



# GE 2019 fourth quarter performance

## Financial results & company highlights

January 29, 2020

### **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 included in the appendix of our earnings release and this presentation, as applicable.

Our financial services business is operated by GE Capital Global Holdings LLC (GECGH). In this document, we refer to 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.

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# 4Q & FY 2019 snapshot

	4Q'19	2019
Organic order growth	(3)%	+1%
Backlog	\$405B	\$405B
GE Industrial segment organic rev. growth*	+4.6%	+5.5%
Adjusted GE Industrial profit margin expansion*	+410 bps	+60 bps
GAAP Continuing EPS	\$0.07	\$(0.01)
Adjusted EPS*	\$0.21	\$0.65
GE Industrial free cash flow*	\$3.9B	\$2.3B

## 2019 Summary

- **Organic orders growth:** strength in Renewables, Healthcare & Aviation (including new Aeroderivative JV) offset by Power
- **Solid backlog growth:** +15% y/y & +5% sequential; service businesses comprise ~80% of total
- **Profitable growth in Aviation & Healthcare:** op profit +6% & +7% y/y org\*. , respectively
  - **737 MAX remains a watch item:** Aviation overcame a \$(1.4)B cash headwind, focused on safe return to flight
- **Power exceeded our FY expectations:** Gas Power stabilizing; Power Conversion operational improvement
- **Renewable Energy mixed:** Onshore volume growth, offset by Offshore continued investment & Grid/Hydro turnaround
- **GE Capital:** positive earnings driven by better operations, gains & tax

4Q marked a strong close to 2019



\* Non-GAAP Financial Measure

# Substantial progress on our 2019 priorities

## 1 Improving our financial position

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- **Reduced GE Industrial leverage:** \$7B net debt\* reduction, ending 2019 with 4.2x net debt\* to EBITDA\* vs. 4.8x in 2018; \$9B of proceeds from BKR & Wabtec sell downs; put cash to work with \$5B debt tender; announced ~\$5B-\$6B pension actions; \$20B BioPharma progressing
- **Reduced GE Capital leverage:** \$7B debt reduction, ending 2019 with 3.9x debt to equity vs. 5.7x in 2018; completed \$27B asset reductions in 2018 & 2019, exceeding \$25B 2-year target
- **Expect to achieve deleveraging targets in 2020:** Industrial net debt\*/EBITDA <2.5x & Capital debt/equity <4x

## 2 Strengthening our businesses, starting with Power

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- **Power improving:** better project discipline & execution; Gas Power lower risk backlog, more conservative underwriting framework & fixed costs\* down (10)%
- **Healthcare Systems growth:** targeted increases in R&D and prioritizing programs to highest returning product lines and projects
- **Restructuring in process:** cost savings on track despite lower restructuring cash & expense due to timing, attrition, lower cost to execute

### Running GE differently

- **Culture evolving:** employees exemplifying candor, transparency, humility; focus on customer, operations, prioritization
- **Lean transformation gaining traction:** focus on safety, quality, delivery & cost; lean action workouts (e.g. ACSC site visit)

Decisive actions are making GE stronger ... work continues in 2020



\* Non-GAAP Financial Measure

# Earnings performance

(\$ in billions – except EPS)

	<u>4Q'19</u>	<u>y/y</u>	<u>y/y (org.)</u>	<u>Adjusted EPS* walk</u>	<u>4Q'19</u>
Orders	\$24.9	(5)%	(3)%		
Backlog	404.6	15%			
Revenues	26.2	(1)%			
- GE Industrial Segments	24.5	3%	4.6%*		
- GE Capital	2.1	(15)%			
Adj. GE Industrial profit <sup>*-a)</sup>	2.8	58%	57%		
Adj. GE Industrial profit margin <sup>*-a)</sup>	11.3%	410bps	390bps		
GAAP Net EPS <sup>-b)</sup>	0.06	(14)%			
GAAP Continuing EPS	0.07	17%			
Adjusted EPS*	0.21	50%			
				<b>GAAP Continuing EPS</b>	<b>\$0.07</b>
				Less: Gains/MTM for Baker Hughes	0.08
				Less: Restructuring & other	(0.03)
				Less: BioPharma deal taxes	(0.07)
				Less: Non-op. pension & other benefits	(0.10)
				<b>Adjusted EPS*</b>	<b>\$0.21</b>

Good underlying performance ... GAAP EPS impacts from non-operational items



\* Non-GAAP Financial Measure

(a - Excludes interest & other financial charges, non-operating benefit costs, gains (losses), restructuring & other, goodwill impairment

(b - Includes discontinued operations

# Industrial free cash flow

(\$ in billions)

	<u>4Q'19</u>	<u>y/y</u>	<u>2019</u>	<u>y/y</u>
<b>Net earnings (loss)<sup>-a)</sup></b>	<b>\$0.6</b>	<b>\$(-)</b>	<b>\$0.5</b>	<b>\$21.6</b>
Goodwill impairments	0.0	(0.2)	1.5	(20.7)
Depreciation & amort.	0.9	(0.1)	3.5	(0.9)
Working capital	1.6	(0.5)	(2.8)	(2.6)
Contract assets	0.4	(0.3)	0.1	0.1
Other CFOA <sup>-b)</sup>	1.1	0.3	2.0	0.4
Gross capex <sup>-c)</sup>	(0.7)	(0.1)	(2.5)	-
<b>GE Industrial FCF*</b>	<b>\$3.9</b>	<b>\$(0.8)</b>	<b>\$2.3</b>	<b>\$(2.0)</b>

## Commentary

- Positive working capital in 4Q'19:
  - Accounts receivable outflow impacted by MAX grounding; lower factoring balance
  - Inventory, AP & Progress collections a source of cash on high seasonal volume & new order + project collections in Renewable Energy & Power
- Contract assets positive cash flow driven by Aviation
- Other CFOA primarily driven by non-cash charges offset in earnings
- Full year 2019 working capital outflow of \$(2.8)B primarily due to accounts receivable outflow (MAX, lower factoring)

2019 GE Industrial FCF\* results ahead of our most recent outlook



\* Non-GAAP Financial Measure

(a - Aggregates the following: Net earnings (loss), (earnings) loss from discontinued operations, (earnings) loss from GE Capital continuing operations

(b - Aggregates the following: Losses (gains) on sales of business interests, principal pension plans (net), other post retirement benefit plans (net), income taxes (net), and all other operating activities; excludes deal taxes and GE Pension Plan contributions

(c - Includes additions to property, plant & equipment (PP&E) and internal use software

# Liquidity

(\$ in billions)

## GE Industrial cash balance walk

<b>Beginning balance 3Q'19</b>	<b>\$16.7</b>
GE Industrial FCF*	3.9
GE common dividends	(0.1)
GE Capital infusion	(2.5)
GE Capital Intercompany loan repayment	(1.0)
All other	0.7
<b>Ending balance 4Q'19</b>	<b>\$17.6</b>

