion.
The decrease in profit was due to lower cost productivity, lower core volume and an unfavorable business mix.

SIX MONTHS

	Revenues	Profit
June 30, 2015	$ 3.5	$ 0.1
Volume	(0.9)	-
Price	-	-
Foreign Exchange	(0.1)	-
(Inflation)/Deflation	N/A	-
Mix	N/A	-
Productivity	N/A	(0.1)
Other	-	-
Alstom	2.5	-
June 30, 2016	$ 5.0	$ -

Segment revenues up $1.5 billion (45%);
Segment profit down $0.2 billion as a result of:

The increase in revenues was driven by the effects of Alstom, including higher equipment sales at Grid, partially offset by a decrease in core volume driven by Industrial Solutions and Power Conversion. The increase was partially offset by the effects of a stronger U.S. dollar and lower other income, including negative foreign exchange hedge impacts.
The decrease in profit was due to lower cost productivity, driven by lower core volume, as well as lower other income, including negative foreign exchange transactional hedge impacts.

*Non-GAAP Financial Measure

AVIATION

OPERATIONAL OVERVIEW - THREE AND SIX MONTHS ENDED JUNE 30
(Dollars in billions; except where noted)

2016 YTD SUB-SEGMENT REVENUES

EQUIPMENT/SERVICES REVENUES

Services Equipment

ORDERS

BACKLOG

Equipment

Equipment

Services

Services

UNIT SALES

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

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

SEGMENT REVENUES SEGMENT PROFIT SEGMENT PROFIT MARGIN

Equipment

Services

SEGMENT REVENUES & PROFIT WALK:

THREE MONTHS

	Revenues	Profit
June 30, 2015	$ 6.3	$ 1.3
Volume	0.3	0.1
Price	-	-
Foreign Exchange	-	-
(Inflation)/Deflation	N/A	-
Mix	N/A	-
Productivity	N/A	0.1
Other	(0.1)	(0.1)
June 30, 2016	$ 6.5	$ 1.3

COMMENTARY: 2016 - 2015

Segment revenues up $0.3 billion (4%);
Segment profit up $0.1 billion (6%) as a result of:

The increase in revenues was primarily due to higher services volume and military spares volume, partially offset by lower equipment volume driven by lower GEnx shipments and Military volume. The increase in volume was partially offset by lower other income due to non-repeat of other income items in the prior year.

The increase in profit was primarily due to higher services volume and higher cost productivity, partially offset by lower other income.

SIX MONTHS

	Revenues	Profit
June 30, 2015	$ 11.9	$ 2.6
Volume	0.8	0.2
Price	0.1	0.1
Foreign Exchange	-	-
(Inflation)/Deflation	N/A	-
Mix	N/A	0.1
Productivity	N/A	0.2
Other	-	(0.1)
June 30, 2016	$ 12.8	$ 2.9

Segment revenues up $0.8 billion (7%);
Segment profit up $0.3 billion (11%) as a result of:

The increase in revenues was primarily driven by higher services volume and prices, partially offset by decreased volume in Commercial Engines and Military.

The increase in profit was primarily driven by higher services volume and prices, higher cost productivity and a favorable business mix, partially offset by lower other income.

HEALTHCARE

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

2016 YTD
SUB-SEGMENT
REVENUES

EQUIPMENT/SERVICES
REVENUES

Services
Equipment

ORDERS

BACKLOG

Equipment

Equipment

Services

Services

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

SEGMENT REVENUES SEGMENT PROFIT SEGMENT PROFIT MARGIN

Equipment

Services

SEGMENT REVENUES & PROFIT WALK: COMMENTARY: 2016 - 2015

THREE MONTHS

	Revenues	Profit	
June 30, 2015	$ 4.3	$ 0.7	Segment revenues up $0.2 billion (4%); Segment profit up $0.1 billion (11%) as a result of:
Volume	0.3	-	
Price	(0.1)	(0.1)	The increase in revenues was primarily due to higher volume driven by Life Sciences and Healthcare Systems, partially offset by lower prices at Healthcare Systems.
Foreign Exchange	-	-	
(Inflation)/Deflation	N/A	-	
Mix	N/A	-	The increase in profit was primarily driven by higher cost productivity, including the effects of previous restructuring actions and volume growth, partially offset by lower prices at Healthcare Systems.
Productivity	N/A	0.1	
Other	-	-	
June 30, 2016	$ 4.5	$ 0.8	

SIX MONTHS

	Revenues	Profit	
June 30, 2015	$ 8.4	$ 1.3	Segment revenues up $0.3 billion (4%); Segment profit up $0.1 billion (9%) as a result of:
Volume	0.6	0.1	
Price	(0.1)	(0.1)	The increase in revenues was primarily due to higher volume driven by Life Sciences and Healthcare Systems, partially offset by the effects of a stronger U.S. dollar and lower prices at Healthcare Systems.
Foreign Exchange	(0.2)	-	
(Inflation)/Deflation	N/A	-	
Mix	N/A	-	The increase in profit was primarily driven by higher cost productivity, including the effects of previous restructuring actions and volume growth, partially offset by lower prices at Healthcare Systems.
Productivity	N/A	0.2	
Other	-	-	
June 30, 2016	$ 8.7	$ 1.4	

TRANSPORTATION

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

2016 YTD SUB-SEGMENT REVENUES
(a) Includes Marine, Stationary, Drilling and Digital

EQUIPMENT/SERVICES REVENUES

Services
Equipment

ORDERS

Equipment

Services

BACKLOG

Equipment

Services

UNIT SALES

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

SEGMENT REVENUES SEGMENT PROFIT SEGMENT PROFIT MARGIN

Equipment

Services

SEGMENT REVENUES & PROFIT WALK:

THREE MONTHS

	Revenues	Profit
June 30, 2015	$ 1.4	$ 0.3
Volume	(0.2)	-
Price	-	-
Foreign Exchange	-	-
(Inflation)/Deflation	N/A	-
Mix	N/A	(0.1)
Productivity	N/A	-
Other	-	-
June 30, 2016	$ 1.2	$ 0.3

COMMENTARY: 2016 - 2015

Segment revenues down $0.2 billion (13%);
Segment profit down $0.1 billion (18%) as a result of:

The decrease in revenues was primarily due to lower services volume driven by the impact of higher parked locomotives, partially offset by 31 more locomotive shipments than in the prior year. The decrease in revenues was also impacted by the Signaling business disposition in November 2015.

The decrease in profit was driven by an unfavorable business mix due to higher locomotive shipments and lower drill and services volume, partially offset by higher cost productivity, including the effects of previous restructuring actions, and material deflation.

SIX MONTHS

	Revenues	Profit
June 30, 2015	$ 2.7	$ 0.6
Volume	(0.5)	(0.1)
Price	-	-
Foreign Exchange	-	-
(Inflation)/Deflation	N/A	-
Mix	N/A	-
Productivity	N/A	-
Other	-	-
June 30, 2016	$ 2.2	$ 0.4

Segment revenues down $0.5 billion (19%);
Segment profit down $0.1 billion (21%) as a result of:

The decrease in revenues was primarily driven by lower equipment volume, driven by 28 fewer locomotive shipments than in prior year, as well as lower services volume due to higher parked locomotives. The decrease in revenues was also impacted by the Signaling business disposition in November 2015.

The decrease in profit was primarily driven by lower equipment volume and an unfavorable business mix, partially offset by material deflation and the effects of previous restructuring actions.

APPLIANCES & LIGHTING

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

2016 YTD SUB-SEGMENT REVENUES

(a) The sale of Appliances was completed on June 6, 2016
(b) Includes Current, powered by GE

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

SEGMENT REVENUES SEGMENT PROFIT SEGMENT PROFIT MARGIN

Equipment

Services

SEGMENT REVENUES & PROFIT WALK: COMMENTARY: 2016 - 2015

THREE MONTHS

	Revenues	Profit
June 30, 2015	$ 2.2	$ 0.2
Volume	(0.5)	-
Price	(0.1)	(0.1)
Foreign Exchange	-	-
(Inflation)/Deflation	N/A	-
Mix	N/A	-
Productivity	N/A	-
Other	-	-
June 30, 2016	$ 1.7	$ 0.1

Segment revenues down $0.6 billion (25%);
Segment profit down $0.1 billion (42%) as a result of:

The decrease in revenues was due to lower volume driven by the Appliances disposition in June 2016, as well as lower Lighting revenues, as lower traditional lighting sales were partially offset by an increase in LED revenues, and lower prices.

The decrease in profit was due to lower prices and the effect of the Appliances disposition, partially offset by material deflation.

SIX MONTHS

	Revenues	Profit
June 30, 2015	$ 4.2	$ 0.3
Volume	(0.4)	-
Price	(0.1)	(0.1)
Foreign Exchange	-	-
(Inflation)/Deflation	N/A	0.1
Mix	N/A	-
Productivity	N/A	-
Other	-	-
June 30, 2016	$ 3.7	$ 0.2

Segment revenues down $0.5 billion (12%);
Segment profit down $0.1 billion (21%) as a result of:

The decrease in revenues was due to lower volume driven by the Appliances disposition in June 2016, as well as lower Lighting revenues, as lower traditional lighting sales were partially offset by an increase in LED revenues, and lower prices.

The decrease in profit was due to lower prices, lower volume and the effects of the Appliances disposition, partially offset by material deflation.

CAPITAL

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

2016 YTD SUB-SEGMENT REVENUES ENDING NET INVESTMENT, EXCLUDING LIQUIDITY*

(a) As originally reported; $309 billion including discontinued operations
(b) $116 billion including discontinued operations

SIGNIFICANT TRENDS & DEVELOPMENTS

The GE Capital Exit Plan - On April 10, 2015, the Company announced its plan to reduce the size of the financial services businesses through the sale of most of its assets over the following 24 months. Further information on the GE Capital Exit Plan is provided in the Consolidated Results section of the MD&A.

As the GE Capital Exit Plan progresses, we will continue to incur interest on non-Verticals borrowings, restructuring costs and GE and GE Capital headquarters costs that are in excess of those allocated to the Verticals. These costs are recorded within other continuing operations within Capital.

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

Dividends – GE Capital paid common dividends of $3.5 billion and $11.0 billion to GE in the three and six months ended June 30, 2016, respectively. In July 2016, GE Capital paid an additional $4.0 billion of common dividends to GE bringing the year-to-date total to $15.0 billion.

* Non-GAAP Financial Measure

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

SEGMENT REVENUES

SEGMENT PROFIT (LOSS)[(a)]

Total Capital

Verticals

Verticals

Other Continuing

Total Capital

Other Continuing

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

COMMENTARY: 2016 - 2015

THREE MONTHS

Capital revenues increased $0.1 billion as a result of lower impairments, partially offset by lower gains.

Within Capital, Verticals revenues decreased by $0.2 billion as a result of organic revenue declines ($0.1 billion), lower gains ($0.1 billion) and higher impairments.

Other Capital revenues increased $0.3 billion as a result of lower impairments ($0.2 billion) and organic revenue growth ($0.1 billion).

Capital net loss increased by $0.1 billion primarily due to core decreases, reflecting excess interest expense and higher insurance reserve provisions, partially offset by tax adjustments in the three months ended June 30, 2016, to bring Capital's six-month tax rate in line with the projected full-year tax rate.

Within Capital, Verticals net earnings decreased by $0.1 billion due to higher insurance reserve provisions ($0.1 billion) and lower gains, partially offset by core increases.

Other Capital net loss decreased by less than $0.1 billion primarily as a result of:

Higher treasury operation expenses of $0.4 billion reflecting excess interest expense, costs associated with the May 2016 debt tender and derivative activities that reduce or eliminate interest rate, currency or market risk between financial assets and liabilities. We expect to continue to have excess interest costs in 2016 as asset sales outpace our debt maturities. We may engage in liability management actions, such as buying back debt, based on market and

economic conditions.
Higher restructuring expenses of $0.1 billion.
Tax adjustments of $0.3 billion in the three months ended June 30, 2016, to bring Capital's six-month tax rate in line with the projected full year tax rate.
Lower tax expenses of $0.1 billion primarily related to the absence of the second quarter 2015 expected repatriation of foreign earnings related to the GE Capital Exit Plan.

