

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

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

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

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

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

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

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

Evaluation of the effects of particular tax positions

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

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

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

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

/s/ KPMG LLP

KPMG LLP

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

Boston, Massachusetts

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