## Liquidity metrics

	<u>4Q'19</u>	<u>4Q'18</u>
Avg. intra-quarter CP & revolver usage:	\$4.3	\$10.4
Peak intra-quarter CP & revolver usage:	\$4.7	\$14.8
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Available bank lines	\$35	
Credit rating	BBB+/Baa1	

Liquidity remains strong with \$17.6B Industrial cash



\* Non-GAAP Financial Measure

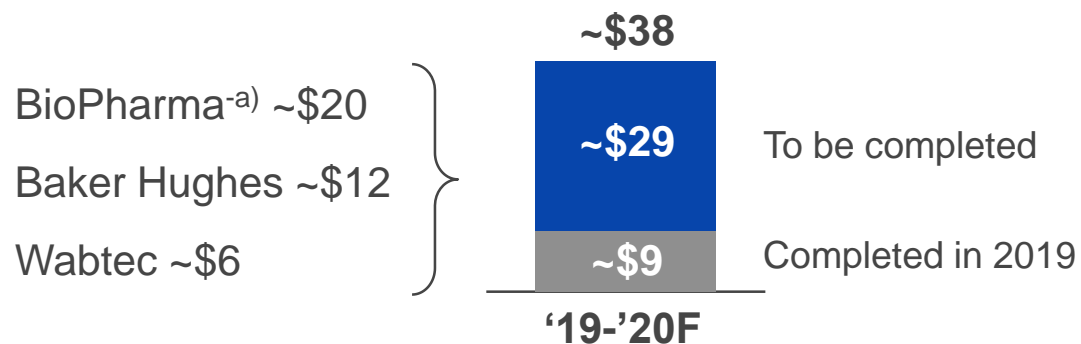
# Improving our financial position: GE Industrial deleveraging

(\$ in billions)

## Background & progress

- YE'19 Industrial net debt\* reduced by \$7B to \$48B, down from \$55B at YE'18
- YE'19 Industrial net debt\* / EBITDA\* 4.2X, down from 4.8X at YE'18

## Sources of cash



## 2019-2020F actions

### Cash deleveraging (gross) ~\$30

#### 2019: ~\$7

Debt tender \$5

Intercompany paydown \$1.5

#### 2020: ~\$23

U.S. pension contributions 4-5

Intercompany loan 12

External maturities 1

Additional actions ~\$5

- Evaluate additional actions... balance de-leveraging impact, economics, risk mitigation, optimal capital structure

Expect to achieve <2.5X net debt\* / EBITDA\* in 2020



\* Non-GAAP Financial Measure  
 (a - BioPharma expected to close 1Q'20; final timing subject to regulatory approvals and other closing conditions)

# 4Q'19 Industrial segments results

(\$ in billions)

	<u>Power</u>			<u>Renewable Energy</u>			<u>Aviation</u>			<u>Healthcare</u>		
	\$ / %	y/y	y/y (org.)	\$ / %	y/y	y/y (org.)	\$ / %	y/y	y/y (org.)	\$ / %	y/y	y/y (org.)
Orders	\$4.5	(30)%	(28)%	\$4.7	(11)%	(10)%	\$10.7	22%	23%	\$5.9	2%	3%
Revenue	\$5.4	-%	5%*	\$4.7	2%	4%*	\$8.9	6%	7%*	\$5.4	-%	1%*
Segment Profit	\$0.3	F	F*	\$(0.2)	U	U*	\$2.1	19%	19%*	\$1.2	1%	-%*
Segment Margin	5.6%	2020bps	2060bps*	(4.1)%	(360)bps	(370)bps*	23.0%	260bps	240bps*	21.9%	10bps	(20)bps*

2019 Industrial segment organic\* revenue growth 5.5% with 60bps adjusted Industrial margin\* expansion



\* Non-GAAP Financial Measure



# GE Capital & Corporate

(\$ in billions)

## GE Capital

	4Q'19	y/y	
Revenue	\$2.1	(15)%	
Adjusted continuing earnings <sup>*-a)</sup>	\$0.1	60%	
Liquidity	\$19.4	\$7.7	sequential variance
Assets (ex-liquidity) <sup>*</sup>	\$102	\$(7.2)	sequential variance

## Corporate

	4Q'19	2019	y/y
Functions & operations	\$(0.3)	\$(1.3)	8%
Eliminations	(0.1)	(0.2)	U
EH&S <sup>-b)</sup> and other items	(0.1)	(0.3)	U
<b>Adjusted Corporate costs<sup>*</sup></b>	<b>\$(0.6)</b>	<b>\$(1.7)</b>	<b>(35)%</b>

### FY 2019:

- Adjusted Corporate costs<sup>\*</sup> higher by \$(0.4)B driven by intercompany profit eliminations, higher remedial EH&S<sup>-b)</sup> costs & non-repeat of intangible sales

Significant 2019 progress on simplifying GE Capital & Corporate functions & operations



\* Non-GAAP Financial Measure

(a - Excludes \$0.1B of U.S. tax reform adjustment in 4Q'18)

(b - Environmental, health & safety)

# 2020 overview

## Revenues

LSD  
(Industrial organic\*)

## Free cash flow

\$2B to \$4B  
(Industrial FCF\*)

## Margins

0 to 75bps expansion  
(Adjusted GE Industrial  
organic margin\*)

## EPS

\$0.50 - \$0.60  
(Adjusted EPS\*)

## Outlook assumptions

- Lost disposition earnings & cash flows: BP & BKR
- 737 MAX RTS mid-2020 aligned with Boeing ... monitoring
- Focus on Renewables improvement, legacy run-off ongoing
- Continued progress in Power turnaround
- Aviation & Healthcare continued strength; backlog growth
- Capital earnings lower
- Enhanced operational rigor & cost management
- Non-operational cash headwinds diminish, but remain

## Key variables

- 737 MAX RTS, delivery profile & production schedule
- BioPharma timing of deal closure – assumed 1Q'20
- Renewables: projects performance, working capital
- Restructuring timing & execution; macro trade environment
- Monitoring insurance testing (not included in outlook)

Positive trajectory heading into 2020, despite areas of uncertainty



\* Non-GAAP Financial Measure

# Wrap-up

## 2020 priorities

- Solidifying our financial position
- Continuing to strengthen our businesses
- Driving long-term profitable growth

## Confident in our future

- **Team** ... candor, transparency, humility
- **Technology** ... valuable installed base, NPIs, large backlog, recurring service revenue streams
- **Global network** ... customer relationships, local presence, brand