SIX MONTHS
Capital revenues increased $0.1 billion primarily due to lower impairments, organic revenue growth and the effects of acquisitions, partially offset by lower gains and the effects of currency exchange.

Within Capital, Verticals revenues decreased by $0.1 billion as a result of organic revenue declines ($0.3 billion) and higher impairments ($0.1 billion), partially offset by higher gains ($0.2 billion) and the effects of acquisitions.
Other Capital revenues increased $0.2 billion as a result of organic revenue growth ($0.3 billion) and lower impairments ($0.2 billion), partially offset by lower gains ($0.3 billion).

Capital net loss decreased by $4.7 billion primarily due to the absence of the 2015 charges associated with the GE Capital Exit Plan.
Within Capital, Verticals net earnings increased by $0.1 billion as a result of higher gains ($0.2 billion), partially offset by higher impairments ($0.1 billion).
Other Capital net loss decreased by $4.7 billion primarily as a result of:
Lower tax expenses of $6.1 billion primarily related to the absence of the 2015 expected repatriation of foreign earnings and write-off of deferred tax assets related to the GE Capital Exit Plan.
Tax adjustments of $0.4 billion in the six months ended June 30, 2016, to bring Capital's six-month tax rate in line with the projected full year tax rate.
Higher treasury operation expenses of $1.2 billion reflecting excess interest expense, costs associated with the February and May 2016 debt tenders and derivative activities that reduce or eliminate interest rate, currency or market risk between financial assets and liabilities. We expect to continue to have excess interest costs in 2016 as asset sales outpace our debt maturities. We may engage in liability management actions, such as buying back debt, based on market and economic conditions.
Charges of $0.3 billion associated with the preferred equity exchange that was completed in January 2016.
Higher restructuring expenses of $0.2 billion.

CORPORATE ITEMS AND ELIMINATIONS

REVENUES AND
OPERATING PROFIT (COST)

(In millions)	Three months ended June 30 2016	2015	Six months ended June 30 2016	2015
Revenues				
Gains (losses) on disposals	$3,129	$49	$3,188	$49
NBCU settlement	-	450	-	450
Eliminations and other	(1,036)	(789)	(2,004)	(1,777)
Total Corporate Items and Eliminations	$2,093	$(290)	$1,184	$(1,278)
Operating profit (cost)				
Gains (losses) on disposals	$3,129	$49	$3,188	$49
NBCU settlement	-	450	-	450
Principal retirement plans(a)	(479)	(673)	(947)	$(1,461)
Restructuring and other charges	(1,188)	(399)	(1,874)	(821)
Eliminations and other	(487)	(613)	(964)	(1,093)
Total Corporate Items and Eliminations	$974	$(1,185)	$(597)	$(2,876)

CORPORATE COSTS

(In millions)	Three months ended June 30 2016	2015	Six months ended June 30 2016	2015
Total Corporate Items and Eliminations	$974	$(1,185)	$(597)	$(2,876)
Less non-operating pension cost	(511)	(689)	(1,023)	(1,384)
Total Corporate costs (operating)*	$1,485	$(496)	$426	$(1,492)
Less restructuring and other charges, gains and settlement	1,941	100	1,313	(322)
Adjusted total corporate costs (operating)*	$(456)	$(596)	$(887)	$(1,170)

(a) Included non-operating pension cost* of $0.5 billion and $0.7 billion in the three months ended June 30, 2016 and 2015, respectively, and $1.0 billion and $1.4 billion in the six months ended June 30, 2016 and 2015, respectively, which includes expected return on plan assets, interest costs and non-cash amortization of actuarial gains and losses.

2016 – 2015 COMMENTARY: THREE MONTHS ENDED JUNE 30

Revenues and other income increased $2.4 billion, primarily as a result of:
$3.1 billion of higher gains from the sale of our Appliances business to Haier.

This increase to revenues and other income was partially offset by the following:
$0.5 billion lower other income from a settlement related to the NBCU transaction in the second quarter of 2015, and
$0.2 billion of higher inter-segment eliminations.

Operating costs decreased $2.2 billion, primarily as a result of:
$3.1 billion of higher gains from the sale of our Appliances business to Haier,
$0.2 billion of lower costs associated with our principal retirement plans including the effects of higher discount rates, and
$0.1 billion of lower costs under our long-term incentive plan.

These decreases to operating costs were partially offset by the following:
$0.8 billion higher restructuring and other charges, which included $0.3 billion of restructuring charges associated with the Alstom acquisition, and
$0.5 billion lower other income from a settlement related to the NBCU transaction in the second quarter of 2015.

*Non-GAAP Financial Measure

2016 – 2015 COMMENTARY: SIX MONTHS ENDED JUNE 30

Revenues and other income increased $2.5 billion, primarily a result of:
$3.1 billion of higher gains from the sale of our Appliances business to Haier.

This increase to revenues and other income was partially offset by the following:
$0.5 billion lower other income from a settlement related to the NBCU transaction in the second quarter of 2015, and
$0.2 billion of higher inter-segment eliminations.

Operating costs decreased $2.3 billion, primarily as a result of:
$3.1 billion of higher gains from the sale of our Appliances business to Haier,
$0.5 billion of lower costs associated with our principal retirement plans including the effects of higher discount rates, and
$0.1 billion of lower costs under our long-term incentive plan.

These decreases to operating costs were partially offset by the following:
$1.0 billion higher restructuring and other charges, which included $0.5 billion of restructuring charges associated with the Alstom acquisition, and
$0.5 billion lower other income from a settlement related to the NBCU transaction in the second quarter of 2015.

COSTS NOT INCLUDED IN SEGMENT RESULTS

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

COSTS

	Three months ended June 30			Six months ended June 30		
(In billions)	2016		2015	2016		2015
Power	$0.3	(a)	$-	$0.5	(a)	$0.1
Renewable Energy	0.1		-	0.2		0.1
Oil & Gas	0.4	(b)	0.2	0.5	(b)	0.3
Energy Connections	0.1		-	0.1		0.1
Aviation	-		-	0.1		-
Healthcare	0.1	(c)	0.1	0.3	(c)	0.1
Transportation	0.1		-	0.2		-
Appliances & Lighting	-		-	0.1		-
Total	$1.2		$0.4	$1.9		$0.7

(a) For the three and six months ended June 30, 2016, Power's results excluded $0.3 billion and $0.5 billion of costs, primarily related to restructuring charges associated with the Alstom acquisition.
(b) For the three and six months ended June 30, 2016, Oil & Gas's results excluded $0.4 billion and $0.5 billion of costs, primarily related to ongoing restructuring activities.
(c)

For the three and six months ended June 30, 2016, Healthcare's results excluded $0.1 billion and $0.3 billion of costs, primarily related to restructuring charges.

DISCONTINUED OPERATIONS

Discontinued operations primarily relate to our financial services businesses as a result of the GE Capital Exit Plan and include our Consumer business, most of our CLL business, our Real Estate business and U.S. mortgage business (WMC). All of these operations were previously reported in the Capital segment.

We have entered into Transitional Service Agreements (TSA) with and provided certain indemnifications to buyers of GE Capital's assets. Under the TSAs, GE Capital provides various services for terms generally between 12 and 24 months and receives a level of cost reimbursement from the buyers.

At June 30, 2016, indemnifications amounted to $1.5 billion, for which we have recognized related liabilities of $0.2 billion. In addition, we provided $0.1 billion of credit support, the vast majority on behalf of certain commercial customers aligned with signed disposal transactions scheduled to close in 2016, and recognized an insignificant liability at June 30, 2016.

As part of the GE Capital Exit Plan, we entered into hedges (on an after-tax basis) of our net investment in businesses that we plan to dispose. These derivatives are treated as standalone hedges and the mark-to-market valuation changes on the derivatives are recorded in earnings of discontinued operations.

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

FINANCIAL INFORMATION FOR DISCONTINUED OPERATIONS

	Three months ended June 30		Six months ended June 30	
(In millions)	2016	2015	2016	2015
Earnings (loss) from discontinued operations, net of taxes	$(541)	$(2,947)	$(849)	$(11,883)

2016 – 2015 COMMENTARY: THREE MONTHS ENDED JUNE 30

The second quarter 2016 loss from discontinued operations, net of taxes, primarily reflected the following:
$0.6 billion after-tax loss at our CLL business (including $0.5 billion after-tax loss on planned disposals).

The second quarter 2015 loss from discontinued operations, net of taxes, primarily reflected the following:
$3.7 billion after-tax loss at our CLL business (including $4.3 billion after-tax loss on planned disposals), and
Second quarter 2015 losses were partially offset by $0.8 billion after-tax earnings at our Consumer business.

2016 – 2015 COMMENTARY: SIX MONTHS ENDED JUNE 30

The 2016 loss from discontinued operations, net of taxes, primarily reflected the following:
$0.8 billion after-tax loss at our CLL business (including $0.8 billion after-tax loss on planned disposals).

The 2015 loss from discontinued operations, net of taxes, primarily reflected the following:
$7.7 billion after-tax loss at our CLL business (including $7.2 billion after-tax loss on planned disposals),
$2.3 billion after-tax loss at our Real Estate business (including $2.4 billion after-tax loss on planned disposals), and
$1.9 billion after-tax loss at our Consumer business.

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

OTHER CONSOLIDATED INFORMATION

INCOME TAXES

GE pays the income taxes it owes in every country it does business. While GE and GE Capital file a consolidated U.S. federal income tax return, many factors impact our income tax expense and cash tax payments. The most significant factor is that we conduct business in approximately 180 countries and more than half of our revenue is earned outside the U.S., often in countries with lower tax rates than in the U.S. We reinvest most of our foreign earnings overseas to be able to fund our active non-U.S. business operations. Our tax liability is also affected by U.S. and foreign tax incentives designed to encourage certain investments, such as research and development, and is also affected by acquisitions, dispositions and tax law changes. Finally, our tax returns are routinely audited, and settlements of issues raised in these audits sometimes affect our tax rates.

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

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

PROVISION FOR INCOME TAXES

2016 – 2015 COMMENTARY: THREE MONTHS ENDED JUNE 30

The consolidated income tax rate was 30.6% in the second quarter of 2015 compared to 12.5% in the second quarter of 2016.
The consolidated income tax provision decreased due to a larger adjustment to reduce the tax rate to the projected full-year tax rate, partially offset by the impact of higher pre-tax income.
The consolidated tax provision includes $0.6 billion for GE (excluding GE Capital) for the second quarters of both 2015 and 2016.

2016 – 2015 COMMENTARY: SIX MONTHS ENDED JUNE 30

The consolidated income tax rate was 167.6% in the first six months of 2015 compared to 8.4% in the first six months of 2016. The tax rate for the first six months of 2015 was in excess of 100% due to tax expense of $6.2 billion in the first six months of 2015 for the expected repatriation of foreign earnings and write-off of deferred tax assets incurred in connection with the GE Capital Exit Plan.
The consolidated income tax provision decreased from the first six months of 2015 to the first six months of 2016 due to the non-repeat of the GE Capital Exit Plan charges and due to a larger adjustment to reduce the tax rate to the projected full-year tax rate, partially offset by lower benefit from lower taxed global operations.
The consolidated tax provision includes $0.9 billion and $0.8 billion for GE (excluding GE Capital) for the first six months of 2015 and 2016, respectively.

BENEFITS FROM GLOBAL OPERATIONS

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

A substantial portion of the benefit related to business operations subject to tax in countries where the tax on that income is lower than the U.S. statutory rate is derived from our GECAS aircraft leasing operations located in Ireland, from our Power operations located in Switzerland and Hungary, and our Healthcare operations in Europe.

