Risk Factors Comparison 2024-02-02 to 2023-02-10 Form: 10-K

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RISK FACTORS. The following discussion of the material factors, events and uncertainties that may make an investment in the Company speculative or risky contains" forward- looking statements," as discussed in the Forward- Looking Statements section. These risk factors may be important to understanding any statement in this ~~Form 10- K~~ report or elsewhere. The risks described below should not be considered a complete list of potential risks that we face, and additional risks not currently known to us or that we currently consider immaterial may also negatively impact us. The following information should be read in conjunction with the MD & A section and the consolidated financial statements and related notes. The risks we describe in this ~~Form 10- K~~ report or in our other SEC filings could, in ways we may not be able to accurately predict, recognize or control, have a material adverse effect on our business, reputation, financial position, results of operations, cash flows and stock price, and they could cause our future results to be materially different than we presently anticipate. STRATEGIC RISKS. Strategic risk relates to the Company' s future business plans and strategies, including the risks associated with: our **planned** ~~strategic plan to separate~~ **separation of GE Aerospace and GE Vernova** into **independent** ~~three public~~ companies; the global macro- environment **and conditions in our sectors** ; the global energy transition; competitive threats ~~,~~ **;** the demand for our products and services and the success of our **2023 FORM 10- K 27** investments in technology and innovation; our portfolio of businesses and capital allocation decisions; dispositions, acquisitions, joint ventures and restructuring activity; intellectual property; and other risks. ~~2022 FORM 10- K 30~~ Strategic plan- We may encounter challenges to executing our plan to separate GE **Aerospace and GE Vernova** into **independent** ~~three public~~ companies, or to completing the plan within the timeframes we anticipate, and we may not realize some or all of the expected benefits of the separations. In November 2021, we announced our plan to form three independent public companies from our (i) Aerospace business, (ii) HealthCare business and (iii) portfolio of energy businesses ~~that~~ **, including our Renewable Energy and Power businesses, which** we plan to combine **and refer to** as GE Vernova ~~(Renewable Energy, Power, Digital and Energy Financial Services)~~ , to better position those businesses to deliver long- term growth and create value for customers, investors, and employees ~~. In January 2023, our HealthCare business was spun off as GE HealthCare~~ . The GE HealthCare business separation **in January 2023** was, and the planned GE Vernova business separation is expected to be, effected through spin- offs by GE that are intended to be tax- free for the Company and its shareholders for U. S. federal income tax purposes and with all three resulting companies having investment **-** grade credit ratings. The GE Vernova separation transaction will be subject to the satisfaction of a number of customary conditions, including, among others, final approvals by GE' s Board of Directors, receipt of tax rulings in certain jurisdictions and / or tax opinions from external counsel, the filing with the SEC and effectiveness of a Form 10 registration statement, and establishment of the capital structures and credit ratings for both GE Vernova and the remainder of GE following the spin- off. A failure to satisfy required conditions, or disruptions in market conditions, could delay the completion of the GE Vernova separation transaction for a significant period of time or prevent it from occurring at all. Additionally, the GE Vernova separation transaction is complex in nature, and business, market or other developments or changes may affect our ability to complete the separation transaction as currently expected, within the anticipated timeframe or at all. These or other developments could cause us not to realize some or all of the expected benefits, or to realize them on a different timeline than expected. If we are unable to complete the GE Vernova separation, we will have incurred costs without realizing the benefits of such transaction. In addition, the terms and conditions of the required regulatory authorizations and consents that are granted, if any, may impose requirements, limitations or costs, or place restrictions on the conduct of GE Vernova or GE Aerospace as independent companies. In addition, although we intend for the GE Vernova separation transaction to be tax- free to the Company and its shareholders for U. S. federal income tax purposes, we expect to incur non- U. S. cash taxes on the preparatory restructuring and may also incur non- cash tax expense including potential impairments of deferred tax assets. Moreover, there can be no assurance that ~~either~~ **the GE Vernova spin-** ~~of~~ **off** ~~the separation transactions~~ will qualify as tax- free for U. S. purposes for the Company or its shareholders. If either of the separation transactions were ultimately determined to be taxable, we would incur a significant tax liability, while the distributions to the Company' s shareholders would become taxable and the new independent companies might incur income tax liabilities as well. Furthermore, there can be no assurance that each separate company will be successful as a standalone public company. Whether or not the GE Vernova separation transaction is completed, our businesses may face material challenges ~~as a result of the GE HealthCare separation and~~ in connection with **executing this plan** ~~the GE Vernova separation~~ , including the diversion of management' s attention from ongoing business concerns and impact on the businesses of the Company; appropriately allocating assets and liabilities among GE Aerospace and GE Vernova; maintaining employee morale and retaining and attracting key management and other employees; retaining existing or attracting new business and operational relationships, including with customers, suppliers, employees and other counterparties; assigning customer contracts, guaranties and other contracts and instruments to each of the businesses, and obtaining releases from the counterparties to those contracts or beneficiaries of those instruments **as required** ; providing financial or credit support for new business; assigning intellectual property to each of the businesses; establishing transition service agreements and standalone readiness for key functions; and potential negative reactions from investors or the financial community. In particular, **to support the GE Vernova businesses in selling products and services globally, GE often enters into contracts on behalf of GE Vernova or issues parent company guarantees or trade finance instruments supporting the performance of what currently are subsidiary legal entities transacting directly with customers, in addition to providing similar credit support for some non- customer- related activities of GE Vernova (collectively, GE credit support). For GE credit support that is not novated to GE Vernova with**

a release of GE, the failure of GE Vernova (or of a subsequent acquiror of all or a portion of GE Vernova' s business) to perform under any relevant contract following the spin- off could result in claims for damages or other relief against GE. The total amount of GE Vernova business that the GE credit support relates to is significant, and GE will likely continue to have exposure that is based on the continued performance of the relevant contracts for some years following completion of the spin- off. See the Other Items- Parent Company Credit Support section within MD & A for additional information. In addition, GE for the past several years has been undertaking various restructuring and business transformation actions (including workforce reductions, global facility consolidations and other cost reduction initiatives ~~,~~ and the GE HealthCare separation) that have entailed changes across our organizational structure, senior leadership, culture, functional alignment, outsourcing and other areas. These pose risks in the form of personnel capacity constraints and institutional knowledge loss that could lead to missed performance or financial targets, loss of key personnel and harm to our reputation, and these risks are heightened with the additional interdependent actions that **have been and** will **continue to** be needed to complete the planned separation of GE Vernova. Moreover, completion of the GE HealthCare separation ~~has~~ resulted, and completion of the GE Vernova separation will result **,** in independent public companies that are smaller, less diversified companies with more limited businesses concentrated in their respective industries than GE was prior to the separation transactions. As a result, each company ~~may~~ **will** be more vulnerable to global economic trends, geopolitical risks, demand or supply shocks, and changing **industry or** market conditions, which could have a material adverse effect on its business, financial condition, cash flows and results of operations. In addition, the diversification of revenues, costs, and cash flows will diminish, such that each company' s results of operations, cash flows, working capital, effective tax rate, and financing requirements may be subject to increased volatility and its ability to execute ~~of~~ capital allocation plans, fund capital expenditures and investments, pay dividends and meet debt obligations and other liabilities may be diminished. Each of the separate companies will also incur ongoing costs, including costs of operating as independent public companies, that the separated businesses will no longer be able to share. Additionally, we cannot predict whether **at the time of separation or over time** the market value of our common stock and the common stock of each of the new independent companies after the separation transactions will be, in the aggregate, less than, equal to or greater than the market value of our common stock prior to the separation transactions. Investors holding our common stock **2023 FORM 10- K 28** may also sell the common stock of any of the new independent companies that do not match their investment strategies, which may cause a decline in the market price of such common stock. ~~Any decline in the market price of GE HealthCare common stock will also affect the value of our retained equity ownership in that company and could affect the timing and tax treatment of our disposition of that stake.