

GE 2016 third quarter performance

Financial results & Company highlights
October 21, 2016



CAUTION CONCERNING FORWARD-LOOKING STATEMENTS:

This document contains "forward-looking statements" – that is, statements related to future events that by their nature address matters that are, to different degrees, uncertain. For details on the uncertainties that may cause our actual future results to be materially different than those expressed in our forward-looking statements, see <http://www.ge.com/investor-relations/disclaimer-caution-concerning-forward-looking-statements> as well as our annual reports on Form 10-K and quarterly reports on Form 10-Q. We do not undertake to update our forward-looking statements. This document also includes certain forward-looking projected financial information that is based on current estimates and forecasts. Actual results could differ materially.

NON-GAAP FINANCIAL MEASURES:

In this document, we sometimes use information derived from consolidated financial data but not presented in our financial statements prepared in accordance with U.S. generally accepted accounting principles (GAAP). Certain of these data are considered "non-GAAP financial measures" under the U.S. Securities and Exchange Commission rules. These non-GAAP financial measures supplement our GAAP disclosures and should not be considered an alternative to the GAAP measure. The reasons we use these non-GAAP financial measures and the reconciliations to their most directly comparable GAAP financial measures are posted to the investor relations section of our website at www.ge.com. We use non-GAAP financial measures including the following.

- Operating earnings and EPS, which is earnings from continuing operations excluding non-service-related pension costs of our principal pension plans.
- GE Industrial operating & Verticals earnings and EPS, which is operating earnings of our industrial businesses and the GE Capital businesses that we expect to retain.
- Industrial segment organic revenue, which is the sum of revenue from all of our industrial segments less the effects of acquisitions/dispositions and currency exchange.
- Industrial segment organic operating profit, which is the sum of segment profit from all of our industrial segments less the effects of acquisitions/dispositions and currency exchange.
- Industrial cash flows from operating activities (Industrial CFOA), which is GE's cash flow from operating activities excluding dividends received from GE Capital.
- Capital ending net investment (ENI), excluding liquidity, which is a measure we use to measure the size of our Capital segment.

General Electric Capital Corporation (GECC) was merged into GE in 2015 and our financial services business is now operated by GE Capital Global Holdings LLC (GECGH). In this document, we refer to GECC and GECGH as "GE Capital". We refer to the industrial businesses of the Company including GE Capital on an equity basis as "GE". "GE (ex-GE Capital)" and /or "Industrial" refer to GE excluding GE Capital.

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

Imagination at work.

3Q'16 overview

Environment

- ✓ Slow growth and volatile environment
- ✓ Challenges continue in resource sector

GE executing well:

- ✓ Industrial operating + Verticals^{-a)} EPS \$.32, +10% with Industrial +8%
- ✓ Alstom \$.01 EPS in 3Q
- ✓ Segment FX EPS impact of \$(.01) in 3Q and \$(.04) 3Q YTD
- ✓ Industrial margins^{-b)} ex. Alstom (20) bps. ... segments margins flat, +40 bps. ex. FX
- ✓ CFOA YTD \$19.4B^{-c)} ... \$3.4B^{-c)} Industrial CFOA + \$16.1B GE Capital dividend

<u>Industrial</u>	<u>Reported</u>	<u>Organic</u>
Orders	16%	(6)%
Segment revenue	4%	1%
Segment op profit	(5)%	(3)%/0% ex. FX
Industrial op profit ^{-b)}	(6)%	(4)%/0% ex. FX

Execution versus goals

<u>2016 Goals</u>	<u>3Q YTD</u>	<u>Ex. FX</u>
Grow Industrial profit ^{-b)}	(4)%	+1% <i>organic</i>
Organic revenue growth	0%	
Margin expansion ex. Alstom	- bps.	+30 bps.
Alstom EPS ~\$.05	\$.01	\$.02
Segment FX impact	\$(.04)	

+4% ex. O&G

Disciplined/balanced capital allocation

CFOA ^{-c)}	\$19.4B	
Capital dividends	\$16.1B	+ \$2B in October
FCF + dispositions ^{-c)}	\$21.5B	
Cash to investors	\$24.6B	TY ~\$30B, +\$4B