We expect our ability to benefit from non-U.S. income taxed at less than the U.S. rate to continue, subject to changes in U.S. or foreign law. In addition, since this benefit depends on management's intention to indefinitely reinvest amounts outside the U.S., our tax provision will increase to the extent we no longer indefinitely reinvest foreign earnings.

STATEMENT OF FINANCIAL POSITION

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

MAJOR CHANGES IN OUR FINANCIAL POSITION FOR THE SIX MONTHS ENDED JUNE 30, 2016

Cash and equivalents decreased $18.4 billion. GE Cash and equivalents decreased $0.4 billion due to cash flows from operating activities of $10.7 billion (including common dividends from GE Capital of $11.0 billion), proceeds from the sale of our Appliances business of $4.8 billion and a short-term loan from GE Capital of $5.0 billion. This is more than offset by treasury stock purchases of $15.3 billion (cash basis), including $7.0 billion paid under ASR agreements, dividends of $4.3 billion and net PP&E additions of $1.4 billion. GE Capital Cash and equivalents decreased $17.9 billion primarily driven by $44.5 billion net repayments of debt, $11.2 billion in payments of dividends to shareowners and a short-term loan to GE of $5.0 billion, partially offset by $42.9 billion in proceeds from business dispositions and $0.8 billion in proceeds from the sale of receivables originated in our Appliances business and sold to Haier. See the Statement of Cash Flows section for additional information.

Assets of discontinued operations decreased $71.1 billion, primarily due to the disposition of CLL businesses of $63.5 billion. See Note 2 for additional information.

Borrowings decreased $41.2 billion, primarily due to a net decrease of GE Capital borrowings of $41.9 billion, partially offset by a net increase in borrowings by GE of $0.9 billion (excluding GE Capital debt assumption and short-term loan from GE Capital to GE).

Liabilities of discontinued operations decreased $32.1 billion, primarily driven by the disposition of CLL businesses of $27.1 billion. See Note 2 for additional information.

Common stock held in treasury increased $12.6 billion, primarily due to treasury stock purchases of $13.7 billion (book basis), including $6.3 billion repurchased under ASR agreements. This was partially offset by treasury stock issuances of $1.2 billion, primarily stock option exercises of $0.7 billion.

FINANCIAL RESOURCES AND LIQUIDITY

LIQUIDITY AND BORROWINGS

We maintain a strong focus on liquidity. At both GE and GE Capital we manage our liquidity to help provide access to sufficient funding to meet our business needs and financial obligations throughout business cycles.

Our liquidity and borrowing plans for GE and GE Capital are established within the context of our annual financial and strategic planning processes. At GE, our liquidity and funding plans take into account the liquidity necessary to fund our operating commitments, which include primarily purchase obligations for inventory and equipment, payroll and general expenses (including pension funding). We also take into account our capital allocation and growth objectives, including paying dividends, repurchasing shares, investing in research and development and acquiring industrial businesses. At GE, we rely primarily on cash generated through our operating activities, any dividend payments from GE Capital, and also have historically maintained a commercial paper program that we regularly use to fund operations in the U.S., principally within the quarters.

GE Capital has historically relied on the unsecured term debt markets, the global commercial paper markets, deposits, secured funding, retail funding products, bank borrowings and securitizations to fund its balance sheet. Subsequent to April 10, 2015 and with the execution of the GE Capital Exit Plan, we do not plan to issue any incremental GE Capital senior unsecured term debt for four years. Furthermore, we have reduced our commercial paper from $25 billion to $5 billion consistent with the Exit Plan. In addition, we have substantially reduced our reliance on deposits and securitization due to the Exit Plan. Today, we mainly rely on excess cash positions, cash generated through dispositions, and the cash flow from our Verticals to fund our debt maturities and our operating and interest costs. GE Capital's liquidity position is targeted to meet its obligations under both normal and stressed conditions. We expect to maintain an elevated liquidity position as we generate cash from asset sales, returning to more normalized levels in 2019. During this period we expect to have excess interest costs as asset sales outpace our debt maturities. While we maintain elevated liquidity levels, we may engage in liability management actions, such as buying back debt, based on market and economic conditions in order to reduce our excess interest costs. During the first half of 2016, we repurchased $6.0 billion of long-term unsecured debt and $4.2 billion of subordinated debentures, resulting in a pre-tax loss of $528 million.

Our 2016 GE Capital funding plan anticipates repayment of principal on outstanding short-term borrowings, including the current portion of long-term debt ($42.7 billion at December 31, 2015), principally through dispositions, asset sales and cash on hand. Long-term maturities and early redemptions were $28.9 billion in the second quarter of 2016.

We maintain a detailed liquidity policy for GE Capital that requires GE Capital to maintain a contingency funding plan. The liquidity policy defines GE Capital's liquidity risk tolerance under different stress scenarios based on its liquidity sources and also establishes procedures to escalate potential issues. We actively monitor GE Capital's access to funding markets and its liquidity profile through tracking external indicators and testing various stress scenarios. The contingency funding plan provides a framework for handling market disruptions and establishes escalation procedures in the event that such events or circumstances arise. GE Capital will continue to evaluate the need to modify the existing contingency funding plan due to the GE Capital Exit Plan.

On December 2, 2015, $87.7 billion of senior unsecured notes and $4.9 billion of commercial paper was assumed by GE upon its merger with GE Capital. The amount of the intercompany payable to GE was $65.2 billion as of June 30, 2016, which includes a reduction for a $5.0 billion short term loan in the second quarter of 2016 from GE Capital to GE, which bears the right of offset against amounts owed under the assumed debt agreement. See Note 9 to the consolidated financial statements.

On June 3, 2016, GE commenced an offering to exchange $19.6 billion of all the outstanding, unregistered senior notes that were issued by GE Capital International Funding Company Unlimited Company in a private offering on

October 26, 2015, for identical, registered 2.342% Senior Notes due 2020, 3.373% Senior Notes due 2025 and 4.418% Senior Notes due 2035. The exchange offer was completed on July 8, 2016.

LIQUIDITY SOURCES

In addition to GE cash of $9.9 billion at June 30, 2016, GE Capital maintained liquidity sources of $55.6 billion that consisted of cash and equivalents of $42.2 billion, high-quality investments of $9.2 billion and cash and equivalents of $4.2 billion classified as discontinued operations. Additionally, we have $20.0 billion of committed unused credit lines.

CASH AND EQUIVALENTS

(In billions)	June 30, 2016		June 30, 2016
GE(a)	$9.9	U.S.	$16.1
GE Capital(b)	42.2	Non-U.S.(c)	36.0

(a) At June 30, 2016, $3.2 billion of GE cash and equivalents was held in countries with currency controls that may restrict the transfer of funds to the U.S. or limit our ability to transfer funds to the U.S. without incurring substantial costs. These funds are available to fund operations and growth in these countries and we do not currently anticipate a need to transfer these funds to the U.S.

(b) At June 30, 2016, GE Capital cash and equivalents of about $0.9 billion were primarily in insurance entities and were subject to regulatory restrictions.

(c) Of this amount at June 30, 2016, $3.7 billion is held outside of the U.S. and is available to fund operations and other growth of non-U.S. subsidiaries; it is also available to fund our needs in the U.S. on a short-term basis through short-term loans, without being subject to U.S. tax. Under the Internal Revenue Code, these loans are permitted to be outstanding for 30 days or less and the total of all such loans is required to be outstanding for less than 60 days during the year. If we were to repatriate this cash, we would be subject to additional U.S. income taxes and foreign withholding taxes.

As of June 30, 2016, GE Company had committed credit lines aggregating $20.0 billion extended by 36 banks in a syndicated credit facility agreement.

FUNDING PLAN

We reduced our Capital ENI, excluding liquidity*, to $79 billion at June 30, 2016.

During the first six months of 2016, there were no new senior unsecured debt issuances.

COMMERCIAL PAPER

(In billions)	GE	GE Capital
Average commercial paper borrowings during the second quarter of 2016	$14.7	$ 5.0
Maximum commercial paper borrowings outstanding during the second quarter of 2016	19.7	5.1

GE Capital commercial paper maturities have historically been funded principally through new commercial paper issuances and at GE are substantially repaid before quarter-end using indefinitely reinvested overseas cash, which as discussed above, is available for use in the U.S. on a short-term basis without being subject to U.S. tax.

We securitize financial assets as an alternative source of funding. During the first six months of 2016, we completed $0.4 billion of non-recourse issuances and $1.5 billion of non-recourse borrowings matured. At June 30, 2016, consolidated non-recourse securitization borrowings were $2.0 billion.

We have six deposit-taking banks outside of the U.S., which are classified as discontinued operations. On April 18, 2016, we completed the sale of the deposit-taking bank in the U.S., GE Capital Bank, an industrial bank.

*Non-GAAP Financial Measure

GE GUARANTEE OF CERTAIN GE CAPITAL DEBT

GE provides implicit and explicit support to GE Capital through commitments, capital contributions and operating support. As part of the GE Capital Exit Plan, on April 10, 2015, GE and GE Capital entered into an amendment to their existing financial support agreement. Under this amendment (the Amendment), the Company has provided a full and unconditional guarantee (the Guarantee) of the payment of principal and interest on all tradable senior and subordinated outstanding long-term debt securities and all commercial paper issued or guaranteed by GE Capital identified in the Amendment. The Guarantee replaced the requirement that the Company make certain income maintenance payments to GE Capital in certain circumstances. GE Capital's U.S. public indentures were concurrently amended to provide the full and unconditional guarantee by the Company set forth in the Guarantee. At June 30, 2016, the balance of this debt that GE assumed was $70.2 billion, and the Guarantee applied to approximately $54.5 billion of GE Capital debt.

ACCELERATED SHARE REPURCHASE AGREEMENT

During the first six months of 2016, we repurchased $13.7 billion of our common stock, including $6.3 billion repurchased under accelerated share repurchase (ASR) agreements.

In June 2016, we entered into an ASR agreement with a financial institution which allowed us to repurchase GE common stock at a price below its volume weighted-average price during a given period. During the second quarter, we paid $5.0 billion and received and classified as treasury shares an initial delivery of 142,474,019 shares based on then-current market prices. The payment was recorded as a reduction to shareowners' equity, consisting of a $4.3 billion increase in treasury stock, which reflects the value of the shares received upon initial delivery, and a $0.8 billion decrease in other capital, which reflects the value of the stock held back pending final delivery in the third quarter of 2016.

In the second quarter of 2016, we received the remaining 10,222,022 shares related to the ASR agreement entered in March 2016 based on the final volume weighted-average price less the negotiated discount.

STATEMENT OF CASH FLOWS - SIX MONTHS ENDED JUNE 30, 2016 VERSUS 2015

CONSOLIDATED CASH FLOWS

We evaluate our cash flow performance by reviewing our industrial (non-GE Capital) businesses and GE Capital businesses separately. Cash from operating activities (CFOA) is the principal source of cash generation for our industrial businesses. The industrial businesses also have liquidity available via the public capital markets.

GE CASH FLOWS – SIX MONTHS ENDED JUNE 30
(Dollars in billions)

OPERATING CASH FLOWS		INVESTING CASH FLOWS		FINANCING CASH FLOWS	
2015	2016	2015	2016	2015	2016

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

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

2016 – 2015 COMMENTARY

GE cash from operating activities increased $6.7 billion primarily due to the following:
GE Capital paid common dividends totaling $11.0 billion and $0.5 billion to GE in the six months ended June 30, 2016 and 2015, respectively.
An increase of operating cash collections of $5.0 billion to $56.0 billion in 2016, primarily driven by progress collections of $1.6 billion and higher GE segment revenues from sales of goods and services.
These increases were partially offset by an increase in operating cash payments of $8.8 billion to $56.3 billion in 2016. This increase is primarily driven by increased spend on inventory, purchasing volume timing, payment of income taxes and incentive compensation payments in the six months ended June 30, 2016 compared with that of 2015.

GE cash from investing activities increased $4.3 billion primarily due to the following:
The sale of our Appliances business to Haier for proceeds of $4.8 billion.
This is partially offset by funding of a joint venture at our Aviation business in the six months ended June 30, 2016.