~~ Global macro- environment- Our **financial performance and** growth ~~is~~ **are** subject **to risks related** to global economic, political and geopolitical ~~risks~~ **developments or other disruptions to the economy or our business sectors** . We operate in virtually every part of the world, serve customers in over ~~170~~ **160** countries and received 57 % of our revenues for ~~2022~~ **2023** from outside the United States. Our operations and the execution of our business plans and strategies are subject to the effects of global economic trends, geopolitical risks and demand or supply shocks from events such as war or international conflict, a major terrorist attack, natural disasters or actual or threatened public health **pandemics or other** emergencies ~~(such as COVID- 19, including virus variants and resurgences and responses to those)~~ . ~~They~~ **Our operations and performance** are also affected by local and regional economic environments, supply chain constraints and policies in the U. S. and other markets that we serve, including factors such as ~~continuing~~ inflationary pressures in many markets, ~~continuing increases~~ **increased** ~~in~~ interest rates from recent historic lows, economic growth rates, the availability of skilled labor, monetary policy, exchange rates and ~~2022 FORM 10- K 31~~ currency volatility, commodity prices and sovereign debt levels. For example, ~~ongoing~~ inflationary pressures have caused and may continue to cause many of our material and labor costs to increase, which ~~can~~ adversely ~~affect~~ **affects** our profitability and cash flows, particularly when we are unable to increase customer contract values or pricing to offset those pressures. ~~At the same time, Russia' s invasion of Ukraine and related political and economic consequences, such as sanctions and other measures imposed by the European Union, the U. S. and other countries and organizations in response, have also caused and may continue to cause disruption and instability in global markets, supply chains and industries that negatively impact our businesses, financial condition and results of operations and pose reputational risks. Further deterioration~~ **Deterioration** of economic conditions or outlooks, such as lower rates of investment, lower economic growth, recession or fears of recession in the U. S., China, Europe or other key markets, may adversely affect the demand for or profitability of our products and services, and the impact from developments outside the U. S. on our business performance can be significant given the extent of our global activities **. Increased geopolitical tensions and outbreaks of armed conflict can also adversely impact our businesses, both directly or by adversely affecting economic activity globally or in particular regions or countries. For example, Russia' s invasion of Ukraine in early 2022 and related political and economic consequences, such as sanctions and other measures imposed by the European Union, the U. S. and other countries and organizations in response, have caused and may continue to cause disruption and instability in global markets, supply chains and industries that negatively impact our businesses, financial condition and results of operations and pose reputational risks. More recently, there is risk of wider conflict in the Middle East that could have significant adverse impacts on the region and business activity in addition to the humanitarian and other consequences of the current conflict** . In addition, political changes and trends such as populism, protectionism, economic nationalism and sentiment toward multinational companies, as well as tariffs, export controls, restrictions on outbound investment or other trade barriers, sanctions, technical or local content regulations, currency controls, or changes to tax or other laws and policies, have been and may continue to be disruptive and costly to our businesses. These can interfere with our global operating model, supply chain, production costs, customer relationships and competitive position. Further escalation of any specific trade tensions, including intensified decoupling between the U. S. and China, or in global trade conflict more broadly could be harmful to global economic growth or to our business in or with China or other countries. We also do business in many emerging market jurisdictions where economic, political and legal risks are heightened and the operating environments are complex. ~~COVID- 19- The global COVID- 19 pandemic has had and may continue to have a material adverse impact on our operations and financial performance, as well as on the operations and financial performance of many of the customers and suppliers in industries that we serve, particularly for our Aerospace business. Our operations and financial performance since early 2020 have been negatively impacted by the COVID- 19 pandemic that has caused, and may continue to cause, a slowdown of economic activity (including the decrease in demand for a broad variety of goods and services), disruptions in global supply chains and significant volatility and disruption of financial markets. While there has been recovery in many business sectors compared to the initial years of the pandemic, virus resurgences and variants, regional or site lockdowns and similar dynamics may continue to cause operational challenges at our facilities or with customers or suppliers and adversely affect our business and financial performance. In particular, our Aerospace business constitutes a substantial portion of our financial results, and accordingly the adverse impacts that COVID- 19 has had and may continue to have on commercial air traffic and operators, airlines, airframers, lessors, suppliers and other actors in the aviation sector more broadly are significant for GE. Interruptions of regional and international air travel from COVID- 19 have had a material adverse effect on our airline and airframer customers and their demand for our services and products, and in some cases may threaten the future viability of some customers. Industry participants' measures in response to these dynamics could lead to future requests for payment deferrals, contract modifications, and similar actions across the aviation sector, which may lead to additional charges, impairments and other adverse financial impacts, or to customer disputes. There are also risks related to longer- term strategies the aviation industry may implement, such as reducing capacity, shifting route patterns or other strategies to mitigate impacts from COVID- 19 and the risk of future public health crises, and from potential shifts in the flying public' s demand for travel, any of which could adversely affect the pace of recovery in commercial air traffic capacity and the demand for or profitability of our products and services. The continuing impact of the COVID- 19 pandemic on our operations and financial performance depends on many factors that are not within our control, including, but not limited, to: the severity and duration of the COVID- 19 outbreaks around the world; governmental, business and individuals' actions that have been and continue to be taken in response to the pandemic (including regional lockdowns, restrictions on travel and transport or changes such as China' s recent reversal of its zero- COVID policy); the impact of the pandemic and actions taken in response on global and regional economies, travel, and economic activity; the availability, public acceptance and continued efficacy of treatments or vaccines; and the pace and extent of recovery from the past and any future adverse effects of the COVID- 19 pandemic. Impacts and risks related to the COVID- 19 pandemic may also have the effect of heightening many of the other risk factors described in this section.~~ Energy transition- The strategic priorities and financial performance of many of our businesses are subject to market and other dynamics related to ~~decarbonization~~ **efforts to reduce greenhouse gas emissions** , which can pose risks in addition to opportunities. Given the nature of our businesses and the industries we serve, we must anticipate and respond to market, technological, regulatory and other changes driven by broader trends related to ~~decarbonization~~ **greenhouse gas emission reduction** efforts in response to climate change and energy security. These changes present both risks and opportunities for our businesses, many of which provide products and services to customers in sectors like power generation and commercial aviation that have historically been carbon intensive and we expect will remain important to efforts globally to lower greenhouse gas emissions for decades to come. For example, the significant decreases in recent years in the levelized cost of energy for renewable sources of power generation (such as wind and solar), along with ongoing changes in government, investor, customer and consumer policies, commitments, preferences and considerations related to climate change, in some cases have adversely affected, and may continue to affect, the demand for and the competitiveness of products and services related to fossil fuel- based power generation, including sales of new gas turbines and the utilization and servicing needs for existing gas power plants that are unmitigated with capabilities such as hydrogen or carbon capture. Continued shifts toward greater penetration by renewables in both new capacity additions and the proportionate share of power generation, particularly depending on the pace and timeframe for such shifts across different markets globally, could have a material adverse effect on the performance of our Power business and our consolidated results. While the currently anticipated market growth and power generation share for renewable energy is expected to be favorable for our wind businesses over time, we face uncertainties related to future levels and timeframes of government subsidies and credits (including the impact of the Inflation Reduction Act and other policies), significant price competition among wind equipment manufacturers, ~~changing~~ dynamics between onshore and offshore wind power, potential further consolidation in the wind industry, competition with solar power- based and other sources of renewable energy and the pace at which power grids are modernized to maintain reliability with higher levels of renewables penetration. The achievement of deep decarbonization goals for the power sector over the coming decades is likely to depend in part on technologies that are not yet deployed or widely adopted today but that may become more important over time (such as hydrogen- based power generation, carbon capture and sequestration technologies, small modular or other advanced nuclear power and grid- scale batteries or other storage solutions). Successfully navigating these changes ~~2022 FORM 10- K 32~~ will require significant investments in power grids and other infrastructure, research and development and new technology and products, both by GE and third parties. Similar dynamics