Building momentum on our multi-year transformation



# Q&A



# Appendix – supplemental information

- 2019 performance vs. our outlook
- GE Industrial free cash flow\* by segment
- 2019 Earnings performance
- Orders & backlog by segment
- Units summary – orders & sales
- Equipment/Service revenue by segment
- GE Capital segment results & assets
- 2019 GE Industrial earnings - post Baker Hughes reclassification to discontinued operations
- 2019 GE Industrial cash flow - post Baker Hughes reclassification to discontinued operations
- 2019 Industrial segments results



\* Non-GAAP Financial Measure

# 2019 performance vs. our outlook

	<u>Investor Outlook</u> March 14, 2019	<u>2Q Earnings</u> July 31, 2019	<u>Baker Hughes</u> Pro-forma <sup>(a)</sup>	<u>3Q Earnings</u> October 30, 2019	<u>2019 actuals</u> January 29, 2020
Revenue growth (Industrial segment organic*)	LSD - MSD	MSD	MSD	MSD	<b>5.5%</b>
Margins (Adjusted GE Industrial margin*)	~0-100bps	~0-100bps	~0-100bps	~0-100bps	<b>60bps</b>
EPS (Adjusted EPS*)	\$0.50 - \$0.60	\$0.55 - \$0.65	\$0.50 - \$0.60	\$0.55 - \$0.65	<b>\$0.65</b>
Free Cash Flow* (GE Industrial)	\$(2) - \$0B	\$(1) - \$1B	\$(1) - \$1B	\$0 - \$2B	<b>\$2.3B</b>
Restructuring expense (GE Industrial)	\$2.4 - \$2.7B	\$1.7 - \$2.0B	\$1.5 - \$1.8B	\$1.1 - \$1.4B	<b>\$1.3B</b>
Restructuring cash cost (GE Industrial)	\$2.0B+	\$1.5B+	\$1.5B+	\$1.3B+	<b>\$1.2B</b>

Met or exceeded key FY 2019 financial guidance ... restructuring remains in process though lower than originally expected



\* Non-GAAP Financial Measure  
(a - Original FY outlook assumed consolidating BKR through the end of 2019)

# GE Industrial free cash flow\* by segment

(\$ in billions)

	2018	2019			y/y
	Grid & Lighting realignment; Trans/BKR discops.	Original outlook (March 2019)	Updated outlook (3Q'19)	Actual performance	
<b>GE Industrial</b>	<b>\$4.3</b>	<b>\$(2) - \$0</b>	<b>\$0 - \$2B</b>	<b>\$2.3</b>	<b>\$(2.0)</b>
<b>Power</b>	\$(2.3)	Down	~flat	\$(1.5)	\$0.8
<b>Aviation</b>	\$4.2	~Flat	No change; multiple variables	\$4.4	\$0.2
<b>Renewable Energy</b>	\$0.1	Down & negative	No change	\$(1.0)	\$(1.1)
<b>Healthcare</b>	\$3.0	Down	No change	\$2.5	\$(0.5)
<b>Corporate</b>	\$(0.7)	Down	No change	\$(2.1)	\$(1.4)

Better than expected performance in Power and Aviation; other segments generally in line with our expectations



\* Non-GAAP Financial Measure

# 2019 Earnings performance

(\$ in billions – except EPS)

	<u>2019</u>	<u>y/y</u>	<u>y/y (org.)</u>	<u>Adjusted EPS* walk</u>	<u>2019</u>
Orders	\$90.3	(5)%	1%	<b>GAAP Continuing EPS</b>	<b>\$(0.01)</b>
Backlog	404.6	15%		Less: Gains/MTM for BKR	0.08
Revenues	95.2	(2)%		Less: Restructuring & other	(0.12)
- GE Industrial Segments	86.8	-%	5.5%*	Less: Debt tender costs	(0.02)
- GE Capital	8.7	(8)%		Less: Non-op. pension & other benefits	(0.26)
Adj. GE Industrial profit <sup>*-a)</sup>	8.7	4%	7%	Less: Goodwill impairment	(0.18)
Adj. GE Industrial profit margin <sup>*-a)</sup>	10.0%	60bps	10bps	Less: Insurance premium deficiency test	(0.09)
GAAP Net EPS <sup>-b)</sup>	(0.62)	76%		Less: BioPharma deal taxes	(0.07)
GAAP Continuing EPS	(0.01)	100%		<b>Adjusted EPS*</b>	<b>\$0.65</b>
Adjusted EPS*	0.65	14%			



\* Non-GAAP Financial Measure

(a - Excludes interest & other financial charges, non-operating benefit costs, gains (losses), restructuring & other, goodwill impairments

(b - Includes discontinued operations



# Supplemental information

(\$ in billions)

## Orders by segment

	<u>4Q'19</u>	<u>y/y</u>	<u>y/y (org.)</u>	<u>2019</u>	<u>y/y</u>	<u>y/y (org.)</u>
Power	\$4.5	(30)%	(28)%	\$16.9	(25)%	(13)%
Renewable Energy	4.7	(11)%	(10)%	16.9	10%	12%
Aviation	10.7	22%	23%	36.7	3%	4%
Healthcare	5.9	2%	3%	21.2	1%	4%
<b>GE Industrial</b>	<b>\$24.9</b>	<b>(5)%</b>	<b>(3)%</b>	<b>\$90.3</b>	<b>(5)%</b>	<b>1%</b>

## Backlog by segment

	<u>4Q'19</u>	<u>y/y</u>
Power	\$85.3	0%
Renewable Energy	27.5	16%
Aviation	273.2	22%
Healthcare	18.5	6%
<b>GE Industrial</b>	<b>\$404.6</b>	<b>15%</b>



\*Note: Industrial orders and backlog include Digital orders and backlog as well as eliminations between Industrial Segments. As a result, the sum of the segments may not add to the total

# Supplemental information

(in units unless otherwise noted)

	Orders	
	4Q'19	2019
<b>Power</b>		
- GE Gas Turbines	22	74
- Heavy-Duty Gas Turbines <sup>-a)</sup>	21	63
- HA-Turbines <sup>-b)</sup>	3	18
- Aero derivative <sup>-a)</sup>	1	11
- GE Gas Turbine Gigawatts <sup>-c)</sup>	3.7	13.6
<b>Renewable Energy</b>		
- Wind Turbines	1,187	4,325
- Wind Turbine Megawatts <sup>-c)</sup>	3,531	12,758
- Repower	357	1,269
<b>Aviation</b>		
- Commercial Engines	395	2,390
- GEnx Engines <sup>-d)</sup>	14	164
- LEAP Engines <sup>-d)</sup>	190	1,568
- Military Engines	568	801