GE cash used for financing activities increased $13.0 billion primarily due to the following:
An increase in net repurchases of GE treasury shares of $14.8 billion, including $7.0 billion paid under ASR agreements.
This increase was partially offset by a net change in borrowings of $1.8 billion. The change is driven by a short-term loan from GE Capital to GE of $5.0 billion in the six months ended June 30, 2016, partially offset by $3.4 billion of GE issued unsecured notes in the six months ended June 30, 2015.

GE CAPITAL CASH FLOWS – SIX MONTHS ENDED JUNE 30
(Dollars in billions)

OPERATING CASH FLOWS		INVESTING CASH FLOWS		FINANCING CASH FLOWS	
2015	2016	2015	2016	2015	2016

2016 – 2015 COMMENTARY-CONTINUING OPERATIONS:

GE Capital cash from operating activities-continuing operations increased $2.6 billion primarily due to the following:

An increase in net cash collateral activity with counterparties on derivative contracts of $3.8 billion in addition to an increase in cash generated from earnings and other activity.

These increases were partially offset by higher tax payments.

GE Capital cash from investing activities-continuing operations increased $8.6 billion primarily due to the following:

Higher proceeds from the sale of certain of our CLL, Consumer and Real Estate businesses of $25.3 billion.

The 2015 acquisition of Milestone Aviation Group, resulting in net cash paid of $1.7 billion.

The sale of receivables purchased from our Appliances business and sold to Haier for proceeds of $0.8 billion.

These increases were partially offset by a short-term loan from GE Capital to GE of $5.0 billion, derivative cash settlements of $4.1 billion and net settlement activity between our continuing operations (primarily our treasury operations) and our CLL, Consumer and Real Estate businesses in discontinued operations.

GE Capital cash used for financing activities-continuing operations increased $38.7 billion primarily due to the following:

Higher net repayments of borrowings of $28.3 billion.

In addition, GE Capital paid common dividends totaling $11.0 billion and $0.5 billion to GE in the six months ended June 30, 2016 and 2015, respectively.

GE CAPITAL DISCONTINUED OPERATIONS CASH FLOWS – SIX MONTHS ENDED JUNE 30
(Dollars in billions)

OPERATING CASH FLOWS		INVESTING CASH FLOWS		FINANCING CASH FLOWS	
2015	2016	2015	2016	2015	2016

2016 – 2015 COMMENTARY-DISCONTINUED OPERATIONS:

GE Capital cash used for operating activities-discontinued operations increased $14.3 billion primarily due to the following:

- Lower cash generated from earnings in connection with the GE Capital Exit Plan.
- This is further impacted by higher tax payments.

GE Capital cash used for investing activities-discontinued operations increased $2.4 billion primarily due to the following:

- The sale of bank deposits for $16.5 billion in net cash paid during the first six months of 2016.
- This decrease is partially offset by higher maturities in investment securities and net settlement activity between our continuing operations (primarily our treasury operations) and our CLL, Consumer and Real Estate businesses in discontinued operations.

GE Capital cash used for financing activities-discontinued operations decreased $1.5 billion primarily due to the following:

- Lower repayment of borrowings and lower net bank deposit activity.

INTERCOMPANY TRANSACTIONS AND ELIMINATIONS

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

GE Capital is a member of certain GE pension plans. As a result of the GE Capital Exit Plan, GE Capital will have additional funding obligations for these pension plans. These obligations do not relate to the Verticals and are recognized as expense in GE Capital's other continuing operations when they become probable and estimable. GE records a contra expense as GE Capital's additional funding obligations are recognized and GE's related pension obligations are paid by GE Capital. On a consolidated basis, the additional required funding obligations do not affect earnings but rather are reflected as a reduction of the pension liability when paid. In the three and six months ended June 30, 2016, the additional funding obligations recognized by GE Capital were $0.1 billion and $0.2 billion, respectively. No such funding obligations were recognized in the three and six months ended June 30, 2015. As of June 30, 2016, the total outstanding funding obligation was $0.3 billion.

GE sells customer receivables to GE Capital in the ordinary course of business to fund the growth of our industrial businesses. During any given period, GE receives cash from the sale of receivables to GE Capital. It also foregoes the future collection of cash on receivables sold as GE Capital will collect the cash from the customer. The incremental amount of cash received from sales of receivables in excess of the cash GE would have otherwise collected had those receivables not been sold, represents the cash generated or used in the period relating to this activity. The effect of cash generated in GE CFOA from selling these receivables to GE Capital decreased GE's CFOA by $1.0 billion and

$1.8 billion for the six months ended June 30, 2016 and 2015, respectively.

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

EXPOSURES

FOREIGN CURRENCY

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. The results of operating entities reported in currencies other than U.S. dollar are translated to the U.S. dollar at the applicable exchange rate for inclusion in the financial statements. The foreign currency effect arising from operating activities outside of the U.S., including the remeasurement of derivatives, can result in significant transactional foreign currency fluctuations at points in time, but will generally be offset as the underlying hedged item is recognized in earnings. The effects of foreign currency fluctuations decreased earnings for the three and six months ended June 30, 2016 by $0.1 billion and $0.3 billion, respectively.

On June 23, 2016, a referendum in the United Kingdom (U.K.) was approved to withdraw from the European Union. The referendum was advisory and the terms of any withdrawal is subject to a negotiation period that could last for two years after the U.K. government initiates the withdrawal process. The approval of the referendum had, and may continue to have, an impact on foreign currency exchange rates, among other things. We actively manage our exposure to the U.K. and do not anticipate a material economic impact from our currency exposure as a result of the recent decision by the U.K. to exit the European Union.

For further information about our risk exposures, our use of derivatives, and the effects of this activity on our financial statements see Notes 15 and 19 to the consolidated financial statements.

OIL & GAS INDUSTRY

The oil and gas market remains challenging. While oil prices increased in the second quarter of 2016, activity remained subdued with U.S. onshore rig and well counts continuing to decline from both year-end 2015 and 2014 peak levels, and capital expenditures and investment decisions continuing to be delayed. As a result, our Oil & Gas business has experienced declines in orders through the six months ended June 30, 2016 of approximately 39%.

In this difficult market our Oil & Gas business will continue to focus on the items within its control such as cost management and competitiveness. Our restructuring investment will likely increase from $350 million to approximately $500 million to achieve our $800 million cost reduction target, as lower volume will offset some of the realization.

CRITICAL ACCOUNTING ESTIMATES

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

Please refer to the Critical Accounting Estimates section within MD&A and Note 1, Basis of Presentation and Summary of Significant Accounting Policies, to the consolidated financial statements of our Form 8-K filed on June 3, 2016 related to the 2015 Annual Report on Form 10-K for a discussion of our accounting policies and the critical accounting estimates we use to: assess the recoverability of assets such as financing receivables and goodwill; determine the fair value of financial assets; and determine our provision for income taxes and recoverability of deferred tax assets.

OTHER ITEMS

NEW ACCOUNTING STANDARDS

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016- 02, Leases. The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition. Similarly, lessors will be required to classify leases as either sales-type, finance or operating, with classification affecting the pattern of income recognition. Classification for both lessees and lessors will be based on an assessment of whether risks and rewards as well as substantive control have been transferred through a lease contract. The new standard is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years, with early adoption permitted. A modified retrospective transition approach is required for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. While we continue to evaluate the effect of the standard on our ongoing financial reporting, we anticipate that the adoption of ASU 2016-02 may materially affect our statement of financial position.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in GAAP when it becomes effective. In July 2015, the FASB approved a one-year deferral of this standard, with a revised effective date for fiscal years beginning after December 15, 2017. Early adoption is permitted, although not prior to fiscal years beginning after December 15, 2016. The standard permits the use of either the retrospective or modified retrospective (cumulative effect) transition method. We have not yet selected a transition method or an adoption date. In addition, we are evaluating recently issued guidance on practical expedients as part of our transition decision. Given the complexity of our commercial arrangements, we are continuing to assess the potential effect that the standard is expected to have on our consolidated financial statements. We believe the more significant effects on our existing accounting policies will be associated with our long-term product service agreements and commercial aircraft engine contracts as further discussed below.

For our long-term product service agreements, we expect to continue to recognize revenue over time by applying contract-specific estimated margin rates to incurred costs. The standard provides new guidance in assessing what comprises the distinct service being provided to a customer that may have implications to our existing unit of account and the recognition of contract modifications.

In addition, the revenue for our commercial aircraft engines will be recognized on a point-in-time basis, which is a change from our current long-term contract accounting process of applying contract-specific estimated margin rates to incurred costs.

GE DIGITAL

In late 2015, we created GE Digital, whose activities are focused on assisting in the market development of our digital product offerings through software design, fulfillment and product management, while also interfacing with our customers. Digital revenues include software-enabled product upgrades, internally developed software (including Predix™) and associated hardware, and software-enabled productivity solutions. These revenues are reported in the financial results of our operating segments.

Digital revenues for the three and six months ended June 30, 2016 were $1.3 billion and $2.4 billion, respectively, compared with $1.2 billion and $2.2 billion for the three and six months ended June 30, 2015, respectively, and were principally reported in our Power and Healthcare segments.

SUPPLEMENTAL INFORMATION

FINANCIAL MEASURES THAT SUPPLEMENT U.S. GENERALLY ACCEPTED ACCOUNTING PRINCIPLES MEASURES (NON-GAAP FINANCIAL MEASURES)

We sometimes use information derived from consolidated financial information but not presented in our financial statements prepared in accordance with U.S. generally accepted accounting principles (GAAP). Certain of these data are considered "non-GAAP financial measures" under U.S. Securities and Exchange Commission rules. Specifically, we have referred to:

Industrial segment organic revenues
Operating and non-operating pension costs
Adjusted Corporate costs (operating)
Industrial operating and GE Capital earnings (loss) from continuing operations and EPS
Industrial operating + Verticals earnings and EPS
Industrial operating profit and operating profit margin (excluding certain items)
Industrial segment operating profit and operating profit margin (excluding Alstom)
Industrial cash flows from operating activities (Industrial CFOA) and Industrial CFOA excluding taxes related to the Appliances business sale
Capital ending net investment (ENI), excluding liquidity

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

INDUSTRIAL SEGMENT ORGANIC REVENUES

(Dollars in millions)	Three months ended June 30			Six months ended June 30		
	2016	2015	V%	2016	2015	V%
Industrial segment revenues (GAAP)	$28,630	$26,826	7%	$54,499	$51,188	6%
Less the effects of:						
Acquisitions, business dispositions (other than dispositions of businesses acquired for investment) and currency exchange rates	4,185	2,202		6,471	2,743	
Industrial segment revenues excluding effects of acquisitions, business dispositions (other than dispositions of businesses acquired for investment) and currency exchange rates (Industrial segment organic revenues) (Non-GAAP)	$24,445	$24,624	(1)%	$48,028	$48,446	(1)%

Organic revenue growth measures revenue excluding the effects of acquisitions, business dispositions and currency exchange rates. We believe that this measure provides management and investors with a more complete understanding of underlying operating results and trends of established, ongoing operations by excluding the effect of acquisitions, dispositions and currency exchange, which activities are subject to volatility and can obscure underlying trends. We also believe that presenting organic revenue growth 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 businesses and companies. Management recognizes that the term "organic revenue growth" may be interpreted differently by other companies and under different circumstances. Although this may have an effect on comparability of absolute percentage growth from company to company, we believe that these measures are useful in assessing trends of the respective businesses or companies and may therefore be a useful tool in assessing period-to-period performance trends.