exist in the aviation sector, where ~~decarbonization~~ **greenhouse gas emission reduction** over time will require a combination of continued technological innovation in the fuel efficiency of engines, expanded use of sustainable aviation fuels and the **further** development of **hybrid- electric and** electric flight and hydrogen- based aviation technologies. For example, the risk of insufficient availability of low carbon fuels (such as sustainable aviation fuels or hydrogen) may compromise the pace and degree of ~~decarbonization~~ **emission reduction** within the aviation sector. Our success in advancing ~~decarbonization~~ **greenhouse gas emission reduction** objectives across our businesses will depend in part on the actions of governments, regulators and other market participants to invest in infrastructure, create appropriate market incentives and to otherwise support the development of new technologies. The process of developing new high- technology products and enhancing existing products to mitigate climate change is often complex, costly and uncertain, and we may pursue strategies or make investments that do not prove to be commercially successful in the time frames expected or at all. **2023 FORM 10- K 29** A failure by GE or other industry participants to invest successfully in these technological developments, or to adequately position our businesses to benefit from the growth in adoption of new technologies, could adversely affect our competitive position, business, ability to attract and retain talent, results of operations, cash flows and financial condition. In addition, we face increasing scrutiny and expectations from many customers, governments, regulators, investors, banks, project financiers and other stakeholders regarding the roles that the private sector and individual companies play in decarbonization, which can result in additional costs and pose reputational or other risks for companies like GE that serve carbon intensive industries or relative to progress that we make over time in reducing emissions from our operations or products and achieving our publicly announced ambitions. We anticipate that we will continue to need to make investments in new technologies and capabilities and devote additional management and other resources in response to the foregoing, and we may not realize the anticipated benefits of those investments and actions. Trends related to the global energy transition and decarbonization ~~,~~ will affect the relative competitiveness of different types of product and service offerings within and across our energy businesses and our Aerospace business. Important factors that could impact our businesses include the pace of technological developments and related cost considerations, the levels of economic growth in different markets around the world and the adoption and pace of implementation of climate change- related policies (such as carbon taxes, cap and trade regimes, increased efficiency standards, greenhouse gas emission reduction targets or commitments, incentives or mandates for particular types of energy or policies that impact the availability of financing for certain types of projects) at the national and sub- national levels or by customers, investors or other private actors **. Commercial aviation sector – Our financial performance is dependent on the condition of the commercial aviation sector and our partners and customers in that sector. Our Aerospace business constitutes a substantial portion of our financial results, and the majority of that business is directly tied to economic conditions in the commercial aviation sector, which is cyclical in nature. Capital spending and demand for aircraft engines, aviation products and component aftermarket parts and services by commercial airlines, lessors, other aircraft operators and airframers are influenced by a wide variety of factors, including current and predicted traffic levels, load factors, aircraft fuel prices, labor issues, airline consolidation, bankruptcies and restructuring activities, competition, the retirement of older aircraft, changes in production schedules, regulatory changes, terrorism and related safety concerns, general economic conditions, tightening of credit in financial markets, corporate profitability, cost reduction efforts and remaining performance obligations levels. Any of these factors could reduce the sales and profit margins of our Aerospace business. Other factors, including future terrorist actions, aviation safety concerns, public health crises or major natural disasters, could also dramatically reduce the demand for commercial air travel, which could negatively impact the sales and profit margins of our Aerospace business. As we experienced with the COVID- 19 pandemic, our Aerospace business in particular suffered adverse effects from a global health pandemic that led to a significant decline in commercial air traffic, had material adverse effects on our airline and airframer customers and their demand for our products and services and caused other significant dislocations throughout the aviation sector. Supply chain disruptions and other lingering impacts from the pandemic and measures in response continue to pose challenges and risks for our business and other industry participants, and future public health crises could cause other disruptions and challenges in the future. We also face risks related to longer- term strategies the aviation sector has implemented and may implement, such as reducing capacity, shifting route patterns or other strategies to mitigate impacts from COVID- 19 and the risk of future public health crises, and from potential shifts in the flying public' s demand for travel, any of which could adversely affect future growth in commercial air traffic capacity and the demand for or profitability of our products and services. Additionally, because a substantial portion of product deliveries to commercial aviation customers are scheduled for delivery in the future, changes in economic conditions can cause customers to request that orders be rescheduled or canceled. Spare parts sales and aftermarket service trends are affected by similar factors, including usage, pricing, technological improvements, regulatory changes and the retirement of older aircraft. Furthermore, because of the lengthy research and development cycle involved in bringing new engine platforms and other products in our Aerospace business to market, we cannot predict the economic conditions that will exist when any new product is ready to enter into service. We also have dependencies on our partners for commercial engine programs to develop, manufacture and service their share of an engine, and on the major airframers that we supply to successfully develop, certify and commercialize aircraft that utilize our engines. A reduction in spending in the commercial aviation sector, or challenges for key industry participants, could have a significant effect on the demand for our products and services, which could have a material adverse effect on our competitive position, results of operations, financial condition or cash flows** . Competitive environment- We are dependent on the maintenance of existing product lines and service relationships, market acceptance of new product and service introductions, and technology and innovation leadership for revenue and earnings growth. The markets in which we operate are highly competitive in terms of pricing, product and service quality, product development and introduction time, customer service, financing terms, the ability to respond to shifts in market demand and the ability to attract and retain skilled talent. Our long- term operating results and competitive position also depend substantially upon our ability to continually develop, introduce, and market new and innovative technology, products, services and platforms, to develop digital solutions for our own operations and our customers, to modify existing products and services, to customize products and services, to maintain long-term customer relationships and to increase our productivity over time as we perform on long- term service agreements. We often enter into long- term service agreements in both our Aerospace and Power businesses in connection with significant contracts for the sale of equipment. In connection with these agreements, we must accurately estimate our costs associated with delivering the products, product durability and reliability, and the provision of services over time in order to be profitable and generate acceptable returns on our investments. A failure to appropriately estimate or plan for or execute our business plans may adversely affect our delivery of products, services and outcomes in line with our projected financial performance or cost estimates, and ultimately may result in excess costs, build- up of inventory that becomes obsolete, lower profit margins and an erosion of our competitive position. In addition, at our Renewable Energy business, the rapid pace of innovation among onshore and offshore wind turbine manufacturers in recent years has led to short product cycles, early market introductions and faster time to market, all of which ~~can~~ **have led and may continue to** lead to quality and execution issues, higher costs and other challenges to achieving profitability for new products **. Such risks are especially acute in the nascent offshore wind industry, with higher ramp- up costs and the potential for new product introductions to result in losses both in the short- and long-run. If we are not able to identify and implement initiatives that control and reduce costs and increase 2023 FORM 10-K 30 operating efficiency, or if the cost savings initiatives we have implemented to date do not generate expected cost savings, our financial results could be adversely affected** . Our businesses are also subject to technological change and advances, such as growth in industrial automation and increased digitization of the operations, infrastructure and solutions that customers demand across all the industries we serve **. In addition, our use of emerging and evolving technologies such as artificial intelligence and machine learning, which we expect to increase over time, presents business, reputational, legal and compliance risks related to data sourcing, design flaws, integration issues, security threats, privacy protections and the ability to develop sufficient protection measures** . The introduction of innovative and disruptive technologies in the markets in which we operate also poses risks in the form of new competitors (including new entrants from outside our traditional industries, such as competitors from digital technology companies), market consolidation, substitutions of existing products, services or solutions, niche players, new business models and competitors that are faster to market with new or more cost- effective