Portfolio actions \$193B GE Capital signings
 GE Asset Management closed
 Announced additive & LM acquisitions
 Closed Meridium acquisition



(a)- Verticals include businesses expected to be retained including allocated corporate costs
 (b)- Excluding gains and restructuring & other items
 (c)- Deal taxes are excluded from CFOA and included in dispositions

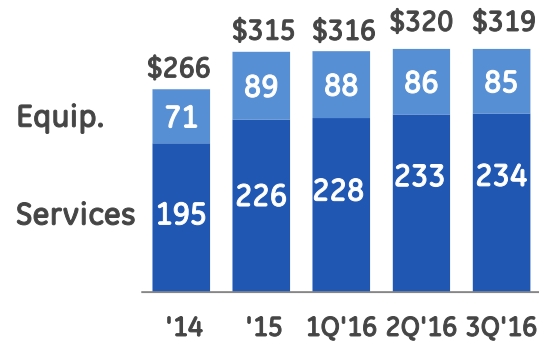
3Q'16 orders \$26.9B, 16% ... (6)% organic

Orders (V%)

	<u>3Q</u>	<u>YTD</u>
Equipment	24%	-%
Services	9	10
Total	16%	5%
Organic	(6)%	(10)%

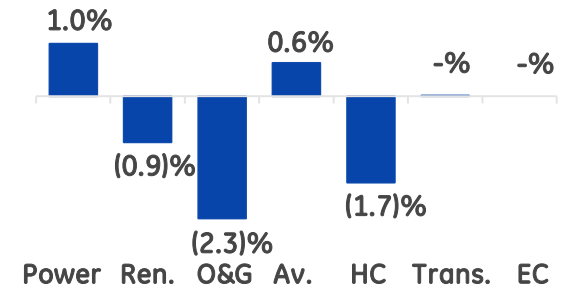
Alstom backlog +\$3.2B since acquisition

Backlog



Orders price

Total orders price (0.4)%



Company highlights

- ✓ Organic orders (6)% ... backlog strong at \$319B
- ✓ Alstom orders \$5.2B with strength across the board
- ✓ Services orders +1% organically, +1% YTD
- ✓ Strength in services across Renewables, Aviation & Healthcare
- ✓ Backlog +6% ex. Alstom ... ~8,500 LEAP units and 33 H units in backlog

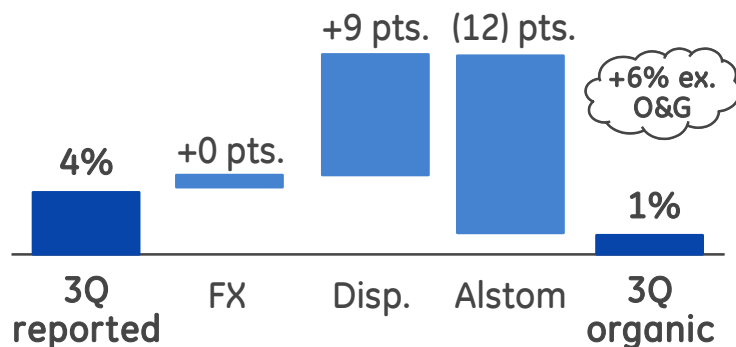
Digital highlights

- ✓ AGPs on track for 135-150 for the year ... 4Q stronger
- ✓ Digital & software orders up 11% ... Power +72%, Grid +43%, Transportation +21% & O&G +10%
- ✓ Digital & software revenues up 13%
- ✓ 219 partners on Predix ... 16K developers
- ✓ \$509MM digital thread productivity 3Q YTD



Industrial segment execution

Revenue growth

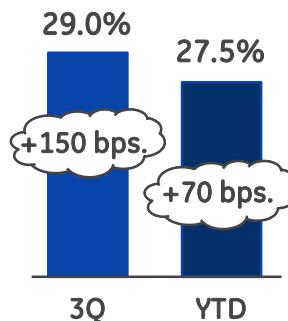


Organic revenue dynamics

	YTD	4QE	TYE
Segments (ex. O&G)	4%	~6%	~4%
Oil & Gas	(20)%	~(10)%	(15-20)%
Total	0%	~4%	0-2%