OPERATING AND NON-OPERATING PENSION COSTS

(In millions)	Three months ended June 30		Six months ended June 30	
	2016	2015	2016	2015
Service cost for benefits earned	$291	$367	$606	$728
Prior service cost amortization	76	51	152	103
Curtailment loss (gain)	(1)	-	(1)	71
Operating pension costs (Non-GAAP)	366	418	757	902
Expected return on plan assets	(836)	(827)	(1,670)	(1,652)
Interest cost on benefit obligations	735	696	1,469	1,391
Net actuarial loss amortization	612	820	1,224	1,645
Non-operating pension costs (Non-GAAP)	511	689	1,023	1,384
Total principal pension plans costs (GAAP)	$877	$1,107	$1,780	$2,286

We have provided the operating and non-operating components of cost for our principal pension plans. Operating pension cost comprise the service cost of benefits earned, prior service cost amortization and curtailment loss (gain) for our principal pension plans. Non-operating pension cost comprise the expected return on plan assets, interest cost on benefit obligations and net actuarial loss amortization for our principal pension plans. We believe that the operating components of pension cost better reflects the ongoing service-related cost of providing pension benefits to our employees. We believe that the operating and non-operating components of cost for our principal pension plans, considered along with the corresponding GAAP measure, provide management and investors with additional information for comparison of our pension plan cost and operating results with the pension plan cost and operating results of other companies.

ADJUSTED CORPORATE COSTS (OPERATING)

	Three months ended June 30		Six months ended June 30	
(In millions)	2016	2015	2016	2015
Total Corporate Items and Eliminations (GAAP)	$974	$(1,185)	$(597)	$(2,876)
Less: non-operating pension cost	(511)	(689)	(1,023)	(1,384)
Total Corporate costs (operating) (Non-GAAP)	$1,485	$(496)	$426	$(1,492)
Less: restructuring other charges against gains and settlement	1,941	100	1,313	(322)
Adjusted total corporate costs (operating) (Non-GAAP)	$(456)	$(596)	$(887)	$(1,170)

Operating corporate costs exclude non-service-related pension costs of our principal pension plans, which comprise interest costs, expected return on plan assets and amortization of actuarial gains/losses. Service cost, prior service cost and curtailment loss components of our principal pension plans are included in operating corporate costs. We believe that these components of pension cost better reflect the ongoing service-related costs of providing pension benefits to our employees. Accordingly, we believe that our measure of operating corporate costs provides management and investors with a useful measure of the operational costs incurred outside of our businesses. We believe that this measure, considered along with the corresponding GAAP measure, provides management and investors with additional information for comparison of our operating corporate costs to the operating corporate costs of other companies.

We also believe that adjusting operating corporate costs to exclude the effects of items that are not closely associated with ongoing corporate operations, such as earnings of previously divested businesses, gains and losses on disposed and held for sale businesses, and restructuring and other charges, provides management and investors with a meaningful measure that increases the period-to-period comparability of our ongoing corporate costs.

INDUSTRIAL OPERATING EARNINGS AND GE CAPITAL EARNINGS (LOSS) FROM CONTINUING OPERATIONS AND EPS

	Three months ended June 30			Six months ended June 30		
(Dollars in millions; except per share amounts)	2016	2015	V%	2016	2015	V%

Consolidated earnings (loss) from continuing operations attributable to GE common shareowners (GAAP)	$3,281	$1,679	95%	$3,492	$(2,869)	F
Non-operating pension costs (pre-tax)	511	689		1,023	1,384	
Tax effect	(179)	(241)		(358)	(484)	
Adjustment: non-operating pension costs (net of tax)	332	448		665	900	
Operating earnings (loss) (Non-GAAP)	3,613	2,127	70%	4,157	(1,968)	F
Adjustment: GE Capital earnings (loss) from continuing operations attributable to GE common shareowners	(600)	(493)		(1,492)	(6,215)	
Industrial operating earnings (loss) (Non-GAAP)	$4,213	$2,620	61%	$5,649	$4,245	33%
Earnings (loss) per share – diluted(a)						
Consolidated EPS from continuing operations attributable to GE common shareowners (GAAP)	$0.36	$0.17	F	$0.38	$(0.29)	F
Adjustment: non-operating pension costs (net of tax)	0.04	0.04		0.07	0.09	
Operating EPS (Non-GAAP)	0.39	0.21	86%	0.45	(0.20)	F
GE Capital EPS from continuing operations attributable to GE common shareowners	(0.07)	(0.05)	(40)%	(0.16)	(0.62)	74%
Industrial operating EPS (Non-GAAP)	$0.46	$0.26	77%	$0.61	$0.42	45%

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

Operating earnings (loss) excludes non-service related pension costs of our principal pension plans comprising interest cost, expected return on plan assets and amortization of actuarial gains/losses. The service cost, prior service cost and curtailment loss components of our principal pension plans are included in operating earnings. We believe that these components of pension cost better reflect the ongoing service-related costs of providing pension benefits to our employees. As such, we believe that our measure of operating earnings (loss) provides management and investors with a useful measure of the operational results of our business. Other components of GAAP pension cost are mainly driven by capital allocation decisions and market performance, and we manage these separately from the operational performance of our businesses. Non-operating pension costs are not necessarily indicative of the current or future cash flow requirements related to our pension plan. We also believe that this measure, considered along with the corresponding GAAP measure, provides management and investors with additional information for comparison of our operating results to the operating results of other companies.

INDUSTRIAL OPERATING + VERTICALS EARNINGS AND EPS

(Dollars in millions; except per share amounts)	Three months ended June 30 2016	2015	V%	Six months ended June 30 2016	2015	V%
GE Capital earnings (loss) from continuing operations attributable to GE common shareowners (GAAP)	$(600)	$(493)	(22)%	$(1,492)	$(6,215)	76%
Adjustment: Verticals earnings(a)	452	531		948	877	
GE Capital other continuing earnings (loss) (Non-GAAP)	$(1,051)	$(1,024)	(3)%	(2,440)	(7,092)	66%
Industrial operating earnings (Non-GAAP)	$4,213	$2,620	61%	$5,649	$4,245	33%
Verticals earnings(a)	452	531		948	877	
Industrial operating earnings + Verticals earnings (Non-GAAP)	$4,665	$3,151	(48)%	$6,597	$5,123	29%
Earnings (loss) per share - diluted(b)						
Industrial operating EPS (Non-GAAP)	$0.46	$0.26	77%	$0.61	$0.42	45%
Adjustment: Verticals EPS	0.05	0.05	-%	0.10	0.09	11%
Industrial operating + Verticals EPS (Non-GAAP)	$0.51	$0.31	65%	$0.71	$0.51	39%

(a) Verticals include businesses expected to be retained (GECAS, EFS, Industrial Finance, and run-off Insurance), including allocated corporate costs of $25 million after tax in both the three months ended June 30, 2016 and 2015, and $50 million and $83 million after tax in the six months ended June 30, 2016 and 2015, respectively.

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

As described above, Verticals represents the GE Capital businesses that we expect to retain. We believe that presenting Industrial operating + Verticals earnings-per-share amounts provides management and investors with a useful measure to evaluate the performance of the businesses we expect to retain after the disposition of most of our financial services business.

See below for a graphic presentation of the reconciliation between GAAP EPS from continuing operations to the Industrial operating + Verticals EPS.

INDUSTRIAL OPERATING + VERTICALS EARNINGS AND EPS(a)

	Industrial operating & Verticals $0.51	Industrial operating & Verticals $0.31
	Non-operating pension & other Capital $(0.15)	Non-operating pension & other Capital $(0.14)
GAAP Continuing EPS	$0.36	$0.17

	Industrial operating & Verticals $0.71	Industrial operating & Verticals $0.51
	Non-operating pension & other Capital $(0.33)	Non-operating pension & other Capital $(0.79)
GAAP Continuing EPS	$0.38	$(0.29)

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

INDUSTRIAL OPERATING PROFIT AND OPERATING PROFIT MARGIN (EXCLUDING CERTAIN ITEMS)

	Three months ended June 30		Six months ended June 30	
(Dollars in millions)	2016	2015	2016	2015
Revenues				
GE total revenues and other income (GAAP)	$30,604	$26,578	$55,210	$44,748
Less: GE Capital loss from continuing operations	(600)	(332)	(1,492)	(6,053)
GE revenues and other income excluding GE Capital loss (Industrial revenues)	$31,204	$26,910	$56,702	$50,801
Less: gains	3,129	499	3,188	499
Less: Alstom	3,171	-	5,984	-
Adjusted Industrial revenues (Non-GAAP)	$24,904	$26,411	$47,531	$50,303
Costs				
GE total costs and expenses (GAAP)	$26,756	$24,183	$51,069	$46,722
Less: GE interest and other financial charges	567	414	1,007	803
Industrial costs excluding interest and other financial charges	$26,189	$23,769	$50,062	$45,919
Less: Alstom	3,033	-	5,867	-
Less: non-operating pension costs (pre-tax)	511	689	1,023	1,384
Less: restructuring and other charges	1,188	399	1,874	821
Less: noncontrolling interests and 2015 GE Capital preferred stock dividends	82	29	199	155
Adjusted Industrial costs (Non-GAAP)	$21,375	$22,652	$41,099	$43,559
Industrial profit (loss) (GAAP)	$5,015	$3,141	$6,640	$4,882
Industrial margins (GAAP)	16.1%	11.7%	11.7%	9.6%
Industrial operating profit (Non-GAAP)	$3,529	$3,760	$6,432	$6,745
Industrial operating profit margins (Non-GAAP)	14.2%	14.2%	13.5%	13.4%
	.		.	

We have presented our Industrial operating profit and operating profit margin excluding gains, non-operating pension costs (pre-tax), restructuring and other, noncontrolling interests, GE Capital preferred stock dividends, as well as the results of Alstom. We believe that Industrial operating profit and operating profit margin adjusted for these items are meaningful measures because they increase the comparability of period-to-period results.

INDUSTRIAL SEGMENT OPERATING PROFIT AND OPERATING PROFIT MARGIN (EXCLUDING ALSTOM)

	Three months ended June 30		Six months ended June 30	
(Dollars in millions)	2016	2015	2016	2015
Revenues				
Total industrial segment revenues (GAAP)	$28,630	$26,826	$54,499	$51,188
Less: Alstom revenues	3,171	-	5,984	-
Total industrial segment operating revenues excluding Alstom (Non-GAAP)	$25,459	$26,826	$48,515	$51,188

Segment profit (loss)				
Total industrial segment operating profit (GAAP)	$4,122	$4,355	$7,437	$7,915
Total industrial segment operating profit margin (GAAP)	14.4%	16.2%	13.6%	15.5%
Less: Alstom profit (loss)	$138	$-	$117	$-
Total industrial segment operating profit excluding Alstom (Non-GAAP)	$3,984	$4,355	$7,319	$7,915
Total industrial segment operating profit margin excluding Alstom (Non-GAAP)	15.6%	16.2%	15.1%	15.5%
	.		.	

We have presented our industrial segment operating profit and industrial segment operating profit margin excluding the results of Alstom power and grid. We believe that operating profit and operating profit margin adjusted for the Alstom impacts are meaningful measures because they increase the comparability of period-to-period results.

INDUSTRIAL CASH FLOWS FROM OPERATING ACTIVITIES (INDUSTRIAL CFOA)
AND INDUSTRIAL CFOA EXCLUDING TAXES RELATED TO THE APPLIANCES BUSINESS SALE

	Six months ended June 30		
(Dollars in millions)	2016	2015	V%
Cash from GE's operating activities (continuing operations), as reported (GAAP)	$10,689	$3,950	F
Adjustments: dividends from GE Capital	11,000	450	
Industrial CFOA (Non-GAAP)	$(311)	$3,500	U
Adjustment: taxes related to the Appliances business sale	700	-	
Industrial CFOA excluding taxes related to the Appliances business sale (Non-GAAP)	$389	$3,500	U

We define "Industrial CFOA" as GE's cash from operating activities (continuing operations) less the amount of dividends received by GE from GE Capital. This includes the effects of intercompany transactions, including GE customer receivables sold to GE Capital; GE Capital services for trade receivables management and material procurement; buildings and equipment leased by GE from GE Capital; information technology (IT) and other services sold to GE Capital by GE; aircraft engines manufactured by GE that are installed on aircraft purchased by GE Capital from third-party producers for lease to others; and various investments, loans and allocations of GE corporate overhead costs. We believe that investors may find it useful to compare GE's operating cash flows without the effect of GE Capital dividends, since these dividends are not representative of the operating cash flows of our industrial businesses and can vary from period to period based upon the results of the financial services businesses. We also believe that investors may find it useful to compare Industrial CFOA excluding the effects of taxes paid related to the Appliances business sale. Management recognizes that these measures may not be comparable to cash flow results of companies which contain both industrial and financial services businesses, but believes that this comparison is aided by the provision of additional information about the amounts of dividends paid by our financial services business and the separate presentation in our financial statements of the GE Capital cash flows. We believe that our measure of Industrial CFOA and Industrial CFOA excluding Appliances sale-related taxes provides management and investors with useful measures to compare the capacity of our industrial operations to generate operating cash flow with the operating cash flow of other non-financial businesses and companies and as such provides useful measures to supplement the reported GAAP CFOA measure.