	Sales	
	4Q'19	2019
<b>Power</b>		
- GE Gas Turbine	21	53
- Heavy-Duty Gas Turbine <sup>-a)</sup>	18	38
- HA-Turbine <sup>-b)</sup>	5	11
- Aero derivative <sup>-a)</sup>	3	15
<b>Renewable Energy</b>		
- Wind Turbines	1,139	3,424
- Wind Turbine Megawatts <sup>-c)</sup>	3,133	9,525
- Repower	414	1,057
<b>Aviation</b>		
- Commercial engines	675	2,863
- GEnx Engines <sup>-d)</sup>	75	296
- LEAP Engines <sup>-d)</sup>	420	1,736
- Military Engines	227	717
- Spares rate <sup>-e)</sup> (\$ in millions)	\$36.8	\$31.0



(a - Heavy-Duty Gas Turbines and Aero derivatives are subsets of GE Gas Turbines

(b - HA-Turbines are a subset of Heavy-Duty Gas Turbines

(c - Gigawatts / Megawatts reported associated with financial orders in the periods presented

(d - GEnx and LEAP engines are subsets of commercial engines

(e - Commercial externally shipped spares and spares used in time & material shop visits in millions of dollars per day

# Supplemental information

(\$ in billions)

## Equipment revenue by segment

	<u>4Q'19</u>	<u>y/y</u>	<u>2019</u>	<u>y/y</u>
Power	\$1.8	(4)%	\$6.2	(23)%
Renewable Energy	3.8	11%	12.3	7%
Aviation	3.5	9%	12.8	11%
Healthcare	3.3	(1)%	11.6	1%
<b>Industrial segments</b>	<b>\$12.4</b>	<b>5%</b>	<b>\$42.9</b>	<b>1%</b>

## Service revenue by segment

	<u>4Q'19</u>	<u>y/y</u>	<u>2019</u>	<u>y/y</u>
Power	\$3.6	3%	\$12.4	(12)%
Renewable Energy	0.9	(22)%	3.1	7%
Aviation	5.4	4%	20.1	5%
Healthcare	2.1	2%	8.4	-%
<b>Industrial segments</b>	<b>\$12.1</b>	<b>-%</b>	<b>\$43.9</b>	<b>(1)%</b>



# Supplemental information

## GE Capital segment results (\$ in millions)

	<u>4Q'19</u>	<u>y/y</u>	<u>2019</u>	<u>y/y</u>
GECAS	\$214	(40)%	\$1,029	(16)%
EFS	11	F	121	42%
IF & WCS	31	24%	234	(23)%
Insurance	66	F	(611)	U
Other continuing	(253)	20%	(1,303)	33%
<b>Continuing earnings</b>	<b>\$69</b>	<b>F</b>	<b>\$(530)</b>	<b>(8)%</b>
Less: insurance premium deficiency test	-	F	(768)	U
Less: tax reform	-	F	99	F
<b>Adjusted continuing earnings*</b>	<b>\$69</b>	<b>60%</b>	<b>\$139</b>	<b>F</b>

## GE Capital segment assets (\$ in billions)

	<u>4Q'19</u>	<u>4Q'18</u>	<u>y/y</u>
GECAS	\$38.0	\$41.7	(9)%
EFS	1.8	3.0	(38)%
IF & WCS	9.0	15.8	(43)%
Insurance	46.3	40.3	15%
Other continuing	22.5	18.6	21%
<b>Total segment assets</b>	<b>\$117.5</b>	<b>\$119.3</b>	<b>(1)%</b>
Plus: assets of discontinued ops	3.9	4.6	(15)%
Less: liquidity	19.4	15.0	29%
<b>Assets ex-liquidity*</b>	<b>\$102.0</b>	<b>\$108.9</b>	<b>(6)%</b>



\* Non-GAAP Financial Measure

# 2019 GE Industrial earnings<sup>-a)</sup> - post Baker Hughes & Transportation reclassification to discontinued ops.

(\$ in millions) (unaudited)

	1Q'19	2Q'19	3Q'19	4Q'19	2019
<b>Industrial Revenue</b>	<b>20,324</b>	<b>21,416</b>	<b>21,519</b>	<b>24,460</b>	<b>87,719</b>
Cost of goods sold	(11,049)	(11,666)	(12,519)	(13,387)	(48,620)
Cost of services sold	(4,781)	(5,250)	(4,341)	(5,293)	(19,665)
Selling, general, & administrative expenses	(3,196)	(3,367)	(3,172)	(3,670)	(13,404)
Interest & other financial charges	(520)	(382)	(791)	(423)	(2,115)
Goodwill impairments	-	(744)	(740)	2	(1,486)
Non-operating benefit costs	(564)	(558)	(562)	(1,144)	(2,828)
Other costs & expenses	8	(5)	(4)	-	-
<b>Total costs and expenses</b>	<b>(20,101)</b>	<b>(21,972)</b>	<b>(22,128)</b>	<b>(23,917)</b>	<b>(88,118)</b>
Other income	852	172	153	1,023	2,200
GE Capital earnings (loss) from continuing operations	135	(89)	(645)	69	(530)
<b>Earnings (loss) from continuing operations before income taxes</b>	<b>1,211</b>	<b>(473)</b>	<b>(1,101)</b>	<b>1,634</b>	<b>1,271</b>
Benefit (provision) for income taxes	(268)	170	(229)	(982)	(1,309)
<b>Earnings (loss) from continuing operations</b>	<b>943</b>	<b>(303)</b>	<b>(1,330)</b>	<b>652</b>	<b>(38)</b>
<b>Earnings (loss) from discontinued operations, net of taxes</b>	<b>2,663</b>	<b>219</b>	<b>(8,093)</b>	<b>(123)</b>	<b>(5,335)</b>
<b>Net Earnings (loss)</b>	<b>3,606</b>	<b>(84)</b>	<b>(9,424)</b>	<b>529</b>	<b>(5,373)</b>
Less net earnings (loss) attributable to noncontrolling interests	(57)	23	(41)	9	(66)
<b>Net Earnings (loss) attributable to the Company</b>	<b>3,549</b>	<b>(61)</b>	<b>(9,465)</b>	<b>538</b>	<b>(5,439)</b>
Continuing EPS	0.10	(0.03)	(0.15)	0.07	(0.01)
Adjusted EPS* <sup>-b)</sup>	0.13	0.16	0.15	0.21	0.65
Adj. GE Industrial profit*	2,017	1,812	2,147	2,767	8,743
Adj. GE Industrial profit margin*	9.9%	8.5%	10.0%	11.3%	10.0%



\* Non-GAAP Financial Measure

(a - Represents the adding together of all GE Industrial affiliates & GE Capital continuing operations on a one-line basis

(b - Excludes the impact of non-operating benefit costs, gains, restructuring & other

# 2019 GE Industrial free cash flow\* - post Baker Hughes & Transportation reclassification to discontinued ops.

(\$ in millions)

