



## J.P. Morgan Aviation, Transportation & Industrials Conference Supplemental Information

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NON-GAAP SUPPLEMENTAL INFORMATION	

In an effort to provide investors with additional information regarding the company's results as determined by generally accepted accounting principles (GAAP), the company also discusses, in its earnings press release and earnings presentation materials, the Non-GAAP information identified above, which management believes provides useful information to investors.

NON-GAAP FINANCIAL MEASURES

**ADJUSTED GE INDUSTRIAL PROFIT AND PROFIT MARGIN (EXCLUDING CERTAIN ITEMS) (NON-GAAP)** *(Dollars in millions)*

2018

GE total revenues (GAAP)	\$	113,642
<b>Costs</b>		
GE total costs and expenses (GAAP)		135,656
Less: GE interest and other financial charges		2,708
Less: non-operating benefit costs		2,764
Less: restructuring & other		3,487
Less: goodwill impairments		22,136
Add: noncontrolling interests		(129)
Adjusted GE Industrial costs (Non-GAAP)		104,432
<b>Other Income</b>		
GE other income (GAAP)		2,255
Less: restructuring & other		(87)
Less: gains (losses) and impairments for disposed or held for sale businesses		1,350
Adjusted GE other income (Non-GAAP)		992
<b>GE Industrial profit (GAAP)</b>	<b>\$</b>	<b>(19,759)</b>
<b>GE Industrial profit margin (GAAP)</b>		<b>(17.4)%</b>
<b>Adjusted GE Industrial profit (Non-GAAP)</b>	<b>\$</b>	<b>10,203</b>
<b>Adjusted GE Industrial profit margin (Non-GAAP)</b>		<b>9.0%</b>

We have presented our Adjusted GE Industrial profit\* and profit margin\* excluding interest and other financial charges, non-operating benefit costs, restructuring & other, goodwill impairments, non-controlling interests and gains (losses) and impairments for disposed or held for sale businesses. We believe that GE Industrial profit and profit margins adjusted for these items are meaningful measures because they increase the comparability of period-to-period results.

\*Non-GAAP Financial Measure

## NON-GAAP FINANCIAL MEASURES

### GE INDUSTRIAL FREE CASH FLOWS (FCF) AND ADJUSTED GE INDUSTRIAL FCF (NON-GAAP) *(In millions)*

		2018
GE CFOA (GAAP)	\$	2,258
Add: gross additions to property, plant and equipment		(3,302)
Add: gross additions to internal-use software		(347)
Less: common dividends from GE Capital		—
Less: GE Pension Plan funding		(6,000)
Less: taxes related to business sales		(180)
GE Industrial Free Cash Flows (Non-GAAP)	\$	4,789
Less: Oil & Gas CFOA		1,763
Less: Oil & Gas gross additions to property, plant and equipment		(964)
Less: Oil & Gas gross additions to internal-use software		(31)
Add: BHGE Class B shareholder dividend		494
Adjusted GE Industrial Free Cash Flows (Non-GAAP)	\$	4,515

In 2018, GE transitioned from reporting an Adjusted GE Industrial CFOA metric to measuring itself on a GE Industrial Free Cash Flows basis\*. This metric includes GE CFOA plus investments in property, plant and equipment and additions to internal-use software; this metric excludes any dividends received from GE Capital and any cash received from dispositions of property, plant and equipment.

We believe that investors may also find it useful to compare GE's Industrial free cash flows\* performance without the effects of cash used for taxes related to business sales and contributions to the GE Pension Plan. We believe that this measure will better allow management and investors to evaluate the capacity of our industrial operations to generate free cash flows. In addition, we report Adjusted GE Industrial Free Cash Flows\* in order to provide a more fair representation of the cash that we are entitled to utilize in a given period. We also use Adjusted GE Industrial Free Cash Flows\* as a performance metric at the company-wide level for our annual executive incentive plan for 2018.

Management recognizes that the term free cash flows may be interpreted differently by other companies and under different circumstances. Although this may have an effect on comparability of absolute percentage growth from company to company, we believe that these measures are useful in assessing trends of the respective businesses or companies and may therefore be a useful tool in assessing period-to-period performance trends.

### GE INDUSTRIAL NET DEBT TO EBITDA (NON-GAAP)

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 non-GAAP financial measures we use in this document include Industrial net debt and the ratio of Industrial net debt to EBITDA\*. We cannot provide an equivalent GAAP guidance range for our Industrial net debt to EBITDA\* targets, which are calculated based on rating agency methodologies, without unreasonable effort. Industrial net debt reflects the total of gross debt, after-tax pension contributions, adjustments for operating lease obligations, and adjustments for 50% of preferred stock, less 75% of GE's cash balance. There is significant uncertainty on the timing and amount of events that could give rise to items included in the determination of this metric, including the timing of pension funding, proceeds from dispositions, and the impact of interest rates on our pension assets and liabilities. EBITDA excludes Oil & Gas EBITDA, but it includes the BHGE dividend, and it also excludes other income, non-operating benefits costs, and adjustments for operating lease income or cost. There is significant uncertainty on the timing and amount of events that could give rise to items included in the determination of this metric, including the timing and magnitude of restructuring activities and the timing of dispositions.

\*Non-GAAP Financial Measure

NON-GAAP FINANCIAL MEASURES

**POWER STRUCTURAL COSTS (NON-GAAP)**

<i>(In millions)</i>	2018	2017	V\$
Power total costs and expenses (GAAP)	\$ 28,494	\$ 33,912	\$ (5,418)
Less: Power interest and other financial charges (GAAP)	267	653	(386)
Less: non-operating benefit costs (GAAP)	(75)	(10)	(65)
Power Industrial costs excluding interest and other financial charges and non-operating benefit costs	28,302	33,269	(4,967)
Less: Segment variable costs	21,245	24,805	(3,560)
Less: Segment restructuring & other	116	—	116
Less: Segment acquisitions/dispositions structural costs and impact from foreign exchange	178	791	(613)
Power structural costs (Non-GAAP)	\$ 6,763	\$ 7,673	\$ (910)

Power structural costs\* include segment structural costs excluding the impact of restructuring and other charges, business acquisitions and dispositions and foreign exchange.

Segment variable costs are those costs within our industrial segments that vary with volume. The most significant variable costs would be material and direct labor costs incurred to produce our products and deliver our services that are recorded in the captions "Cost of goods" and "Cost of services sold" in our consolidated Statement of Earnings (Loss).

\*Non-GAAP Financial Measure