CAPITAL ENDING NET INVESTMENT (ENI), EXCLUDING LIQUIDITY

(In billions)	June 30, 2016	June 30, 2015(b)
Financial Services (GE Capital) total assets (GAAP)	$219.4	$ 463.3
Adjustment deferred income tax	5.2	-
GE Capital total assets	224.6	463.3
Less assets of discontinued operations	49.9	154.9
Less non-interest bearing liabilities	43.9	51.2
Capital ENI (Non-GAAP)	130.8	257.2
Less liquidity(a)	51.4	77.9
Capital ENI, excluding liquidity (Non-GAAP)	$79.3	$ 179.3
Discontinued operations, excluding liquidity	36.9	129.7
Total ENI (excluding liquidity) including discontinued operations (Non-GAAP)	$116.2	$ 309.0

(a) Liquidity includes cash and equivalents and $9.2 billion of high quality investments at June 30, 2016
(b) As originally reported

We use ENI to measure the size of our Capital segment. We believe that this measure is a useful indicator of the capital (debt or equity) required to fund a business as it adjusts for non-interest bearing current liabilities generated in the normal course of business that do not require a capital outlay. We also believe that by excluding liquidity, we provide a meaningful measure of assets requiring capital to fund our Capital segment as a substantial amount of liquidity resulted from debt issuances to pre-fund future debt maturities and will not be used to fund additional assets. Liquidity consists of cash and equivalents and certain high quality investments. As a general matter, investments included in liquidity are expected to be highly liquid, giving us the ability to readily convert them to cash. Providing this measure will help investors measure how we are performing against our previously communicated goal to reduce the size of our financial services segment.

CONTROLS AND PROCEDURES

Under the direction of our Chief Executive Officer and Chief Financial Officer, we evaluated our disclosure controls and procedures and internal control over financial reporting and concluded that our disclosure controls and procedures were effective as of June 30, 2016.

On November 2, 2015, we closed the acquisition of Alstom's Thermal, Renewable, and Grid businesses. During 2016, we are continuing to perform the following activities with respect to these acquired businesses: (1) updating purchase price allocations, (2) transitioning acquired businesses to our accounting and reporting policies and processes, and (3) integrating their systems and processes into our framework of internal controls over financial reporting. We continue to monitor these activities and will make adjustments to processes or controls as appropriate.

OTHER FINANCIAL DATA

PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Period	Total number of shares purchased(a)	Average price paid per share	Total number of shares purchased as part of our share repurchase program(b)	Approximate dollar value of shares that may yet be purchased under our share repurchase program(b)
(Shares in thousands)				
2016				
April	32,955	$ 30.85	32,905	
May	40,207	$ 30.00	40,141	
June(c)	179,462	$ 29.92	179,384	
Total	252,624	$ 30.05	252,430	$ 33.0 billion

(a) This category included 194 thousand shares repurchased from our various benefit plans.

(b) Shares were repurchased through the 2015 GE Share Repurchase Program (the Program). As of June 30, 2016, we were authorized to repurchase up to $50 billion of our common stock through 2018 and we had repurchased a total of approximately $17.0 billion under the Program. The Program is flexible and shares will be acquired with a combination of borrowings and free cash flow from the public markets and other sources, including GE Stock Direct, a stock purchase plan that is available to the public. The total amount remaining under our share repurchase program excludes an unsettled amount of $0.8 billion under an accelerated share repurchase (ASR) agreement.

(c) Includes 142,474 thousand shares repurchased at an average price of $29.83 per share pursuant to an ASR agreement.

REGULATIONS AND SUPERVISION

As previously discussed, on April 10, 2015, the company announced the GE Capital Exit Plan to reduce the size of its financial services businesses. On March 31, 2016 GE filed its request to the FSOC for rescission of GE Capital's designation as a nonbank SIFI. On June 28, 2016 we received approval of our request to the FSOC for rescission of GE Capital's designation as a nonbank SIFI.

With the rescission of its designation as a nonbank SIFI, GE Capital's activities are no longer subject to the consolidated supervision of the Federal Reserve or subject to the enhanced prudential standards set forth in the Dodd Frank Wall Street Reform and Consumer Protection Act and its implementing regulations, including minimum regulatory capital and liquidity requirements, submission of annual resolution plans, the Volcker Rule and regulatory reporting requirements.

GE Capital's international operations are consolidated under GE Capital International Holdings Limited, a wholly owned subsidiary of GE Capital. GE Capital International Holdings Limited continues to maintain its own capital structure and is supervised by the U.K. Prudential Regulation Authority (PRA). The PRA's supervision includes capital and liquidity standards that could impact the payment of dividends to GE Capital.

LEGAL PROCEEDINGS

The following information supplements and amends our discussion set forth under "Legal Proceedings" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015 and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2016.

There are 14 lawsuits relating to pending mortgage loan repurchase claims in which WMC, our U.S. mortgage business that we sold in 2007, is a party. The adverse parties in these cases are securitization trustees or parties claiming to act on their behalf. While the alleged claims for relief vary from case to case, the complaints and counterclaims in these actions generally assert claims for breach of contract, indemnification, and/or declaratory judgment, and seek specific performance (repurchase) and/or monetary damages. Beginning in the fourth quarter 2013, WMC entered into settlements that reduced its exposure on claims asserted in certain securitizations, and the claim amounts reported herein reflect the effect of these settlements.

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

Four WMC cases are pending in the United States District Court for the District of Minnesota against US Bank National Association (US Bank), one of which was initiated by WMC seeking declaratory judgment. Three of these cases were filed in 2012, and one was filed in 2011. The Minnesota cases involve claims on approximately $800 million of mortgage loans and do not specify the amount of damages sought. On September 8, 2014, US Bank filed a petition for instructions in the administration of trusts in Minnesota state court seeking authorization and instruction for US Bank to implement the terms of a settlement agreement reached with WMC to compromise, settle, and release all claims arising out of the securitizations at issue in these four lawsuits. In February 2015, two bondholders filed objections to the proposed settlement, and in response the court held an evidentiary hearing on February 1, 2016. On July 11, 2016, the court issued an order approving the settlement, and the deadline for the bondholders to file notice of appeal is September 12, 2016. In light of the state court action, the District Court has stayed further proceedings in the four cases.

Four cases are pending against WMC in New York State Supreme Court, all of which were initiated by securitization trustees or securities administrators. These cases involve, in the aggregate, claims involving approximately $4,559 million of mortgage loans. One of these lawsuits was initiated by Deutsche Bank in the second quarter 2013 and names as defendants WMC and Barclays Bank PLC. It involves claims against WMC on approximately $1,000 million of mortgage loans and does not specify the amount of damages sought. The second case, in which the plaintiff is The Bank of New York Mellon (BNY), was initiated in the fourth quarter 2012 and names as defendants WMC, J.P. Morgan Mortgage Acquisition Corporation and JPMorgan Chase Bank, N.A. BNY asserts claims on approximately $1,300 million of mortgage loans, and seeks to recover damages in excess of $650 million. The third case was initiated by BNY in November 2013 and names as defendants WMC, J.P. Morgan Mortgage Acquisition Corporation and JPMorgan Chase Bank, N.A. In this case, BNY asserts claims on approximately $1,300 million of mortgage loans, and seeks to recover damages in excess of $600 million. On September 18, 2015, the court granted defendants' motion to dismiss this case on statute of limitations grounds, and the plaintiff filed a notice of appeal on October 21, 2015. The fourth case was filed in October 2014 and names as defendants WMC, J.P. Morgan Mortgage Acquisition Corporation and JPMorgan Chase Bank, N.A. The plaintiff, BNY, asserts claims on approximately $959 million of mortgage loans and seeks to recover damages in excess of $475 million.

One case is pending against WMC in the United States District Court for the Southern District of New York. The case was initiated by the Federal Housing Finance Agency (FHFA) in the fourth quarter 2012. In the second quarter 2013, Deutsche Bank, in its role as securitization trustee, intervened as a plaintiff and filed a complaint relating to approximately $1,300 million of loans and alleging losses in excess of approximately $100 million. In December 2013, the District Court issued an order denying WMC's motion to dismiss but, on its own motion, ordered re-briefing on several issues raised by WMC's motion to dismiss in February 2015. On July 10, 2015, the District Court entered an order dismissing the lawsuit as time-barred under the applicable statute of limitations. Deutsche Bank filed a notice of appeal from this order of dismissal on August 13, 2015, and the United States Court of Appeals for the Second Circuit heard oral argument on June 10, 2016.

The amounts of the claims at issue in these cases (discussed above) reflect the purchase price or unpaid principal balances of the mortgage loans at issue at the time of purchase and do not give effect to pay downs, accrued interest or fees, or potential recoveries based upon the underlying collateral. All of the mortgage loans involved in these lawsuits are included in WMC's reported claims at June 30, 2016. See Note 2 to the consolidated financial statements for additional information.

In December 2015, we learned that, as part of continuing industry-wide investigation of subprime mortgages, the Civil Division of the U.S. Department of Justice is investigating potential violations of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) by WMC and its affiliates arising out of the origination, purchase or sale of residential mortgage loans between January 1, 2005 and December 31, 2007. The Justice Department subsequently issued subpoenas for documents to WMC and GE Capital in January 2016. We are cooperating with the Justice Department's investigation, which is at an early stage.

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FINANCIAL STATEMENTS AND NOTES

FINANCIAL STATEMENTS

STATEMENT OF EARNINGS (LOSS)
(UNAUDITED)

	Three months ended June 30 General Electric Company and consolidated affiliates	
(In millions; per-share amounts in dollars)	2016	2015
Revenues and other income		
Sales of goods	$18,865	$18,543
Sales of services	9,163	7,513
Other income	3,150	780
GE Capital earnings (loss) from continuing operations	-	-
GE Capital revenues from services	2,316	2,390
Total revenues and other income	33,494	29,226
Costs and expenses		
Cost of goods sold	15,690	15,029
Cost of services sold	6,693	5,543
Selling, general and administrative expenses	4,883	4,385
Interest and other financial charges	1,326	713
Investment contracts, insurance losses and insurance annuity benefits	776	657
Other costs and expenses	303	287
Total costs and expenses	29,670	26,614
Earnings (loss) from continuing operations before income taxes	3,824	2,612
Benefit (provision) for income taxes	(479)	(799)
Earnings (loss) from continuing operations	3,345	1,813
Earnings (loss) from discontinued operations, net of taxes (Note 2)	(541)	(2,947)
Net earnings (loss)	2,804	(1,134)
Less net earnings (loss) attributable to noncontrolling interests	(86)	225
Net earnings (loss) attributable to the Company	2,890	(1,360)
Preferred stock dividends	(152)	-
Net earnings (loss) attributable to GE common shareowners	$2,738	$(1,360)
Amounts attributable to GE common shareowners		
Earnings (loss) from continuing operations	$3,345	$1,813
Less net earnings (loss) attributable to noncontrolling interests, continuing operations	(89)	133
Earnings (loss) from continuing operations attributable to the Company	3,433	1,679
Preferred stock dividends	(152)	-
Earnings (loss) from continuing operations attributable to GE common shareowners	3,281	1,679
Earnings (loss) from discontinued operations, net of taxes	(541)	(2,947)
Less net earnings (loss) attributable to		

noncontrolling interests, discontinued operations	3	92
Net earnings (loss) attributable to GE common shareowners	$2,738	$(1,360)
Per-share amounts (Note 13)		
Earnings (loss) from continuing operations		
Diluted earnings (loss) per share	$0.36	$0.17
Basic earnings (loss) per share	$0.36	$0.17
Net earnings (loss)		
Diluted earnings (loss) per share	$0.30	$(0.13)
Basic earnings (loss) per share	$0.30	$(0.13)
Dividends declared per common share	$0.23	$0.23

Amounts may not add due to rounding.
See Note 3 for other-than-temporary impairment amounts on investment securities.