	1Q'19	2Q'19	3Q'19	4Q'19	2019
<b>Net earnings (loss)<sup>-a)</sup></b>	<b>808</b>	<b>(213)</b>	<b>(685)</b>	<b>583</b>	<b>492</b>
Depreciation & amortization	858	796	975	883	3,512
Goodwill impairments	-	744	740	2	1,486
Working capital	(1,490)	(1,163)	(1,757)	1,630	(2,780)
Contract assets	(680)	133	227	383	62
Other CFOA <sup>-b)</sup>	(94)	(657)	1,696	1,094	2,039
Gross capex <sup>-c)</sup>	(618)	(635)	(546)	(691)	(2,490)
<b>GE Industrial Free Cash Flow *</b>	<b>(1,216)</b>	<b>(996)</b>	<b>650</b>	<b>3,884</b>	<b>2,322</b>



\* Non-GAAP Financial Measure

(a - Aggregates the following: Net earnings (loss), (earnings) loss from discontinued operations, (earnings) loss from GE Capital continuing operations

(b - Aggregates the following: Losses (gains) on sales of business interests, principal pension plans (net), other post retirement benefit plans (net), income taxes (net), and all other operating activities; excludes deal taxes and GE Pension Plan contributions

(c - Includes additions to property, plant & equipment (PP&E) and internal use software

# 2019 Industrial segments results

(\$ in billions)

	<u>Power</u>			<u>Renewable Energy</u>			<u>Aviation</u>			<u>Healthcare</u>		
	\$ / %	y/y	y/y (org.)	\$ / %	y/y	y/y (org.)	\$ / %	y/y	y/y (org.)	\$ / %	y/y	y/y (org.)
Orders	\$16.9	(25)%	(13)%	\$16.9	10%	12%	\$36.7	3%	4%	\$21.2	1%	4%
Revenue	\$18.6	(16)%	(1)%*	\$15.3	7%	11%*	\$32.9	8%	9%*	\$19.9	1%	3%*
Segment Profit	\$0.4	F	F*	\$(0.7)	U	U*	\$6.8	5%	6%*	\$3.9	5%	7%*
Segment Margin	2.1%	570bps	720bps*	(4.3)%	(630)bps	(670)bps*	20.7%	(50)bps	(60)bps*	19.5%	80bps	70bps*

Industrial segment organic\* revenue growth 5.5% with 60bps Industrial margin expansion for 2019



\* Non-GAAP Financial Measure

# Non-GAAP reconciliations

- Organic revenue, profit (loss) and profit margin by segment - quarter
- Organic revenue, profit (loss) and profit margin by segment - full year
- Gas Power, Power Portfolio, and Healthcare Systems organic revenues
- Adjusted GE Industrial profit & profit margin
- Adjusted GE Industrial profit & profit margin, 2019 by quarter
- GE Industrial organic revenue & profit
- GE Industrial net-debt
- GE Industrial leverage EBITDA & net-debt/EBITDA ratio
- Adjusted total Corporate costs
- Adjusted earnings (loss)
- Adjusted earnings (loss), 2019 by quarter
- Adjusted earnings (loss) per share
- Adjusted earnings (loss) per share, 2019 by quarter
- GE Industrial free cash flow
- Free cash flow by segment
- Gas Power fixed costs
- GE Pre-tax earnings (loss) from continuing operations and adjusted GE pre-tax earnings and the corresponding effective tax rates
- 2020 operating framework





# Non-GAAP reconciliation: organic revenue, profit (loss) and profit margin by segment – quarter

(Dollars in millions)	Revenue			Segment profit (loss)			Profit margin		
	4Q'19	4Q'18	V%	4Q'19	4Q'18	V%	4Q'19	4Q'18	V pts
Power (GAAP)	\$ 5,401	\$ 5,381	- %	\$ 302	\$ (786)	F	5.6%	(14.6%)	20.2pts
Less: acquisitions	3	-		1	-				
Less: business dispositions	-	184		-	11				
Less: foreign currency effect	(65)	-		10	-				
<b>Power organic (Non-GAAP)</b>	<b>\$ 5,462</b>	<b>\$ 5,198</b>	<b>5%</b>	<b>\$ 290</b>	<b>\$ (797)</b>	<b>F</b>	<b>5.3%</b>	<b>(15.3%)</b>	<b>20.6pts</b>
Renewable Energy (GAAP)	\$ 4,747	\$ 4,646	2%	\$ (197)	\$ (21)	U	(4.1%)	(0.5%)	(3.6)pts
Less: acquisitions	-	-		-	-				
Less: business dispositions	-	-		-	-				
Less: foreign currency effect	(95)	-		6	-				
<b>Renewable Energy organic (Non-GAAP)</b>	<b>\$ 4,842</b>	<b>\$ 4,646</b>	<b>4%</b>	<b>\$ (203)</b>	<b>\$ (21)</b>	<b>U</b>	<b>(4.2%)</b>	<b>(0.5%)</b>	<b>(3.7)pts</b>
Aviation (GAAP)	\$ 8,936	\$ 8,456	6%	\$ 2,056	\$ 1,723	19%	23.0%	20.4%	2.6pts
Less: acquisitions	-	-		-	-				
Less: business dispositions	-	95		-	7				
Less: foreign currency effect	(5)	-		6	-				
<b>Aviation organic (Non-GAAP)</b>	<b>\$ 8,941</b>	<b>\$ 8,361</b>	<b>7%</b>	<b>\$ 2,050</b>	<b>\$ 1,716</b>	<b>19%</b>	<b>22.9%</b>	<b>20.5%</b>	<b>2.4pts</b>
Healthcare (GAAP)	\$ 5,402	\$ 5,398	- %	\$ 1,183	\$ 1,176	1%	21.9%	21.8%	0.1pts
Less: acquisitions	21	-		(1)	-				
Less: business dispositions	-	4		-	(20)				
Less: foreign currency effect	(46)	-		(10)	-				
<b>Healthcare organic (Non-GAAP)</b>	<b>\$ 5,427</b>	<b>\$ 5,393</b>	<b>1%</b>	<b>\$ 1,194</b>	<b>\$ 1,196</b>	<b>(0%)</b>	<b>22.0%</b>	<b>22.2%</b>	<b>(0.2)pts</b>
<b>GE Industrial segment (GAAP)</b>	<b>\$ 24,486</b>	<b>\$ 23,881</b>	<b>3%</b>	<b>\$ 3,344</b>	<b>\$ 2,092</b>	<b>60%</b>	<b>13.7%</b>	<b>8.8%</b>	<b>4.9pts</b>
Less: acquisitions	24	-		-	-				
Less: business dispositions	-	283		-	(2)				
Less: foreign currency effect	(211)	-		13	-				
<b>GE Industrial segment organic (Non-GAAP)</b>	<b>\$ 24,672</b>	<b>\$ 23,598</b>	<b>4.6%</b>	<b>\$ 3,331</b>	<b>\$ 2,094</b>	<b>59%</b>	<b>13.5%</b>	<b>8.9%</b>	<b>4.6pts</b>

We believe that these measures provide management and investors with a more complete understanding of underlying operating results and trends of established, ongoing operations by excluding the effect of acquisitions, dispositions and foreign currency, as these activities can obscure underlying trends. We also believe that presenting organic revenues\* and organic profit\* separately for our industrial businesses provides management and investors with useful information about the trends of our industrial businesses and enables a more direct comparison to other non-financial companies.