products or services. Existing and new competitors frequently offer services for our installed base, and if the customers that purchase our equipment and products select our competitors' services ~~of~~ **or** if we otherwise fail to maintain or renew service relationships, this can erode the revenues and profitability of our businesses. In addition, the research and development cycle involved in bringing products in our businesses to market is often lengthy, it is inherently difficult to predict the economic conditions or competitive dynamics that will exist when any new product is complete, and our investments, to the extent they result in bringing a product to market, may generate weaker returns than we anticipated at the outset. Our capacity to invest in research and development efforts to pursue advancement in a wide range of technologies, products and services also depends on the financial resources that we have available for such investment relative to other capital allocation priorities. Under- investment in research and development, or investment in technologies that prove to be less competitive in the future (at the expense of alternative investment opportunities not pursued), could lead to loss of sales of our products and services in the future, particularly ~~in~~ **since many of** our **businesses have** long ~~- cycle businesses that have longer~~ product development cycles. The amounts that we do invest in research and development efforts may not lead to the development of new technologies or products on a timely basis or meet the needs of our customers as fully as competitive offerings. Business portfolio- Our success depends on achieving our strategic and financial objectives, including through acquisitions, integrations, dispositions and joint ventures. With respect to acquisitions and business integrations **,** ~~or with~~ dispositions, separations ~~, such as the spin- off of GE HealthCare,~~ and joint ventures, we may not achieve expected returns or other benefits on a timely basis or at all as a result of changes in strategy, integration challenges or other factors. Over the past several years we have also ~~2022 FORM 10- K 33~~ been pursuing a variety of dispositions, and **as discussed above** we **are in the midst of executing our** plan to **separate GE Aerospace** ~~exit our equity interests in AerCap~~ and **GE Vernova into independent companies. In January 2023, we spun off our HealthCare business as** GE HealthCare ~~over time~~ **, and GE currently holds a 13. 5 % equity interest in GE HealthCare** . Declines in the ~~values~~ - **value** of equity interests (such as our ~~interests~~ - **interest in** ~~AerCap and~~ GE HealthCare) or other assets ~~(such as the AerCap senior notes that we hold)~~ that we sell can diminish the cash proceeds that we realize, and our ability and timing to sell can depend on **market conditions and** the liquidity of the relevant asset ~~and other market conditions~~ . We may dispose of businesses or assets at a price or on terms that are less favorable than we had anticipated, or with purchase price adjustments or the exclusion of assets or liabilities that must be divested, managed or run off separately. Dispositions or other business separations also often involve continued financial involvement in the divested business, such as through continuing equity ownership, retained assets or liabilities, transition services agreements, commercial agreements, guarantees, indemnities or other current or contingent financial obligations or liabilities. Under these arrangements, performance by the divested businesses or other conditions outside our control could materially affect our future financial results. Evaluating or executing on all types of potential or planned portfolio transactions can divert senior management time and resources from other pursuits. We also participate in a number of joint ventures with other companies or government enterprises in various markets around the world, including joint ventures where we have a lesser degree of control over the business operations, which expose us to additional operational, financial, reputational, legal or compliance risks. Intellectual property- Our intellectual property portfolio may not prevent competitors from independently developing products and services similar to or duplicative to ours, and the value of our intellectual property may be negatively impacted by external dependencies. Our patents and other intellectual property may not prevent competitors from independently developing or selling products and services similar to or duplicative of ours, and there can be no assurance that the resources invested by us to protect our intellectual property will be sufficient or that our intellectual property portfolio will adequately deter misappropriation or improper use of our technology, particularly in certain markets outside the ~~US~~ **U. S.** where intellectual property laws and related enforcement mechanisms may not be as well-developed. Trademark licenses of the GE brand in connection with dispositions **, including in connection with the separation of GE HealthCare in January 2023 and the planned separation of GE Aerospace and GE Vernova into independent companies,** may negatively impact the overall value of the brand in the future. We also face competition in some countries where we have not invested in an intellectual property portfolio. If we are not able to protect our intellectual property, the value of our brand and other intangible assets may be diminished, and our business may be adversely affected. We also face attempts, both internally from insider threats and externally from cyber- attacks, to gain unauthorized access to our IT systems or products for the purpose of improperly acquiring our trade secrets or confidential business information. In addition, we have observed an increase in the use of social engineering tactics by bad actors attempting to obtain confidential business information or credentials to access systems with our intellectual property. The theft or unauthorized use or publication of our trade secrets and other confidential business information as a result of such incidents could adversely affect our competitive position and the value of our investment in research and development. In addition, we are subject to the enforcement of patents or other intellectual property by third parties, including aggressive and opportunistic enforcement claims by non- practicing entities. Regardless of the merit of such claims, responding to infringement claims can be expensive and time- consuming. GE has in the past, and may in the future be, found to infringe third- party rights, which could require us to pay substantial damages or enjoin us from offering some of our products and services. The value of, or our ability to use, our intellectual property may also be negatively impacted by dependencies on third parties, such as our ability to obtain or renew on reasonable terms licenses that we need in the future, or our ability to secure or retain ownership or rights to use data in certain software analytics or services offerings. **2023 FORM 10- K 31** OPERATIONAL RISKS. Operational risk relates to risks arising from systems, processes, people and external events that affect the operation of our businesses. It includes risks related to product and service ~~lifecycle~~ **life cycle** and execution; product safety and performance; information management and data protection and security, including cybersecurity; and supply chain and business disruption. Operational execution- Operational challenges could have a material adverse effect on our business, reputation, financial position, results of operations and cash flows. **GE** ~~The Company~~ ' s financial results depend on the successful execution of our businesses' operating plans across all steps of the product and service ~~lifecycle~~ **life cycle** . We **seek** ~~continue working~~ to improve the operations and execution of our businesses **on an ongoing basis,** and our ability to make the desired improvements **is an important** ~~will be a significant~~ factor in our **profitability and** overall financial performance. We also face operational risks in connection with launching or ramping ~~new~~ **newer** product platforms, such as the Haliade- X offshore wind turbine **platform** or new onshore wind turbine models at Renewable Energy, or the LEAP **or GE9X** ~~engine~~ **engines** at Aerospace. Particularly with newer product platforms and technologies, our businesses seek to reduce the costs of these products over time with experience, and risks related to our supply chain, the availability of skilled labor, product quality, timely delivery ~~, liquidated damages~~ or other aspects of operational execution can adversely affect our ability to meet customers' expectations, profits and cash flows **. Many of our customer contracts are complex and contain provisions that could cause us to incur penalties, be liable for liquidated damages and incur unanticipated expenses with respect to the timely delivery, functionality, deployment, operation, durability, and availability of our products, solutions and services** . Operational failures at any of our businesses that result in quality problems or potential product, environmental, health or safety risks, could have a material adverse effect on our business, reputation, financial position, cash flows and results of operations. In addition, ~~a portion of our business in recent years at~~ our Power and Renewable Energy businesses **are often** ~~involves~~ **involved in** large projects ~~where we have taken on, or are members of a consortium responsible for, the full scope of engineering, procurement, construction or other services. We have been increasing our selectivity as to how frequently and with what~~ **that** ~~scope of work we will participate in these types of projects, which often~~ pose unique risks related to their location, scale, complexity, duration and pricing or payment structure. **At times, these businesses sell products through or with engineering, procurement and production firms, where we can be either a sub- supplier or a consortium partner. The scope of supply can range from products alone to extended plant scope, including plant- level guarantees.