See accompanying notes.

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

	Three months ended June 30			
	GE(a)		Financial Services (GE Capital)	
(In millions; per-share amounts in dollars)	2016	2015	2016	2015
Revenues and other income				
Sales of goods	$18,912	$18,549	$29	$22
Sales of services	9,238	7,592	-	-
Other income	3,054	769	-	-
GE Capital earnings (loss) from continuing operations	(600)	(332)	-	-
GE Capital revenues from services	-	-	2,742	2,668
Total revenues and other income	30,604	26,578	2,771	2,690
Costs and expenses				
Cost of goods sold(b)	15,742	15,035	24	22
Cost of services sold(b)	6,216	5,073	552	550
Selling, general and administrative expenses	4,231	3,661	733	806
Interest and other financial charges	567	414	958	423
Investment contracts, insurance losses and insurance annuity benefits	-	-	815	706
Other costs and expenses	-	-	313	300
Total costs and expenses	26,756	24,183	3,394	2,805
Earnings (loss) from continuing operations before income taxes	3,847	2,395	(623)	(115)
Benefit (provision) for income taxes	(648)	(583)	168	(216)
Earnings (loss) from continuing operations	3,200	1,811	(454)	(331)
Earnings (loss) from discontinued operations, net of taxes (Note 2)	(544)	(3,039)	(541)	(2,944)
Net earnings (loss)	2,656	(1,227)	(995)	(3,275)
Less net earnings (loss) attributable to noncontrolling interests	(82)	132	(4)	93
Net earnings (loss) attributable to the Company	2,738	(1,360)	(991)	(3,368)
Preferred stock dividends	-	-	(152)	(161)
Net earnings (loss) attributable to GE common shareowners	$2,738	$(1,360)	$(1,143)	$(3,529)
Amounts attributable to GE common shareowners:				
Earnings (loss) from continuing operations	$3,200	$1,811	$(454)	$(331)
Less net earnings (loss) attributable to noncontrolling interests, continuing operations	(82)	132	(7)	1
Earnings (loss) from continuing operations attributable to the Company	3,281	1,679	(448)	(332)
Preferred stock dividends	-	-	(152)	(161)
Earnings (loss) from continuing operations attributable to GE common shareowners	3,281	1,679	(600)	(493)
Earnings (loss) from discontinued operations, net of taxes	(544)	(3,039)	(541)	(2,944)
Less net earnings (loss) attributable to noncontrolling interests, discontinued operations	-	-	3	92
Net earnings (loss) attributable to GE common shareowners	$2,738	$(1,360)	$(1,143)	$(3,529)

(a) Represents the adding together of all affiliated companies except GE Capital, which is presented on a one-line basis. See Note 1.

(b) Includes revisions to previously reported amounts, which increased GE cost of goods sold and decreased GE cost of services sold by $728 million and $1,129 million for the three and six months ended June 30, 2015, respectively.

Amounts may not add due to rounding.

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

STATEMENT OF EARNINGS (LOSS)
(UNAUDITED)

	Six months ended June 30 General Electric Company and consolidated affiliates	
(In millions; per-share amounts in dollars)	2016	2015
Revenues and other income		
Sales of goods	$36,073	$35,143
Sales of services	17,269	14,596
Other income	3,158	922
GE Capital earnings (loss) from continuing operations	-	-
GE Capital revenues from services	4,838	4,804
Total revenues and other income	61,339	55,466
Costs and expenses		
Cost of goods sold	30,278	28,550
Cost of services sold	12,466	10,705
Selling, general and administrative expenses	9,491	8,800
Interest and other financial charges	3,062	1,331
Investment contracts, insurance losses and insurance annuity benefits	1,417	1,270
Other costs and expenses	562	578
Total costs and expenses	57,276	51,233
Earnings (loss) from continuing operations before income taxes	4,063	4,233
Benefit (provision) for income taxes	(340)	(7,093)
Earnings (loss) from continuing operations	3,723	(2,860)
Earnings (loss) from discontinued operations, net of taxes (Note 2)	(849)	(11,883)
Net earnings (loss)	2,874	(14,743)
Less net earnings (loss) attributable to noncontrolling interests	(207)	190
Net earnings (loss) attributable to the Company	3,081	(14,933)
Preferred stock dividends	(441)	-
Net earnings (loss) attributable to GE common shareowners	$2,639	$(14,933)
Amounts attributable to GE common shareowners		
Earnings (loss) from continuing operations	$3,723	$(2,860)
Less net earnings (loss) attributable to noncontrolling interests, continuing operations	(210)	9
Earnings (loss) from continuing operations attributable to the Company	3,933	(2,869)
Preferred stock dividends	(441)	-
Earnings (loss) from continuing operations attributable to GE common shareowners	3,492	(2,869)
Earnings (loss) from discontinued operations, net of taxes	(849)	(11,883)
Less net earnings (loss) attributable to noncontrolling interests, discontinued operations	3	181
Net earnings (loss) attributable to GE common shareowners	$2,639	$(14,933)

Per-share amounts (Note 13)		
Earnings (loss) from continuing operations		
Diluted earnings (loss) per share	$0.38	$(0.29)
Basic earnings (loss) per share	$0.38	$(0.29)
Net earnings (loss)		
Diluted earnings (loss) per share	$0.28	$(1.48)
Basic earnings (loss) per share	$0.29	$(1.48)
Dividends declared per common share	$0.46	$0.46

Amounts may not add due to rounding.
See Note 3 for other-than-temporary impairment amounts on investment securities.

See accompanying notes.

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

	Six months ended June 30			
	GE(a)		Financial Services (GE Capital)	
(In millions; per-share amounts in dollars)	2016	2015	2016	2015
Revenues and other income				
Sales of goods	$36,124	$35,197	$54	$43
Sales of services	17,432	14,784	-	-
Other income	3,146	822	-	-
GE Capital earnings (loss) from continuing operations	(1,492)	(6,053)	-	-
GE Capital revenues from services	-	-	5,602	5,513
Total revenues and other income	55,210	44,748	5,656	5,556
Costs and expenses				
Cost of goods sold(b)	30,339	28,606	44	40
Cost of services sold(b)	11,509	9,827	1,120	1,066
Selling, general and administrative expenses	8,214	7,486	1,607	1,597
Interest and other financial charges	1,007	803	2,389	762
Investment contracts, insurance losses and insurance annuity benefits	-	-	1,486	1,347
Other costs and expenses	-	-	581	590
Total costs and expenses	51,069	46,722	7,227	5,402
Earnings (loss) from continuing operations before income taxes	4,141	(1,974)	(1,571)	153
Benefit (provision) for income taxes	(849)	(890)	509	(6,203)
Earnings (loss) from continuing operations	3,292	(2,864)	(1,062)	(6,050)
Earnings (loss) from discontinued operations, net of taxes (Note 2)	(852)	(12,064)	(849)	(11,879)
Net earnings (loss)	2,440	(14,927)	(1,911)	(17,929)
Less net earnings (loss) attributable to noncontrolling interests	(199)	6	(8)	184
Net earnings (loss) attributable to the Company	2,639	(14,933)	(1,903)	(18,113)
Preferred stock dividends	-	-	(441)	(161)
Net earnings (loss) attributable to GE common shareowners	$2,639	$(14,933)	$(2,344)	$(18,274)
Amounts attributable to GE common shareowners:				
Earnings (loss) from continuing operations	$3,292	$(2,864)	$(1,062)	$(6,050)
Less net earnings (loss) attributable to noncontrolling interests, continuing operations	(199)	6	(11)	3
Earnings (loss) from continuing operations attributable to the Company	3,492	(2,869)	(1,051)	(6,053)
Preferred stock dividends	-	-	(441)	(161)
Earnings (loss) from continuing operations attributable to GE common shareowners	3,492	(2,869)	(1,492)	(6,215)
Earnings (loss) from discontinued operations, net of taxes	(852)	(12,064)	(849)	(11,879)
Less net earnings (loss) attributable to noncontrolling interests, discontinued operations	-	-	3	181
Net earnings (loss) attributable to GE common shareowners	$2,639	$(14,933)	$(2,344)	$(18,274)

(a) Represents the adding together of all affiliated companies except GE Capital, which is presented on a one-line basis. See Note 1.

(b) Includes revisions to previously reported amounts, which increased GE cost of goods sold and decreased GE cost of services sold by $728 million and $1,129 million for the three and six months ended June 30, 2015, respectively.

Amounts may not add due to rounding.

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

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

	Three months ended June 30		Six months ended June 30	
(In millions)	2016	2015	2016	2015
Net earnings (loss)	$2,804	$(1,134)	$2,874	$(14,743)
Less net earnings (loss) attributable to noncontrolling interests	(86)	225	(207)	190
Net earnings (loss) attributable to the Company	$2,890	$(1,360)	$3,081	$(14,933)
Other comprehensive income (loss)				
Investment securities	$397	$(682)	$617	$(449)
Currency translation adjustments	55	1,815	57	(3,521)
Cash flow hedges	(25)	86	30	40
Benefit plans	382	2,951	933	3,860
Other comprehensive income (loss)	810	4,170	1,636	(70)
Less other comprehensive income (loss) attributable to noncontrolling interests	3	12	6	(36)
Other comprehensive income (loss) attributable to the Company	$807	$4,158	$1,631	$(34)
Comprehensive income (loss)	$3,614	$3,035	$4,510	$(14,813)
Less comprehensive income (loss) attributable to noncontrolling interests	(82)	237	(201)	154
Comprehensive income (loss) attributable to the Company	$3,696	$2,798	$4,711	$(14,967)

Amounts may not add due to rounding.

Amounts presented net of taxes. See Note 12 for further information about other comprehensive income (loss) and noncontrolling interests.

See accompanying notes.

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

	Six months ended June 30	
(In millions)	2016	2015
Shareowners' equity balance at January 1	$98,274	$128,159
Net earnings (loss) attributable to the Company	3,081	(14,933)
Dividends and other transactions with shareowners	(4,680)	(4,644)
Redemption value adjustment for redeemable noncontrolling interests	(110)	(1)
Other comprehensive income (loss) attributable to the Company	1,631	(34)
Net sales (purchases) of shares for treasury	(12,585)	1,042
Changes in other capital	(618)	(86)
Ending balance at June 30	84,991	109,503
Noncontrolling interests	1,693	8,776
Total equity balance at June 30	$86,684	$118,279

Amounts may not add due to rounding.

See Note 12 for further information about changes in shareowners' equity.

See accompanying notes.