When comparing revenues and profit growth between periods excluding the effects of acquisitions, business dispositions and currency exchange rates, those effects are different when comparing results for different periods. Revenues and profit from acquisitions are considered inorganic from the date we complete an acquisition through the end of the fourth quarter following the acquisition and are therefore reflected as adjustments to reported revenues and profit to derive organic revenues and profit for the period following the acquisition. In subsequent periods, the revenues and profit from the acquisition become organic as these revenues and profit are included for all periods presented.

\* Non-GAAP Financial Measure



# Non-GAAP reconciliation: organic revenue, profit (loss) and profit margin by segment – full year

(Dollars in millions)	Revenue			Segment profit (loss)			Profit margin		
	2019	2018	V%	2019	2018	V%	2019	2018	V pts
Power (GAAP)	\$ 18,625	\$ 22,150	(16%)	\$ 386	\$ (808)	F	2.1%	(3.6%)	5.7pts
Less: acquisitions	25	-		(1)	-				
Less: business dispositions	10	2,805		(2)	237				
Less: foreign currency effect	(508)	-		47	-				
<b>Power organic (Non-GAAP)</b>	<b>\$ 19,098</b>	<b>\$ 19,345</b>	<b>(1%)</b>	<b>\$ 342</b>	<b>\$ (1,046)</b>	<b>F</b>	<b>1.8%</b>	<b>(5.4%)</b>	<b>7.2pts</b>
Renewable Energy (GAAP)	\$ 15,337	\$ 14,288	7%	\$ (666)	\$ 292	U	(4.3%)	2.0%	(6.3)pts
Less: acquisitions	3	-		6	(0)				
Less: business dispositions	-	-		-	(2)				
Less: foreign currency effect	(532)	-		60	-				
<b>Renewable Energy organic (Non-GAAP)</b>	<b>\$ 15,866</b>	<b>\$ 14,288</b>	<b>11%</b>	<b>\$ (731)</b>	<b>\$ 294</b>	<b>U</b>	<b>(4.6%)</b>	<b>2.1%</b>	<b>(6.7)pts</b>
Aviation (GAAP)	\$ 32,875	\$ 30,566	8%	\$ 6,820	\$ 6,466	5%	20.7%	21.2%	(0.5)pts
Less: acquisitions	-	-		-	-				
Less: business dispositions	25	317		6	39				
Less: foreign currency effect	(24)	-		30	-				
<b>Aviation organic (Non-GAAP)</b>	<b>\$ 32,874</b>	<b>\$ 30,250</b>	<b>9%</b>	<b>\$ 6,784</b>	<b>\$ 6,427</b>	<b>6%</b>	<b>20.6%</b>	<b>21.2%</b>	<b>(0.6)pts</b>
Healthcare (GAAP)	\$ 19,942	\$ 19,784	1%	\$ 3,896	\$ 3,698	5%	19.5%	18.7%	0.8pts
Less: acquisitions	83	-		(19)	-				
Less: business dispositions	2	235		(27)	22				
Less: foreign currency effect	(359)	-		(1)	-				
<b>Healthcare organic (Non-GAAP)</b>	<b>\$ 20,216</b>	<b>\$ 19,549</b>	<b>3%</b>	<b>\$ 3,944</b>	<b>\$ 3,676</b>	<b>7%</b>	<b>19.5%</b>	<b>18.8%</b>	<b>0.7pts</b>
<b>GE Industrial segment (GAAP)</b>	<b>\$ 86,778</b>	<b>\$ 86,789</b>	<b>- %</b>	<b>\$ 10,436</b>	<b>\$ 9,647</b>	<b>8%</b>	<b>12.0%</b>	<b>11.1%</b>	<b>0.9pts</b>
Less: acquisitions	111	-		(15)	-				
Less: business dispositions	38	3,357		(24)	295				
Less: foreign currency effect	(1,424)	-		136	-				
<b>GE Industrial segment organic (Non-GAAP)</b>	<b>\$ 88,053</b>	<b>\$ 83,432</b>	<b>5.5%</b>	<b>\$ 10,338</b>	<b>\$ 9,351</b>	<b>11%</b>	<b>11.7%</b>	<b>11.2%</b>	<b>0.5pts</b>

We believe that these measures provide management and investors with a more complete understanding of underlying operating results and trends of established, ongoing operations by excluding the effect of acquisitions, dispositions and foreign currency, as these activities can obscure underlying trends. We also believe that presenting organic revenues\* and organic profit\* separately for our industrial businesses provides management and investors with useful information about the trends of our industrial businesses and enables a more direct comparison to other non-financial companies.

When comparing revenues and profit growth between periods excluding the effects of acquisitions, business dispositions and currency exchange rates, those effects are different when comparing results for different periods. Revenues and profit from acquisitions are considered inorganic from the date we complete an acquisition through the end of the fourth quarter following the acquisition and are therefore reflected as adjustments to reported revenues and profit to derive organic revenues and profit for the period following the acquisition. In subsequent periods, the revenues and profit from the acquisition become organic as these revenues and profit are included for all periods presented.

\* Non-GAAP Financial Measure



# Non-GAAP reconciliation: Gas Power, Power Portfolio, and Healthcare Systems organic revenues

## GAS POWER ORGANIC REVENUES (NON-GAAP)

(Dollars in millions)	4Q'19	4Q'18	V%	2019	2018	V%
Gas Power revenues (Non-GAAP)	\$ 3,880	\$ 3,578	8%	\$ 13,122	\$ 13,296	(1%)
Adjustments:						
Less: acquisitions	-	-		-	-	
Less: business dispositions	-	4		1	7	
Less: foreign currency effect	(30)	-		(239)	-	
<b>Gas Power organic revenues (Non-GAAP)</b>	<b>\$ 3,910</b>	<b>\$ 3,574</b>	<b>9%</b>	<b>\$ 13,360</b>	<b>\$ 13,290</b>	<b>1%</b>