** Delivering on **large** ~~these types of~~ projects with multiple parties and subcontractors involved, particularly outside of mature markets in the U. S. and Europe, is highly complex with risks related to the safety and security of workers, impacts on local communities, corruption, breach or theft of intellectual property and other factors. Performance issues or schedule delays can arise due to inadequate technical expertise, unanticipated project modifications, developments at project sites, environmental, health and safety issues, execution by or coordination with suppliers, subcontractors or consortium partners, financial difficulties of our customers or significant partners or compliance with government regulations, and these can lead to cost overruns, contractual penalties, liquidated damages and other adverse consequences. Where GE is a member of a consortium, we are typically subject to claims based on joint and several liability, and claims can extend to aspects of the project or costs that are not directly related or limited to GE' s scope of work or over which GE does not have control. Operational, quality or other issues at large projects, or across our projects portfolio more broadly, can adversely affect GE' s business, reputation, cash flows or results of operations. ~~2022 FORM 10- K 34~~ Product safety and quality- Our products and services are highly sophisticated and specialized, and a major failure or quality issue affecting our products or third- party products with which our products are integrated can adversely affect our business, reputation, financial position, results of operations and cash flows. We produce highly sophisticated products and provide specialized services for both our own and third- party products that incorporate or use complex or leading- edge technology, including both hardware and software. Many of our products and services involve complex industrial machinery or infrastructure projects, such as commercial jet engines, gas turbines, onshore and offshore wind turbines or nuclear power generation, and accordingly the adverse impact of product quality issues can be significant. Actual or perceived design, production, performance or other quality issues related to new product introductions or existing product lines can result in ~~reputational harm to our businesses, in addition to~~ direct warranty, maintenance and other costs ~~that may arise~~ **, including costs associated with project delays** . For example, **in the third quarter of 2022** ~~as discussed above, based on experience across our Onshore Wind fleet~~ , we ~~are deploying~~ **booked a provision due to changes in estimates for existing warranties for the deployment of** repairs and other corrective measures to improve overall quality and fleet availability ~~resulting~~ -- **relating to our Onshore Wind business. Quality issues can also result** in ~~higher warranty~~ **reputational harm to our businesses, with a potential loss of attractiveness of our products, solutions** and ~~related reserves~~ -- **services to new and existing customers. A widespread fleet issue could result in revenue loss while the associated product is suspended from operation. This risk is pronounced, for example, in connection with the introduction of new technology in the main components of offshore wind turbines due to the challenges of servicing and performing maintenance on offshore wind turbines and the difficulties associated with scaling up production of new components** . In addition, a catastrophic product failure or similar event resulting in injuries or death, widespread outages, a fleet grounding or similar systemic consequences could have a material adverse effect on our business, reputation, financial position, cash flows and results of operations. Even when there ~~has~~ **have** not been a particularly significant or widespread product failures in the field, many of our products and services must function under demanding operating conditions and meet exacting **and evolving** certification, performance ~~and~~ **,** reliability **and durability** standards that we, our customers or regulators adopt. Developing and maintaining products that meet or exceed these can be costly and technologically challenging, and may also involve extensive coordination of suppliers and highly skilled labor from thousands of workers; a failure to deliver products and services that meet these standards could have significant adverse financial, competitive or reputational effects **. Technical, mechanical and other failures occur from time to time, whether as a result of manufacturing or design defect, operational process or production issue attributable to us, our customers, suppliers, third party integrators or others** . In some circumstances we have also incurred and in the future we may continue to incur increased costs, delayed payments or lost equipment or services revenue in connection with a significant issue with a third party' s product with which our products are integrated, or if parts or other components that we incorporate in our products have defects or other quality issues. **For example, a prolonged aircraft grounding, certification or production delays or other adverse developments with aircraft powered by our engines can pose risk to our Aerospace business.** There can be no assurance that the operational processes around **sourcing,** product design, manufacture, performance and servicing that we or our customers or other third parties have designed to meet rigorous quality standards will be sufficient to prevent us or our customers or other third parties from experiencing operational process or product failures and other problems, including through manufacturing or design defects, process or other failures of contractors or third- party suppliers, cyber- **2023 FORM 10- K 32** attacks or other intentional acts, software vulnerabilities or malicious software, that could result in potential product, safety, quality, regulatory or environmental risks. Cybersecurity- Increased cybersecurity requirements, vulnerabilities, threats and more sophisticated and targeted computer crime **, as well as cybersecurity failures,** pose ~~a~~ risk to our systems, networks, products, solutions, services and data. Increased global cybersecurity **requirements,** vulnerabilities, threats, computer viruses and more sophisticated and targeted cyber- related attacks such as ransomware, as well as cybersecurity failures resulting from human **or** ~~error and~~ technological errors, pose ~~a~~ risk to the security of GE' s and its customers', partners', suppliers' and third- party service providers' infrastructure, products, systems and networks and the confidentiality, availability and integrity of GE' s and its customers' data, as well as associated financial **and reputational** risks. **The** ~~As the~~ perpetrators of such attacks ~~become more capable (~~ **include sophisticated malicious actors** including ~~sophisticated state~~ **states** ~~or~~ **and** state- affiliated actors **targeting** ~~), and as~~ critical infrastructure **. The** ~~is increasingly becoming digitized, the~~ risks in this area continue to grow **, and cyberattacks are expected to accelerate on a global basis in frequency and impact as threat actors increasingly use artificial intelligence and other techniques to circumvent security controls, evade detection and remove forensic evidence. As a result, we may be unable to promptly or effectively detect, investigate, remediate or recover from cybersecurity attacks, which may result in material harm to our systems, information or business. We have experienced, and expect to continue to experience, cyberattacks of varying degrees of sophistication and other cybersecurity incidents** . Bad actors have attempted and ~~may~~ **we expect will** continue to attempt to use our ~~strategic plan to separate~~ **separation of GE HealthCare in January 2023 and the planned separation of GE Aerospace and GE Vernova** into **independent** ~~three separate~~ companies as an opportunity to launch attacks or increase their number of attacks against GE' s ~~network~~ **networks and systems, as well as attempt to use social engineering tactics or phishing emails to induce our employees to reveal sensitive information or install malware** . A significant cyber- related attack **against us, a key third- party system or a network that we use, or** in one of our industries ~~,~~ such as an attack on power grids, power plants or commercial aircraft (even if such an attack does not involve GE products, services or systems), could ~~pose broader disruptions and~~ adversely affect our business ~~. We have also observed an increase in third- party breaches and ransomware attacks at suppliers, service providers and software providers, and our efforts to mitigate adverse effects on GE if this trend continues may not be successful in the future~~ . The large number of suppliers that we work with requires significant effort for the initial and ongoing verification of the effective implementation of cybersecurity requirements by suppliers. The increasing degree of interconnectedness between GE and its partners, suppliers and customers also poses a risk to the security of GE' s network as well as the larger ecosystem in which GE operates. **Our risk mitigation** ~~There can be no assurance that our~~ efforts **may fail** ~~to mitigate cybersecurity risks by employing a number of measures, including employee training, monitoring and testing, performing security reviews and requiring business partners with connections to the GE network to appropriately secure their information technology systems, and maintenance of protective systems and contingency plans, will be sufficient~~ to prevent, detect and limit the impact of cyber- related attacks, and we remain vulnerable to known ~~or~~ **and** unknown **cybersecurity** threats. **The continued** ~~In addition to existing risks from the integration of digital technologies into our business portfolio, the~~ adoption of new technologies **by our businesses and our suppliers also increases our exposure to cybersecurity threats. An unknown vulnerability or compromise** in ~~the future~~ **our or a third- party product (for example, open source software)** may ~~also increase our exposure~~ -- **expose** ~~to cybersecurity breaches and failures. While we have developed secure development lifecycle design practices to secure~~ our **systems, networks,** software **or** ~~designs and~~ connected products **to malicious actors** ~~, an unknown vulnerability or compromise could potentially impact the security of GE' s software or connected products~~ and lead to the misuse or unintended use of our products, loss of GE intellectual property, misappropriation of sensitive, confidential or personal data, safety risks or unavailability of equipment. We also have access to sensitive, **classified,** confidential or personal data or information in certain of our businesses that is subject to privacy and security laws, regulations or customer- imposed controls. **We are** ~~Despite our use of reasonable and appropriate controls to protect our systems and sensitive, confidential or personal data or information, we have vulnerability~~ - **vulnerable** to security breaches, theft, misplaced, lost or corrupted data, programming errors **and misconfigurations** , employee errors **(including as a result of social engineering / phishing)** and / or malfeasance (including misappropriation by **insiders or** departing employees) that **may** ~~could potentially lead to material compromising~~ **compromise** ~~of~~ sensitive **, classified** , confidential or personal data or information, improper use of our systems, software solutions or networks, unauthorized access, use, disclosure, modification or destruction of or denial of access to information, defective products, production downtimes and operational disruptions. In addition, ~~while we require~~ our suppliers ~~to implement and maintain reasonable and appropriate controls to protect information we provide to them, they~~ may be the victim of a cyber- related ~~attack~~ **incident** that could ~~lead to the~~ compromise **our** ~~of the Company' s~~ intellectual property, personal data or other confidential information, or ~~to~~ **result in** production downtimes and operational disruptions that could **cause us** ~~have an adverse effect on our ability~~ to ~~meet~~ **breach** our commitments to customers. An unknown security vulnerability or malicious software **in a product used by a supplier to deliver a service or** embedded in a supplier' s product that is later integrated into a GE product could lead to a vulnerability in the security of GE' s product or **,** if used internally in the GE network environment **,** to a compromise of the GE network, which **may** ~~could potentially~~ lead to the loss of information or operational disruptions. **Cybersecurity- related and** ~~Data~~ **data** privacy and protection laws **and regulatory regimes** are evolving, can vary significantly by country and present increasing compliance challenges, ~~which~~ **and we from time to time receive, and in the future will likely receive, regulatory inquiries about specific incidents or aspects of our cybersecurity framework; these dynamics** increase our costs, affect our competitiveness and can expose us to ~~substantial~~ fines or other penalties **and reputational risks** . In addition, **cybersecurity incidents can** ~~a significant cyber- related attack could~~ result in ~~2022 FORM 10- K 35~~ other negative consequences, **regardless of whether the direct effects of an incident are significant,** including damage to our reputation or competitiveness, **restoration and** remediation **costs** , increased digital infrastructure or ~~other~~ **related** costs that are not covered by insurance, **and costs or fines arising from** litigation or regulatory **investigations or** ~~action~~ **actions . While we carry cyber insurance, we cannot be certain that our coverage will be adequate for liabilities actually incurred, that insurance will continue to be available to us on economically reasonable terms, or at all, or that any insurer will not deny coverage as to any future claim** . Supply chain- Significant raw material or other component shortages, supplier capacity constraints, supplier or customer production disruptions, supplier quality and sourcing issues or price increases ~~can~~ **have increased, and may continue to** increase **,** our operating costs and **can** adversely impact the competitive positions of our products. Our reliance on third- party suppliers, contract manufacturers and service providers, and commodity markets to secure raw materials, parts, components and sub- systems used in our products exposes us to volatility in the prices and availability of these materials, parts, components, systems and services. As our supply chains **are complex and** extend into many different countries and regions around the world, we are also subject to global economic and geopolitical dynamics and risks associated with exporting components manufactured in particular countries for incorporation into finished products completed in other countries. We ~~are operating~~ **operate** in a supply- constrained environment and are facing, and may continue to face, supply- chain shortages, inflationary pressures, shortages of skilled labor, transportation and logistics challenges and manufacturing disruptions that impact our revenues, profitability and timeliness in fulfilling customer orders. We anticipate supply chain pressures across our businesses will continue to challenge and adversely affect our operations and financial performance for some period of time. For example, successfully executing the significant production **and delivery** ramp- up efforts at our Aerospace business **from** ~~in connection with~~ both **strong demand for** newer engine platforms such as the LEAP and the aviation sector' s ~~ongoing~~ recovery from the COVID- 19 pandemic, depends in part on our suppliers having access to the materials and skilled labor they require and making timely deliveries to **2023 FORM 10- K 33** us, as well as meeting the required quality and performance standards for commercial aviation. In addition, some of our suppliers or their sub- suppliers are limited- or sole- source suppliers, and our ability to meet our obligations to customers depends on the performance, product quality and stability of such suppliers. We also have internal dependencies on certain key GE manufacturing or other facilities. Disruptions in deliveries, capacity constraints, production disruptions up- or down- stream, price increases, or decreased availability of raw materials or commodities, including as a result of war, natural disasters (including the effects of climate change such as sea level rise, drought, flooding, wildfires and more intense weather events), actual or threatened public health **pandemics or** emergencies or other business continuity events, adversely affect our operations and, depending on the length and severity of the disruption, can limit our ability to meet our commitments to customers or significantly impact our operating profit or cash flows. Quality, capability, compliance and sourcing issues experienced by third- party providers can also adversely affect our costs, margin rates and the quality and effectiveness of our products and services and result in liability and reputational harm ~~; the~~ **. The** harm to us could be significant if, for example, a quality issue at a supplier or with components that we integrate into our products results in a widespread quality issue across one of our product lines or our installed base of equipment. In addition, our suppliers may experience cyber- related attacks, as described above, which could negatively impact their ability to meet their delivery obligations to us and in turn have an adverse effect on our ability to meet our commitments to customers. FINANCIAL RISKS. Financial risk relates to our ability to meet financial **goals and** obligations and mitigate exposure to broad market risks, including **credit risk;** funding and liquidity risks, such as risk related to our credit ratings and our availability and cost of funding; ~~credit risk;~~ and volatility in foreign currency exchange rates, interest rates and commodity prices ~~. Liquidity risk refers to the potential inability to meet contractual or contingent financial obligations (whether on- or off- balance sheet) as they arise, and could potentially impact our financial condition or overall safety and soundness~~ . Credit risk is the risk of financial loss arising from a customer or counterparty failure to meet its contractual obligations, and we face credit risk arising from both our industrial businesses and from our remaining financial services operations **. Liquidity risk refers to the potential inability to meet contractual or contingent financial obligations (whether on- or off- balance sheet) as they arise, and could potentially impact our financial condition, cash flow or overall safety and soundness** . Customers and counterparties- Global economic, industry- specific or other developments that weaken the financial condition or soundness of significant customers, governments or other parties we deal with can adversely affect our business, results of operations and cash flows. The business and operating results of our businesses have been, and will continue to be, affected by worldwide economic conditions, including conditions in the air transportation, power generation, renewable energy and other industries we serve. Existing or potential customers may delay or cancel plans to purchase our products and services, including large infrastructure projects, and may not be able to fulfill their obligations to us in a timely fashion or at all as a result of business deterioration, cash flow shortages or difficulty obtaining financing for particular projects or due to macroeconomic conditions, geopolitical disruptions, changes in law or other challenges affecting the strength of the global economy. The airline industry, for example, is highly cyclical, and sustained economic growth and political stability in both developed and emerging markets are principal factors underlying long- term air traffic growth; the current macroeconomic and geopolitical environment and the potential for recession pose risks to the rate of that growth. Aviation ~~industry~~ **sector** activity is also particularly influenced by the actions of a small group of large original equipment manufacturers, as well as large airlines in various geographies. We have significant business with, and credit exposure to, some of our largest aviation customers and accordingly our Aerospace business performance can be adversely affected by challenges that individual customers or the industry faces related to factors such as competition, the need for cost reduction, financial stability and soundness, and the availability of aircraft leasing and financing alternatives, the satisfaction of certification or other regulatory requirements for aircraft in various jurisdictions, the retirement of older aircraft and other dynamics affecting the original equipment and aftermarket service markets ~~. As described above~~ , ~~the extended~~ **or by a significant** disruption of ~~regional and international~~ air travel ~~from~~ **such as what occurred during** the COVID- 19 pandemic ~~has had and may continue to have a material adverse effect on our airframer and airline customers and suppliers~~ . A potential future disruption in connection with a terrorist incident, cyberattack, actual or threatened public health **pandemic or** emergency or recessionary economic environment that results in the loss of business and leisure traffic could also adversely affect these customers, their ability to fulfill their obligations to us in a timely fashion or at all, demand for our products and services and the viability of a customer' s business. **(See also Risk Factors- Commercial aviation sector.)