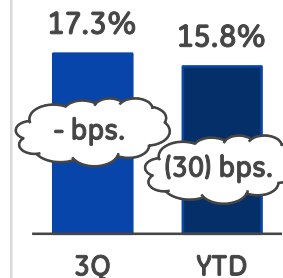
Strong underlying performance ... segments organic revenue +6% in 3Q and +4% YTD excluding O&G

Segment gross margins^{-a)}



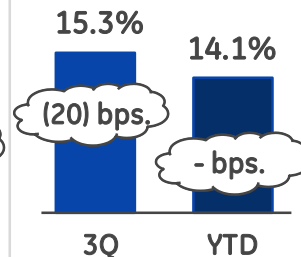
Total w/ Alstom
27.8% 26.6%

Segment OP margins^{-a)}



15.8% 14.4%

Industrial^{-b)} OP margins^{-a)}



14.0% 12.8%

Segment OP margins

	3Q	YTD
Mix	(0.2) pts.	- pts.
Value gap (price/inflation)	0.5	0.3
Cost productivity	<u>1.2</u>	<u>0.4</u>
Gross Margins ^{-a)}	1.5 pts. +1.1pts. ex. FX	0.7 pts. +0.7pts. ex. FX
Simplification (SG&A)	(0.1)	-
Base inflation/other	<u>(1.4)</u>	<u>(1.0)</u>
Op Profit Margins ^{-a)}	- pt. +0.4 pts. ex. FX	(0.3) pts. +0.1pts. ex. FX
Alstom	<u>(1.5)</u>	<u>(1.4)</u>
Op Profit Margins	(1.5) pts.	(1.7) pts.
Segment equipment (340) bps. ^{-a)} , Services +220 bps. ^{-a)}		



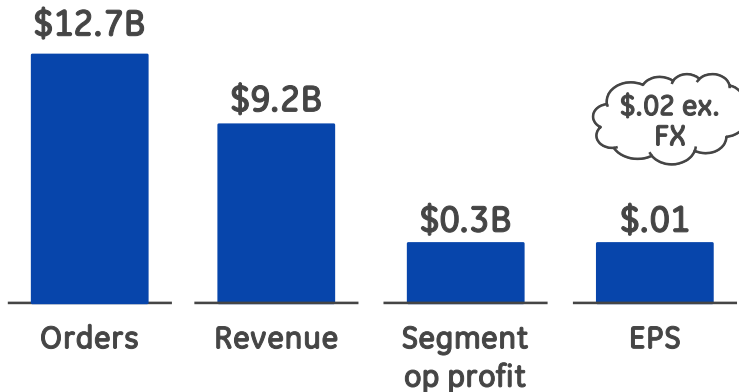
(a- Excluding Alstom

(b- Industrial includes Corporate with the exception of non-operating pension, gains and restructuring & other

Investment impacts

Alstom

(3Q YTD financials)



- Backlog of \$32B, up \$3.2B since acquisition
- Key 3Q orders: \$1.1B Hinkley Point, \$0.6B Merkur for 66 offshore wind turbines
- 3Q YTD EPS \$.01 including \$(.01) FX headwind
- Synergy benefits \$850MM YTD ... evaluating additional 4Q restructuring opportunities
- Goodwill +\$2.4B driven by unfavorable customer contracts, legal reserves, and tax

Economics in line with deal model ... continue to expect mid-teens return



(a- Subject to successful completion of tender offers
 (b- Total enterprise value inclusive of original investment made in July 2014
 (c- Subject to customary closing conditions



**Additive^{-a)}
\$1.4B**

- Expands design envelope to substantially reduce product cost
- Enables productive new model for services cost and delivery
- Enter a fast-growing industry where GE can build a competitive position



\$0.5B^{-b)}

- Acquired a global leader in asset performance management (APM) software and services for asset-intensive industries
- Strengthens connection between real-time asset performance & reliability-centered maintenance