## POWER PORTFOLIO ORGANIC REVENUES (NON-GAAP)

(Dollars in millions)	4Q'19	4Q'18	V%	2019	2018	V%
Power Portfolio revenues (Non-GAAP)	\$ 1,521	\$ 1,804	(16%)	\$ 5,503	\$ 8,853	(38%)
Adjustments:						
Less: acquisitions	3	-		25	-	
Less: business dispositions	-	180		9	2,798	
Less: foreign currency effect	(35)	-		(269)	-	
<b>Power Portfolio organic revenues (Non-GAAP)</b>	<b>\$ 1,553</b>	<b>\$ 1,623</b>	<b>(4%)</b>	<b>\$ 5,738</b>	<b>\$ 6,055</b>	<b>(5%)</b>

## HEALTHCARE SYSTEMS ORGANIC REVENUES (NON-GAAP)

(Dollars in millions)	4Q'19	4Q'18	V%	2019	2018	V%
Healthcare Systems revenues (Non-GAAP)	\$ 3,963	\$ 4,009	(1%)	\$ 14,581	\$ 14,886	(2%)
Adjustments:						
Less: acquisitions	-	-		-	-	
Less: business dispositions	-	-		-	226	
Less: foreign currency effect	(29)	-		(248)	-	
<b>Healthcare Systems organic revenues (Non-GAAP)</b>	<b>\$ 3,992</b>	<b>\$ 4,009</b>	<b>- %</b>	<b>\$ 14,829</b>	<b>\$ 14,660</b>	<b>1%</b>



We believe this measure provides management and investors with a more complete understanding of underlying operating results and trends of established, ongoing operations by excluding the effect of acquisitions, dispositions and foreign currency, as these activities can obscure underlying trends.

\* Non-GAAP Financial Measure

# Non-GAAP reconciliation: adjusted GE Industrial profit & profit margin

<b>(Dollars in millions)</b>	<b>4Q'19</b>	<b>4Q'18</b>	<b>V%</b>	<b>2019</b>	<b>2018</b>	<b>V%</b>
GE total revenues (GAAP)	\$ 24,460	\$ 24,437	- %	\$ 87,719	\$ 89,038	(1%)
GE total costs and expenses (GAAP)	23,917	24,966	(4%)	88,118	111,967	(21%)
Less: GE interest and other financial charges	423	642		2,115	2,415	
Less: non-operating benefit costs	1,144	608		2,828	2,740	
Less: restructuring & other	418	601		1,351	2,832	
Less: goodwill impairments	2	162		1,486	22,136	
Add: noncontrolling interests	(11)	1		6	(130)	
<b>Adjusted GE Industrial costs (Non-GAAP)</b>	<b>21,920</b>	<b>22,952</b>	<b>(4%)</b>	<b>80,343</b>	<b>81,714</b>	<b>(2%)</b>
GE other income (GAAP)	1,023	967	6%	2,200	2,317	(5%)
Less: unrealized gains (losses)	917	(193)		793	-	
Less: restructuring & other	27	(7)		36	(120)	
Less: gains (losses) and impairments for disposed or held for sale businesses	(148)	900		4	1,370	
<b>Adjusted GE other income (Non-GAAP)</b>	<b>227</b>	<b>268</b>	<b>(15%)</b>	<b>1,367</b>	<b>1,068</b>	<b>28%</b>
<b>GE Industrial profit (GAAP)</b>	<b>\$ 1,565</b>	<b>\$ 438</b>	<b>F</b>	<b>\$ 1,801</b>	<b>\$ (20,612)</b>	<b>F</b>
<b>GE Industrial profit margin (GAAP)</b>	<b>6.4%</b>	<b>1.8%</b>	<b>4.6pts</b>	<b>2.1%</b>	<b>(23.1%)</b>	<b>25.2pts</b>
<b>Adjusted GE Industrial profit (Non-GAAP)</b>	<b>\$ 2,767</b>	<b>\$ 1,753</b>	<b>58%</b>	<b>\$ 8,743</b>	<b>\$ 8,392</b>	<b>4%</b>
<b>Adjusted GE Industrial profit margin (Non-GAAP)</b>	<b>11.3%</b>	<b>7.2%</b>	<b>4.1pts</b>	<b>10.0%</b>	<b>9.4%</b>	<b>0.6pts</b>



We believe GE Industrial profit and profit margins adjusted for the items included in the above reconciliation are meaningful measures because they increase the comparability of period-to-period results.

\* Non-GAAP Financial Measure

# Non-GAAP reconciliation: adjusted GE Industrial profit & profit margin, 2019 by quarter

<b>(Dollars in millions)</b>	<b>1Q'19</b>	<b>2Q'19</b>	<b>3Q'19</b>	<b>4Q'19</b>	<b>2019</b>
GE total revenues (GAAP)	\$ 20,324	\$ 21,416	\$ 21,519	\$ 24,460	\$ 87,719
GE total costs and expenses (GAAP)	20,101	21,972	22,128	23,917	88,118
Less: GE interest and other financial charges	520	382	791	423	2,115
Less: non-operating benefit costs	564	558	562	1,144	2,828
Less: restructuring & other	267	345	322	418	1,351
Less: goodwill impairments	-	744	740	2	1,486
Add: noncontrolling interests	23	(1)	(5)	(11)	6
<b>Adjusted GE Industrial costs (Non-GAAP)</b>	<b>18,773</b>	<b>19,943</b>	<b>19,708</b>	<b>21,920</b>	<b>80,343</b>
GE other income (GAAP)	852	172	153	1,023	2,200
Less: unrealized gains (losses)	13	(51)	(86)	917	793
Less: restructuring & other	9	-	-	27	36
Less: gains (losses) and impairments for disposed or held for sale businesses	365	(116)	(97)	(148)	4
<b>Adjusted GE other income (Non-GAAP)</b>	<b>465</b>	<b>339</b>	<b>336</b>	<b>227</b>	<b>1,367</b>
<b>GE Industrial profit (GAAP)</b>	<b>\$ 1,076</b>	<b>\$ (384)</b>	<b>\$ (456)</b>	<b>\$ 1,565</b>	<b>\$ 1,801</b>
<b>GE Industrial profit margin (GAAP)</b>	<b>5.3%</b>	<b>(1.8%)</b>	<b>(2.1%)</b>	<b>6.4%</b>	<b>2.1%</b>
<b>Adjusted GE Industrial profit (Non-GAAP)</b>	<b>\$ 2,017</b>	<b>\$ 1,812</b>	<b>\$ 2,147</b>	<b>\$ 2,767</b>	<b>\$ 8,743</b>
<b>Adjusted GE Industrial profit margin (Non-GAAP)</b>	<b>9.9%</b>	<b>8.5%</b>	<b>10.0%</b>	<b>11.3%</b>	<b>10.0%</b>



We believe that GE Industrial profit and profit margins adjusted for these items included in the above reconciliation are meaningful measures because they increase the comparability of period-to-period results.