** In our Power and Renewable Energy businesses, our customers also face a variety of challenges, including in connection with decarbonization, industry consolidation, competition and shifts in the availability of financing for certain types of power projects or technologies (such as prohibitions on financing for fossil fuel- based projects or technologies); these dynamics can also have a significant impact on the operating results and outlooks for our businesses. In addition, our customers include numerous governmental entities within and outside the U. S., including the U. S. federal government and state and local entities. We also at times face greater challenges collecting on receivables with customers that are sovereign governments or located in emerging markets. If there is significant deterioration in the global economy, in our industries, in financial markets or with particular significant counterparties, our results of operations, financial position and cash flows could be materially adversely affected. **Run- off insurance and banking operations- We continue to have exposure to our run- off insurance operations and Bank BPH mortgage portfolio in Poland. While in recent years we have greatly reduced the scope of GE' s former financial services operations, we continue to retain significant exposure to legacy insurance and other financial services operations that will run off over a long period of time and, in the event of future adverse developments, could cause funding or liquidity stress. For example, it is possible that results of our statutory testing of insurance reserves in future years will require capital contributions to our insurance subsidiaries, even after we make the expected capital contribution in the first quarter of** ~~2022~~ **2024** ~~than currently estimated,or~~ that ~~contemplated~~ **will complete the** contributions ~~could be accelerated~~ **in connection with the statutory permitted practice approved in 2018** by ~~regulators~~ **the KID** .Our ~~annual~~ **statutory** testing of insurance reserves is subject to a variety of assumptions,including assumptions about the discount rate (which is sensitive to changes in market interest rates),morbidity,mortality and future long- term care premium increases. ~~Any future~~ **Future** adverse changes to these assumptions (to the extent not offset by any favorable changes to these assumptions) could result in an increase to future policy benefit reserves and,potentially,to the amount of capital we are required to contribute to our insurance subsidiaries (as discussed in the Other Items- Insurance section within MD & A). ~~We also anticipate that the new insurance accounting standard that became effective on January 1,2023 (as discussed in the Other Items- New Accounting Standards section within MD & A) will materially affect our financial statements and require changes to certain of our processes,systems,and controls.~~ In addition,we ~~continue~~ **have exposure** to ~~evaluate potential strategic options to accelerate~~ **various financial counterparties that pose credit and** ~~the~~ **other risks** ~~further reduction~~ in **the event of insolvency or** ~~the~~ **other** ~~size~~ **default.For example,a portion** of our ~~financial services~~ **run- off insurance** operations **' assets are held in trust accounts associated with reinsurance contracts** . ~~Some~~ **For our UFLIC subsidiary,such trust assets are currently held in trusts for the benefit** of **insurance company subsidiaries of Genworth,which has stated 2023** FORM 10- K ~~36~~ **34** ~~For example,a portion of our run- off insurance operations' assets are held~~ in ~~trust accounts associated with reinsurance contracts.For our UFLIC subsidiary,such trust assets are currently held in trusts for~~ the **past** ~~benefit of insurance company subsidiaries of Genworth,which stated in 2021~~ that ~~any proceeds from its~~ - **it** ~~contingency plan~~ will ~~be used to repay parent company debt and~~ not ~~to~~ bolster the capital position of its insurance subsidiaries.Solvency or other concerns about Genworth or its insurance company subsidiaries may cause those subsidiaries or their regulators to take or attempt to take actions that could adversely affect UFLIC,including control over assets in the relevant trusts.It is also possible that **additional** contingent liabilities and loss estimates ~~from our financial services-related continuing or~~ **for** ~~discontinued operations,such as those related to~~ Bank BPH **,in connection with the ongoing litigation in Poland related to its portfolio of residential mortgage loans denominated in or indexed to foreign currencies** (see Note 24),will need to be recognized **(** or **loss estimates may** increase in the future **)** and will become payable **.Though we may consider strategic options to accelerate the further reduction in the size of these remaining financial services operations,such options may not be viable or attractive because of the associated cash payments,financial charges or other adverse effects** .There can be no assurance that future liabilities,losses or impairments to the carrying value of assets within our financial services operations would not materially and adversely affect GE' s business,financial position,cash flows,results of operations or capacity to provide financing to support orders at **the businesses.** Borrowings ~~–~~ **& liquidity –** We may face risks related to our debt levels, particularly **in** ~~if we face~~ severely adverse market conditions **, and future credit downgrades could adversely affect our liquidity, funding costs and related margins** . We have significantly reduced our debt levels over the past several years through ~~debt tenders and other~~ liability management actions, and we ~~expect~~ **intend** to

maintain a sustainable ~~allocate additional capital to debt reduction in the future, with cash flows from operations and the proceeds from asset sales and dispositions (including our stakes in AerCap and GE HealthCare) as sources for that. If we are unable to generate cash flows in accordance with our plans, our deleveraging plan could be delayed or altered, which may require that we delay investments~~ - **investment- grade long- term** ~~or capital expenditures. We may be required to adopt one or more alternatives such as increasing borrowing under~~ credit **rating** ~~lines, reducing or delaying investments or capital expenditures or taking other actions~~ . **Existing** ~~In addition, we have significant pension and run- off insurance liabilities that are sensitive to numerous factors and assumptions that we use in our pension liability, GAAP insurance reserve and statutory insurance calculations. Our debt levels could put us at a competitive disadvantage compared to competitors with lower debt levels that may provide them with greater financial flexibility to secure additional funding for their operations, pursue strategic acquisitions, finance long- term projects or take other actions. Significant debt levels could also pose risks in the event of recession or adverse industry- specific conditions. In addition, elevated~~ debt may ~~limit~~ **adversely impact** our ability to obtain new debt financing on favorable terms ~~or at all~~ in the future, particularly if coupled with downgrades of our credit ratings or a deterioration of capital markets conditions more generally ~~. Liquidity- Failure to meet our cash flow targets, or additional credit downgrades, could adversely affect our liquidity, funding costs and related margins. We rely primarily on cash and cash equivalents, free cash flows from our operating businesses and cash generated from asset sales and dispositions (including from our equity stakes in AerCap and GE HealthCare) to fund our operations and meet our financial obligations, and to meet our capital allocation objectives. We maintain short- term borrowing facilities, including revolving credit facilities, as a contingency buffer of liquidity and to meet our financial obligations and capital allocation priorities. Failure to meet our cash flow objectives could adversely affect our financial condition or our credit ratings~~ . There can be no assurance that we will not face **future** credit **rating** downgrades as a result of factors such as the performance of our businesses ~~, the failure to make progress as planned on the separation transactions and continued progress in decreasing GE' s leverage~~ , reduced diversification of GE' s businesses following the **planned** separation ~~transactions,~~ **into three independent companies** or changes in rating application or methodology ~~.~~ **, and** ~~Future~~ **future** downgrades could ~~further~~ adversely affect our ~~ability to execute the planned spin- off of GE Vernova, as well as our~~ cost of funds ~~and related margins~~ , liquidity ~~,~~ **and** competitive position ~~and access to capital markets, and a significant downgrade could have an adverse commercial impact on our businesses~~ . **Further** ~~In addition~~ , **our** swap, forward and option contracts are executed under standard master agreements that typically contain mutual downgrade provisions that provide the ability of the counterparty to require termination if the credit ratings of the applicable GE entity were to fall below specified ratings levels ~~agreed upon~~ **. In addition, if we are unable to generate cash flows in accordance** with **our plans or face unforeseen needs for capital, we may adopt changes to our capital allocation plans (such as plans related to the timing or amounts of investments or capital expenditures, share repurchases or dividends) or take** ~~the~~ **other** ~~counterparty~~ **actions** . For additional discussion about our ~~current~~ credit ratings and related considerations, refer to the Capital Resources and Liquidity ~~- Credit Ratings and Conditions~~ section within MD & A. Financial services operations- We continue to...... to support orders at the businesses. Postretirement benefit plans- Increases in pension, healthcare and life insurance benefits obligations and costs can adversely affect our earnings, cash flows and further progress toward our leverage goals. Our results of operations **, cash flow** and financial ~~conditions~~ - **condition** may be positively or negatively affected by the amount of income or expense we record for our defined benefit pension plans. GAAP requires that we calculate income or expense for the plans using actuarial valuations, which reflect assumptions about financial markets, interest rates and other economic conditions such as the discount rate and the expected long- term rate of return on plan assets. We are also required to make an annual measurement of plan assets and liabilities, which may result in a significant reduction or increase to equity. The factors that impact our pension calculations are subject to changes in key economic indicators, and ~~2022 FORM 10- K 37~~ future decreases in the discount rate or low returns on plan assets can increase our funding obligations and adversely impact our financial results. In addition, although GAAP expense and pension funding contributions are not directly related, key