\$1.65B^{-c)}

- Blades important component to drive performance
- GE ~45% of LM sales ... margin recapture oppty.
- Adds supply chain capacity and flexibility
- ~\$.01 EPS accretive in 2018

Generating cash

(\$ in billions)

3QYTD CFOA

V%

GE cash balance walk

GE Capital dividend

Industrial ex. deal taxes

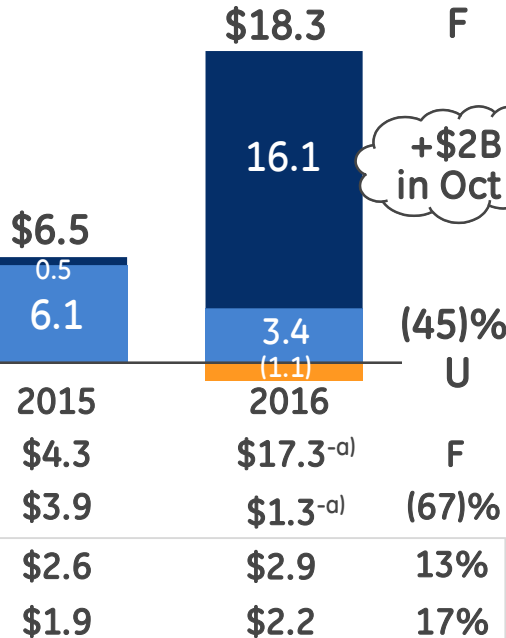
Deal taxes

FCF ex. deal taxes

Ind'l FCF ex. deal taxes

Ind'l CFOA ex. deal taxes

Ind'l FCF ex. deal taxes



Beginning balance 1/1/16

CFOA ex. deal taxes

Dividends

Net P&E

Acquisitions

Dispositions incl. deal taxes

Buyback

Change in debt/FX/other

September 2016

Total

\$10.4

19.4

(6.4)

(2.1)

(0.9)

4.2

(18.1)

4.2

\$10.6

4Q Industrial CFOA dynamics

4Q income + depreciation & amortization ~\$5B

Working capital reduction from 4Q shipments ~\$3B

Other timing differences ~\$1B

	Framework	Today
FCF + dispositions	\$28-31B	\$32B+
Buyback + dividend	\$26B	~\$30B



(a-Including deal taxes: FCF \$16.3B, Industrial FCF \$0.2B)

3Q'16 consolidated results

(\$ in billions – except EPS)

(\$ in millions)

	<u>3Q'16</u>	<u>V%</u>		<u>Revenues</u>		<u>Op profit</u>		
				<u>\$</u>	<u>V%</u>	<u>\$</u>	<u>V%</u>	<u>ex. Alstom</u>
Revenues	\$29.3	4%		\$6,506	37%	\$1,197	12%	3%
– Industrial ^(a)	26.7	5	Power	2,770	66	202	16	22%
– Verticals ^(b)	2.5	(3)	Renewable Energy	2,964	(25)	353	(42)	
– Other Capital ^(c)	0.1	30	Oil & Gas	6,300	5	1,494	10	
Industrial + Verticals EPS	.32	10	Aviation	4,482	5	717	10	
Operating EPS	.27	13	Healthcare	1,249	(22)	309	(18)	
Continuing EPS	.23	21	Transportation	3,151	(22)	48	(84)	U
Net EPS	.22	(12)	EC & Lighting	27,421	4/1 ^{Organic}	4,320	(5)/(3) ^{Organic}	(8)%
CFOA YTD	\$18.3	F	Industrial Segments	(963)	(8)	(538)	(3)	
– Industrial CFOA ^{ex. deal taxes}	3.4	(45)	Corporate ^(d)	\$26,457	4%	\$3,782	(6)/(4)% ^{Organic}	flat ex. FX
Consolidated tax rate	<u>3Q'16</u>	<u>3Q'15</u>	Industrial ^(d)					
– GE (ex. Capital)	1%	7%						
– Capital	11	17						
	F	64						