STATEMENT OF FINANCIAL POSITION

(In millions, except share amounts)	General Electric Company and consolidated affiliates June 30, 2016 (Unaudited)	December 31, 2015
Assets		
Cash and equivalents	$52,123	$70,483
Investment securities (Note 3)	39,720	31,973
Current receivables	25,128	27,022
Inventories (Note 4)	24,723	22,515
Financing receivables – net (Note 5)	12,001	12,052
Other GE Capital receivables	6,684	6,782
Property, plant and equipment – net (Note 6)	50,436	54,095
Receivable from GE Capital (debt assumption)	-	-
Investment in GE Capital	-	-
Goodwill (Note 7)	67,097	65,526
Other intangible assets – net (Note 7)	16,650	17,797
Contract assets (Note 8)	23,458	21,156
All other assets	31,274	36,797
Deferred income taxes (Note 11)	2,242	3,105
Assets of businesses held for sale (Note 2)	59	2,818
Assets of discontinued operations (Note 2)	49,865	120,951
Total assets(a)	$401,461	$493,071
Liabilities and equity		
Short-term borrowings (Note 9)	$31,927	$49,860
Accounts payable, principally trade accounts	13,115	13,680
Progress collections and price adjustments accrued	16,218	15,776
Dividends payable	2,105	2,167
Other GE current liabilities	20,420	23,597
Non-recourse borrowings of consolidated securitization entities (Note 9)	2,005	3,083
Long-term borrowings (Note 9)	122,504	144,659
Investment contracts, insurance liabilities and insurance annuity benefits	27,056	25,692
Non-current compensation and benefits	40,445	40,487
All other liabilities	21,475	23,611
Liabilities of businesses held for sale (Note 2)	56	861
Liabilities of discontinued operations (Note 2)	14,384	46,487
Total liabilities(a)	311,708	389,961
Redeemable noncontrolling interests (Note 12)	3,070	2,972
Preferred stock (5,944,250 shares outstanding at both June 30, 2016 and December 31, 2015)	6	6
Common stock (8,961,233,000 and 9,379,288,000 shares outstanding at June 30, 2016 and December 31, 2015, respectively)	702	702
Accumulated other comprehensive income (loss) – net attributable to GE(b)		
Investment securities	1,077	460

Currency translation adjustments	(5,448)	(5,499)
Cash flow hedges	(51)	(80)
Benefit plans	(10,476)	(11,410)
Other capital	36,995	37,613
Retained earnings	138,310	140,020
Less common stock held in treasury	(76,124)	(63,539)
Total GE shareowners' equity	84,991	98,274
Noncontrolling interests(c) (Note 12)	1,693	1,864
Total equity (Note 12)	86,684	100,138
Total liabilities, redeemable noncontrolling interests and equity	$401,461	$493,071

(a) Our consolidated assets at June 30, 2016 included total assets of $7,651 million of certain variable interest entities (VIEs) that can only be used to settle the liabilities of those VIEs. These assets included current receivables and net financing receivables of $4,368 million and investment securities of $1,516 million within continuing operations and assets of discontinued operations of $464 million. Our consolidated liabilities at June 30, 2016 included liabilities of certain VIEs for which the VIE creditors do not have recourse to GE. These liabilities included non-recourse borrowings of consolidated securitization entities (CSEs) of $2,005 million within continuing operations and non-recourse borrowings of CSEs within discontinued operations of $40 million. See Note 16.

(b) The sum of accumulated other comprehensive income (loss) (AOCI) attributable to the Company was $(14,898) million and $(16,529) million at June 30, 2016 and December 31, 2015, respectively.

(c) Included AOCI attributable to noncontrolling interests of $(259) million and $(264) million at June 30, 2016 and December 31, 2015, respectively.

Amounts may not add due to rounding.

See accompanying notes.

STATEMENT OF FINANCIAL POSITION (CONTINUED)

	GE(a)		Financial Services (GE Capital)	
(In millions, except share amounts)	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
	(Unaudited)		(Unaudited)	
Assets				
Cash and equivalents	$9,931	$10,372	$42,192	$60,111
Investment securities (Note 3)	110	151	39,615	31,827
Current receivables	13,992	14,707	-	-
Inventories (Note 4)	24,652	22,449	71	66
Financing receivables - net (Note 5)	-	-	23,998	25,003
Other GE Capital receivables	-	-	14,544	15,455
Property, plant and equipment – net (Note 6)	19,540	20,145	31,628	34,781
Receivable from GE Capital (debt assumption)(b)	65,186	84,704	-	-
Investment in GE Capital	33,837	46,227	-	-
Goodwill (Note 7)	64,727	63,157	2,370	2,370
Other intangible assets – net (Note 7)	16,294	17,365	356	435
Contract assets (Note 8)	23,458	21,156	-	-
All other assets	12,569	12,813	19,930	25,081
Deferred income taxes (Note 11)	7,451	7,666	(5,208)	(4,561)
Assets of businesses held for sale (Note 2)	59	2,818	-	-
Assets of discontinued operations (Note 2)	9	9	49,856	120,942
Total assets	$291,814	$323,737	$219,352	$311,508
Liabilities and equity				
Short-term borrowings (Note 9)(b)	$19,384	$19,792	$24,683	$48,617
Accounts payable, principally trade accounts	18,103	19,250	1,853	1,745
Progress collections and price adjustments accrued	16,218	15,776	-	-
Dividends payable	2,105	2,167	-	-
Other GE current liabilities	20,420	23,595	-	-
Non-recourse borrowings of consolidated securitization entities (Note 9)	-	-	2,005	3,083
Long-term borrowings (Note9)(b)	70,134	83,309	106,636	128,478
Investment contracts, insurance liabilities and insurance annuity benefits	-	-	27,619	26,155
Non-current compensation and benefits	39,450	39,472	985	1,006
All other liabilities	16,514	16,217	7,028	9,351
Liabilities of businesses held for sale (Note 2)	56	1,409	-	-
Liabilities of discontinued operations (Note 2)	129	128	14,255	46,359
Total liabilities	202,511	221,115	185,064	264,795
Redeemable noncontrolling interests (Note 12)	3,070	2,972	-	-
Preferred stock (5,944,250 shares outstanding at both June 30, 2016 and December 31, 2015)	6	6	6	6
Common stock (8,961,233,000 and 9,379,288,000 shares outstanding at June 30, 2016 and December 31, 2015, respectively)	702	702	-	-

Accumulated other comprehensive income (loss) - net attributable to GE				
Investment securities	1,077	460	1,077	456
Currency translation adjustments	(5,448)	(5,499)	(923)	(898)
Cash flow hedges	(51)	(80)	(37)	(112)
Benefit plans	(10,476)	(11,410)	(530)	(540)
Other capital	36,995	37,613	12,602	12,326
Retained earnings	138,310	140,020	21,642	34,988
Less common stock held in treasury	(76,124)	(63,539)	-	-
Total GE shareowners' equity	84,991	98,274	33,837	46,227
Noncontrolling interests (Note 12)	1,242	1,378	451	486
Total equity (Notes 12)	86,233	99,651	34,288	46,713
Total liabilities, redeemable noncontrolling interests and equity	$291,814	$323,737	$219,352	$311,508

(a) Represents the adding together of all affiliated companies except GE Capital, which is presented on a one-line basis. See Note 1.

(b) On December 2, 2015, senior unsecured notes and commercial paper was assumed by GE upon its merger with GE Capital resulting in an intercompany payable to GE. The short-term borrowings were $11,040 million (which includes an offset of $5,002 million short-term loan from GE Capital to GE) and $17,642 million and the long-term borrowings were $54,146 million and $67,062 million at June 30, 2016 and December 31, 2015, respectively. See Note 9 for additional information.

Amounts may not add due to rounding.

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

STATEMENT OF CASH FLOWS
(UNAUDITED)

	Six months ended June 30 General Electric Company and consolidated affiliates	
(In millions)	2016	2015
Cash flows – operating activities		
Net earnings (loss)	$2,874	$(14,743)
Less net earnings (loss) attributable to noncontrolling interests	(207)	190
Net earnings (loss) attributable to the Company	3,081	(14,933)
(Earnings) loss from discontinued operations	849	11,883
Adjustments to reconcile net earnings (loss) attributable to the Company to cash provided from operating activities		
Depreciation and amortization of property, plant and equipment	2,505	2,289
(Earnings) loss from continuing operations retained by GE Capital	-	-
Deferred income taxes	652	2,310
Decrease (increase) in GE current receivables	1,879	1,603
Decrease (increase) in inventories	(2,629)	(1,149)
Increase (decrease) in accounts payable	132	767
Increase (decrease) in GE progress collections	510	(1,076)
All other operating activities	(5,043)	1,238
Cash from (used for) operating activities – continuing operations	1,936	2,932
Cash from (used for) operating activities – discontinued operations	(4,849)	9,454
Cash from (used for) operating activities	(2,913)	12,385
Cash flows – investing activities		
Additions to property, plant and equipment	(3,052)	(3,223)
Dispositions of property, plant and equipment	1,222	1,281
Net decrease (increase) in GE Capital financing receivables	(1,146)	437
Proceeds from sale of discontinued operations	42,874	17,528
Proceeds from principal business dispositions	5,609	222
Net cash from (payments for) principal businesses purchased	(206)	(1,723)
All other investing activities	(2,887)	10,233
Cash from (used for) investing activities – continuing operations	42,414	24,756
Cash from (used for) investing activities – discontinued operations	(10,646)	(8,209)
Cash from (used for) investing activities	31,768	16,547
Cash flows – financing activities		
Net increase (decrease) in borrowings (maturities of 90 days or less)	758	(2,072)
Newly issued debt (maturities longer than 90 days)	855	13,136
Repayments and other debt reductions (maturities longer than 90 days)	(45,467)	(23,238)
Net dispositions (purchases) of GE shares for treasury	(14,292)	499
Dividends paid to shareowners	(4,508)	(4,635)
All other financing activities	(31)	(159)
Cash from (used for) financing activities – continuing operations	(62,685)	(16,470)
Cash from (used for) financing activities – discontinued operations	(711)	(2,240)
Cash from (used for) financing activities	(63,396)	(18,710)

Effect of currency exchange rate changes on cash and equivalents	(24)	(2,887)
Increase (decrease) in cash and equivalents	(34,565)	7,336
Cash and equivalents at beginning of year	90,878	91,017
Cash and equivalents at June 30	56,313	98,353
Less cash and equivalents of discontinued operations at June 30	4,190	19,992
Cash and equivalents of continuing operations at June 30	$52,123	$78,360

Amounts may not add due to rounding.
See accompanying notes.

STATEMENT OF CASH FLOWS (CONTINUED)
(UNAUDITED)

	Six months ended June 30			
	GE(a)		Financial Services (GE Capital)	
(In millions)	2016	2015	2016	2015
Cash flows – operating activities				
Net earnings (loss)	$2,440	$(14,927)	$(1,911)	$(17,929)
Less net earnings (loss) attributable to noncontrolling interests	(199)	6	(8)	184
Net earnings (loss) attributable to the Company	2,639	(14,933)	(1,903)	(18,113)
(Earnings) loss from discontinued operations	852	12,064	849	11,879
Adjustments to reconcile net earnings (loss) attributable to the Company to cash provided from operating activities				
Depreciation and amortization of property, plant and equipment	1,300	1,157	1,191	1,142
(Earnings) loss from continuing operations retained by GE Capital(b)	12,496	6,685	-	-
Deferred income taxes	273	(102)	379	2,412
Decrease (increase) in GE current receivables	280	(44)	-	-
Decrease (increase) in inventories	(2,623)	(1,135)	6	3
Increase (decrease) in accounts payable	(30)	219	10	338
Increase (decrease) in GE progress collections	510	(1,089)	-	-
All other operating activities	(5,009)	1,127	(91)	218
Cash from (used for) operating activities – continuing operations	10,689	3,950	440	(2,122)
Cash from (used for) operating activities – discontinued operations	-	(11)	(4,848)	9,465
Cash from (used for) operating activities	10,689	3,939	(4,408)	7,343
Cash flows – investing activities				
Additions to property, plant and equipment	(1,940)	(1,889)	(1,264)	(1,680)
Dispositions of property, plant and equipment	539	376	865	1,090
Net decrease (increase) in GE Capital financing receivables	-	-	1,191	1,827
Proceeds from sale of discontinued operations	-	-	42,874	17,528
Proceeds from principal business dispositions	4,836	222	-	-
Net cash from (payments for) principal businesses purchased	(206)	(46)	-	(1,677)
All other investing activities	(1,054)	(783)	(6,345)	11,636
Cash from (used for) investing activities – continuing operations				