economic factors that affect GAAP expense, such as ~~a prolonged environment of low interest rates or~~ sustained market volatility, would also likely affect the amount of cash we would be required to contribute to pension plans under ERISA. Such factors could also result in a failure to achieve expected returns on plan assets. In addition, there may be upward pressure on the cost of providing healthcare benefits to current and future retirees. There can be no assurance that the measures we have taken to control increases in these costs, or that the assignment of assets and liabilities with respect to certain U. S. and non- U. S. benefit plans in connection with GE' s ~~ongoing~~ separation into three ~~separate~~ **independent** companies, will succeed in limiting cost increases, and continued upward pressure could reduce our profitability. For a discussion regarding how our financial statements have been and can be affected by our pension and healthcare benefit obligations, ~~the legal split of certain benefit plans and the transfer of certain postretirement plans to GE HealthCare in connection with the Separation,~~ see ~~Notes~~ - **Note** 13 ~~and 28~~ . LEGAL AND COMPLIANCE RISKS. Legal and compliance risk relates to risks arising from the government and regulatory environment, legal proceedings and compliance with integrity policies and procedures, including matters relating to financial reporting and the environment, health and safety. Government and regulatory risk includes the risk that the government or regulatory actions will impose additional cost on us or require us to make adverse changes to our business models or practices. Regulatory- We are subject to a wide variety of laws, regulations and government policies that **require ongoing compliance efforts and** may change in significant ways. Our businesses are subject to regulation under a wide variety of U. S. federal and state and non- U. S. laws, regulations and policies **that require ongoing compliance efforts** . There can be no assurance that laws, regulations and policies will not be changed or interpreted or enforced in ways that will require us to modify our business models and objectives or affect our returns on investments by restricting existing activities and products, subjecting them to escalating costs or prohibiting them outright. In particular, recent trends globally toward increased protectionism, import and export controls, required licenses or authorizations to engage in business dealings with certain countries or entities, the use of tariffs, restrictions on outbound investment and other trade barriers can result in actions by governments around the world that have been and may continue to be disruptive and costly to our businesses, and can interfere with our global operating model and weaken our competitive position. In addition, changes in environmental and climate change laws, regulations or policies (including carbon pricing, emission standards or sustainable finance, among others) affecting the power or aviation sectors could lead to additional costs or compliance requirements, a need for additional investment in product designs, require carbon offset investments or otherwise negatively impact our businesses or competitive position. Other legislative and regulatory areas of significance for our businesses that U. S. and non- U. S. governments have focused and continue to focus on include cybersecurity, data privacy and sovereignty, **artificial intelligence,** anti- corruption, competition law, public procurement law, compliance with complex trade controls and economic sanctions laws, technical regulations or local content requirements that could result in market access criteria that our products cannot or do not meet, foreign exchange intervention in response to currency volatility and currency controls that could restrict the movement of liquidity from particular jurisdictions. Potential changes to tax laws, including changes to taxation of global income, may have an effect on our subsidiaries' structure, operations, sales, liquidity, cash flows, capital requirements, effective tax rate and performance. For example, legislative or regulatory measures by **2023 FORM 10- K 35** U. S. federal, states or non- U. S. governments, or rules, interpretations or audits under new or existing tax laws such as ~~newly adopted~~ global minimum taxes or other changes to the treatment of global income could increase our cash tax costs and effective tax rate. Regulation or government scrutiny may impact the requirements for marketing our products and slow our ability to introduce new products, resulting in an adverse impact on our business. Furthermore, we make sales to U. S. and non- U. S. governments and other public sector customers, and we participate in various governmental financing programs, that require us to comply with strict governmental regulations. As a U. S. government contractor, we are also subject to risks relating to U. S. government audits and investigations that ~~can~~ **in the past have led, and in the future may** lead to **,** fines, damages or other penalties. Inability to comply with applicable regulations could adversely affect our status with government customers or our ability to participate in projects, and could have collateral consequences such as suspension or debarment. Suspension or debarment, depending on the entity involved and length of time, can limit our ability to bid for new U. S. government contracts or business with other government- related customers, or to participate in projects involving multilateral development banks, and this could adversely affect our results of operations, financial position and cash flows. Legal proceedings- We are subject to **a variety of** legal proceedings, disputes, investigations and legal compliance risks, including ~~trailing~~ **contingent** liabilities from businesses that we ~~dispose of~~ **have exited** or ~~that~~ are inactive. We are subject to a variety of legal proceedings, commercial disputes, legal compliance risks and environmental, health and safety compliance risks in virtually every part of the world. We, our representatives ~~,~~ and the industries in which we operate are subject to continuing scrutiny by regulators, other governmental authorities and private sector entities or individuals in the U. S., the European Union, China and other jurisdictions, which have led or may, in certain circumstances, lead to enforcement actions, adverse changes to our business practices, fines and penalties, required remedial actions such as contaminated site clean- up or other environmental claims, or the assertion of private litigation claims and ~~/ or~~ damages that could be material. For example, ~~following~~ **since** our acquisition of Alstom' s Thermal, Renewables and Grid businesses in 2015, we are subject to legacy legal proceedings and legal compliance risks that relate to claimed anti- competitive conduct or corruption by Alstom in the pre- acquisition period, and payments for settlements, judgments, penalties or other liabilities in connection with those matters have resulted and will in the future result in cash outflows. In addition, while in December 2020 we entered into a settlement to conclude ~~the~~ **a** previously disclosed SEC investigation of GE, we remain subject to shareholder lawsuits related to the Company' s financial performance, accounting and disclosure practices and related legacy matters. We have observed that these proceedings related to claims about past financial performance and reporting pose particular reputational risks for the Company that can cause new allegations about past or current misconduct, even if unfounded, to have a more significant impact on our reputation and how we are viewed by investors, customers and others than they otherwise would. **The** ~~We have established reserves for legal matters when and as appropriate; however, the~~ estimation of legal reserves or possible losses involves significant judgment and may not reflect the full range of uncertainties and unpredictable outcomes inherent in litigation and investigations, and the actual losses arising from particular matters may exceed our current estimates and adversely affect our results of operations. The risk management and compliance programs we have adopted and related actions that we take may not fully mitigate legal and compliance risks that we face, particularly ~~2022 FORM 10- K 38~~ in light of the global and diverse nature of our operations and the current enforcement environments in many jurisdictions. For example, when we investigate potential noncompliance under U. S. and non- U. S. law involving GE employees or third parties we work with, in some circumstances we make self- disclosures about our findings to the relevant authorities who may pursue or decline to pursue enforcement proceedings against us in connection with those matters. We are also subject to material trailing legal liabilities from businesses that we ~~dispose of~~ **have exited** or ~~that~~ are inactive. We also expect that additional legal proceedings and other contingencies will arise from time to time. Moreover, we sell products and services in growth markets where claims arising from alleged violations of law, product failures or other incidents involving our products and services are adjudicated within legal systems that are less developed and less reliable than those of the U. S. or other more developed markets, and this can create additional uncertainty about the outcome of proceedings before courts or other governmental bodies in those markets. See Note 24 for further information about legal proceedings and other loss contingencies. LEGAL PROCEEDINGS. ~~We are reporting the following environmental matter in compliance with SEC requirements to disclose environmental proceedings where a governmental authority is a party and that involve potential monetary sanctions of $ 300, 000 or greater. In July 2022, GE HealthCare received a notice of intention to impose an administrative fine of approximately $ 0. 6 million related to a December 2019 liquid hazardous waste event at its Rehovot, Israel site. The event involved clean room waste that spilled onto an unsealed floor, leading to an escape of a small amount of liquid to a third- party facility on a lower floor. The Israeli Ministry of Environmental Protection (MEP) concluded that the incident breached the site' s toxins permit. In accordance with local law, GE HealthCare responded to MEP' s notice of fine challenging both the basis for, and level of, the fine. A decision from MEP is pending. With our spin- off of GE HealthCare in~~

~~January 2023, GE will no longer report on this matter.~~ Refer to Legal Matters and Environmental, Health and Safety Matters in Note 24 to the consolidated financial statements for ~~further~~ information relating to ~~our~~ legal ~~matters~~ **proceedings** .