<u>Industrial + Verticals EPS</u>	<u>3Q'16</u>	<u>V%</u>	<u>3QYTD</u>	<u>V%</u>
Industrial operating	\$.27	8%	\$.88	29%
Capital Verticals ^(b)	.05	67%	.15	25%
	<u>\$.32</u>	<u>10%</u>	<u>\$ 1.03</u>	<u>29%</u>



(a- Includes GE-GE Capital eliminations

(b- Verticals include businesses expected to be retained including allocated corporate costs

(c- Other Capital includes HQ run-off & exit-related items

(d- Excludes gains and restructuring & other items

3Q'16 Industrial other items

	<u>EPS</u>	
Restructuring & other items	\$(.05)	✓ \$(0.7)B pre-tax, \$(0.5)B after-tax at Corporate including Alstom cost synergy investments
Net gains	\$.02	✓ \$0.2B pre-tax, \$0.1B after-tax at Corporate with Asset Management gain partially offset by charge related to Aviation non-strategic platform exit

<u>Summary</u>	<u>3Q YTD</u>	<u>4QE</u>	<u>2016E</u>
Restructuring & other items	\$(.19)	~\$(.05)	~\$(.24)
Net gains	<u>\$.22</u>	<u>~\$.02</u>	<u>~\$.24</u>
Total	\$.03	~\$(.03)	~\$-

Gains = restructuring for the year



Industrial segments

(\$ in millions)

Power

<u>3Q'16</u>	<u>\$</u>	<u>V%</u>	<u>V%</u> ex. Alstom
Revenues	\$6,506	37%	7%
Segment profit	\$1,197	12%	3%
Op profit %	18.4%	(4.2) pts.	(0.7) pts.

3Q dynamics

- \$7.5B orders, +56% reported ... core (3)% with equipment flat and services (4)%; Alstom orders \$2.8B
- Revenue ... core equipment +15% driven by GPS +16%; core services +2% driven by Power Services +4%
- Core segment profit +3% ... higher volume and positive value gap partially offset by H mix

Renewable Energy

<u>3Q'16</u>	<u>\$</u>	<u>V%</u>	<u>V%</u> ex. Alstom
Revenues	\$2,770	66%	43%
Segment profit	\$202	16%	22%
Op profit %	7.3%	(3.1) pts.	(1.5) pts.

3Q dynamics

- \$3.0B orders, +59% ... core +3% on higher service orders, partially offset by lower onshore wind units, ↓ 229 versus prior year
- Revenue ... core +43% driven by higher WT shipments and mix shift to larger MW units
- Core segment profit +22% on higher volume; margins (1.5) pts. driven by NPI launch costs, mix, and foreign exchange

Good quarter ... businesses delivering



Industrial segments

(\$ in millions)

Aviation

<u>3Q'16</u>	<u>\$</u>	<u>V%</u>
Revenues	\$6,300	5%
Segment profit	\$1,494	10%
Op profit %	23.7%	1.2 pts.

3Q dynamics

- \$6.2B orders, (6)% ... equipment (27)% on fewer commercial engines; services +10% with spares +6% ... \$156B backlog, +10% VPY
- Revenue ... equipment (3)% driven by lower Military (33)% partially offset by commercial +5%; services +12%
- Segment profit +10% on productivity & service volume ... margins +120 bps.

Executing strategy



Oil & Gas

<u>3Q'16</u>	<u>\$</u>	<u>V%</u>
Revenues	\$2,964	(25)%
Segment profit	\$353	(42)%
Op profit %	11.9%	(3.6) pts.

3Q dynamics

- \$2.5B orders, (21)% with pressure across all segments ... SS&D (23)%, Surface (16)%, DTS (11)%, TMS (38)%, Digital Solutions (2)%
- Revenue (25)% ... Surface (37)%, Subsea & Drilling (39)%, TMS (29)%, DTS +7%, DS (3)%
- Segment margin (360) bps. as cost-out actions were more than offset by volume decline

Market pressure continues

Industrial segments

(\$ in millions)

Healthcare

<u>3Q'16</u>	<u>\$</u>	<u>V%</u>
Revenues	\$4,482	5%
Segment profit	\$717	10%
Op profit %	16.0%	0.7 pts.

3Q dynamics

- \$4.8B orders, +6% organically with U.S. +5%, Europe +6%, APAC +10%
- Revenue +5% with HCS +4% and Life Sciences +9%, +11% organically
- Segment profit +10% driven by strong volume growth and cost productivity partially offset by price ... margins expanded 70 bps.

Transportation

<u>3Q'16</u>	<u>\$</u>	<u>V%</u>
Revenues	\$1,249	(22)%
Segment profit	\$309	(18)%
Op profit %	24.7%	0.9 pts.

3Q dynamics

- \$0.7B orders, (21)% with equipment (23)% and services (21)% on lower locomotive parts and mining orders
- Revenue (22)%, (17)% organically with equipment (22)% on lower locomotive shipments and services (13)%
- Segment profit (18)% driven by lower volume partially offset by cost out

- ✓ Healthcare ... strong performance year-to-date
- ✓ Transportation ... challenging market



Segments

(\$ in millions)

Energy Connections & Lighting

<u>3Q'16</u>	<u>\$</u>	<u>V%</u>	<u>V%</u> Organic
Revenues	\$3,151	(22)%	(9)%
Segment profit	\$48	(84)%	U
Op profit %	1.5%	(5.7) pts.	(5.6) pts.

3Q dynamics

- \$3.0B orders, +47% ... EC (14)% organically with Power Conversion (33)% on softer oil & gas and Industrial Solutions +6%; Grid \$1.4B
- Revenue: EC core organic (9)%, Grid \$1.4B; Lighting revenue (8)% with Current +10% and legacy Lighting (22)%
- Segment profit ... strong Grid earnings offset by headwinds in Power Conversion and Lighting

GE Capital

3Q'16 earnings/(loss)

Verticals	\$466
Other Continuing	(441)
Capital	\$26
Disc. Ops.	(103)
GE Capital	<u><u>\$(78)</u></u>

- GE Store: enabled \$4.2B of industrial orders^{-a)}
- \$79B ENI ex. liq. (\$103B w/ Disc. Ops.); \$57B liquidity^{-b)}
- Other Continuing includes excess interest, restructuring, operating expenses, taxes
- \$18B dividend YTD including \$2B in October

- ✓ Energy Connections & Lighting ... challenging quarter
- ✓ Capital ... \$18B dividend paid October year-to-date



(a- Enabled orders include deals arranged by GE Capital and financed by third parties
 (b- Liquidity includes cash & equivalents (including discontinued operations and held for sale balances) and high quality investments
 Note: Individual amounts are rounded. As a result, the sum of the parts presented may not add to the total

2016 operating framework

	<u>Dec. '15</u>	<u>Today</u>
1 Operating EPS^{-a)}	\$1.45-1.55	\$1.48-1.52
- Organic growth	2-4%	0-2%
- Core margins	+	+
- Corporate	\$2.0-2.2B	~\$2.0B
- Alstom	~\$.05	~\$.05 ex. FX
- FX impact	~\$(.02)	\$(.04)-(.06)
2 Free cash flow + dispositions	\$28-31B	\$32B+
- CFOA ^{-b)}	\$30-32B	\$32B+
- GE Capital dividends	~\$18B	~\$20B
- Dispositions ^{-b)}	\$2-3B	~\$4B
- Net P&E	~\$4B	~\$4B
3 Cash returned to investors	~\$26B	~\$30B
- Dividend	~\$8B	~\$8B
- Buyback	~\$18B	~\$22B



(a- Industrial + Verticals

(b- Deal taxes are excluded from CFOA and included in dispositions

The bridge to 2018

- More challenging environment for Oil & Gas and related markets ... still positive on long-term outlook
- + Sustained performance in rest of GE ... Industrial organic op profit +8% YTD, ex. FX and Oil & Gas
- ✓ Alstom on track for 2017 and 2018
- + Buyback above plan
- + Deeper cost out view on supply chain, programs, and Corporate structure
- ✓ All compensation plans tied to investor commitments