\* Non-GAAP Financial Measure

# Non-GAAP reconciliation: GE Industrial organic revenue & profit

## GE INDUSTRIAL ORGANIC REVENUES (NON-GAAP)

(Dollars in millions)	4Q'19	4Q'18	V%	2019	2018	V%
GE Industrial revenues (Non-GAAP)	\$ 24,460	\$ 24,437	- %	\$ 87,719	\$ 89,038	(1%)
Adjustments:						
Less: acquisitions	24	-		111	-	
Less: business dispositions	-	536		45	4,233	
Less: foreign currency effect	(216)	-		(1,442)	-	
<b>GE Industrial organic revenues (Non-GAAP)</b>	<b>\$ 24,651</b>	<b>\$ 23,901</b>	<b>3%</b>	<b>\$ 89,004</b>	<b>\$ 84,805</b>	<b>5%</b>

## ADJUSTED GE INDUSTRIAL ORGANIC PROFIT (NON-GAAP)

(Dollars in millions)	4Q'19	4Q'18	V%	2019	2018	V%
Adjusted GE Industrial profit (Non-GAAP)	\$ 2,767	\$ 1,753	58%	\$ 8,743	\$ 8,392	4%
Adjustments:						
Less: acquisitions	-	-		(15)	(0)	
Less: business dispositions	-	1		(32)	284	
Less: foreign currency effect	8	-		144	-	
<b>Adjusted GE Industrial organic profit (Non-GAAP)</b>	<b>\$ 2,759</b>	<b>\$ 1,752</b>	<b>57%</b>	<b>\$ 8,646</b>	<b>\$ 8,107</b>	<b>7%</b>
<b>Adjusted GE Industrial profit margin (Non-GAAP)</b>	<b>11.3%</b>	<b>7.2%</b>	<b>4.1pts</b>	<b>10.0%</b>	<b>9.4%</b>	<b>0.6pts</b>
<b>Adjusted GE Industrial organic profit margin (Non-GAAP)</b>	<b>11.2%</b>	<b>7.3%</b>	<b>3.9pts</b>	<b>9.7%</b>	<b>9.6%</b>	<b>0.1pts</b>



We believe these measures provide management and investors with a more complete understanding of underlying operating results and trends of established, ongoing operations by excluding the effect of acquisitions, dispositions and foreign currency, as these activities can obscure underlying trends.

\* Non-GAAP Financial Measure

# Non-GAAP reconciliation: GE Industrial net-debt

<b>(Dollars in millions)</b>	<b>December 31, 2019</b>		<b>December 31, 2018</b>	
Total GE short-term and long-term borrowings (GAAP)	\$	52,059	\$	62,212
Less: GE Capital short-term and long-term debt assumed by GE		31,368		36,262
Add: intercompany loans from GE Capital		12,226		13,749
<b>Total adjusted GE borrowings</b>		<b>32,917</b>		<b>39,700</b>
Total pension and principal retiree benefit plan liabilities (pre-tax)(a)		27,773		26,836
Less: taxes at 21%		5,832		5,636
<b>Total pension and principal retiree benefit plan liabilities (net of tax)</b>		<b>21,941</b>		<b>21,200</b>
GE operating lease liabilities		3,369		3,868
GE preferred stock		5,738		5,573
Less: 50% of GE preferred stock		2,869		2,787
<b>50% of preferred stock</b>		<b>2,869</b>		<b>2,787</b>
Deduction for total GE cash, cash equivalents and restricted cash		(17,613)		(16,632)
Less: 25% of GE cash, cash equivalents and restricted cash		(4,403)		(4,158)
<b>Deduction for 75% of GE cash, cash equivalents and restricted cash</b>		<b>(13,210)</b>		<b>(12,474)</b>
<b>Total GE Industrial net debt (Non-GAAP)</b>	<b>\$</b>	<b>47,886</b>	<b>\$</b>	<b>55,081</b>



a) Represents the total net deficit status of principal pension plans, other pension plans and retiree benefit plans.

In this document we use GE Industrial net debt\*, which is calculated based on rating agency methodologies. We are including the calculation of GE industrial net debt\* to provide investors more clarity regarding how the credit rating agencies measure GE Industrial leverage.

\* Non-GAAP Financial Measure

# Non-GAAP reconciliation: GE Industrial leverage EBITDA & net-debt/EBITDA ratio

## GE INDUSTRIAL LEVERAGE EBITDA

(Dollars in millions)	December 31, 2019	December 31, 2018
GE earnings (loss) from continuing operations before income taxes (GAAP)	\$ 1,271	\$ (21,100)
Less: Interest and other financial charges	(2,115)	(2,415)
Less: Depreciation and amortization of PP&E and amortization of intangible assets	(3,513)	(4,399)
Less: GE Capital earnings (loss) from continuing operations	(530)	(489)
Less: Non-operating benefit costs	(2,828)	(2,740)
Less: goodwill impairments	(1,486)	(22,136)
Less: Other items(a)	739	815
Add: Disposition related adjustments(b)	282	1,303
<b>Total GE Industrial leverage EBITDA (Non-GAAP)</b>	<b>\$ 11,286</b>	<b>\$ 11,567</b>

## GE INDUSTRIAL NET DEBT/EBITDA RATIO

(Dollars in millions)	December 31, 2019	December 31, 2018
Total GE Industrial net debt	\$ 47,886	\$ 55,081
Total GE Industrial leverage EBITDA	\$ 11,286	\$ 11,567
<b>GE Industrial net debt/EBITDA ratio</b>	<b>4.2x</b>	<b>4.8x</b>



a) Other items is mainly comprised of adjustments for other income, long-term fixed operating lease expense and stock-related compensation expense.

b) Includes Transportation's EBITDA in 2018 and the BKR dividend in both 2018 and 2019.

In this document we use GE Industrial leverage EBITDA\*, which is calculated based on rating agency methodologies. We are including the calculation of GE Industrial leverage EBITDA\* to provide investors more clarity regarding how the credit rating agencies measure GE Industrial leverage.

\* Non-GAAP Financial Measure



# Non-GAAP reconciliation: adjusted total Corporate costs

<b>(Dollars in millions)</b>	<b>4Q'19</b>	<b>4Q'18</b>	<b>V%</b>	<b>2019</b>	<b>2018</b>	<b>V%</b>
<b>Revenues</b>						
Corporate revenues	\$ 397	\$ 748	(47%)	\$ 1,791	\$ 2,783	(36%)
Eliminations and other	(740)	(606)		(2,096)	(2,110)	
<b>Total Corporate Items and Eliminations</b>	<b>(343)</b>	<b>142</b>	<b>U</b>	<b>(305)</b>	<b>673</b>	<b>U</b>
<b>Operating profit (cost)</b>						
Gains (losses) on disposals and held for sale businesses	(148)	900		4	1,370	
Restructuring and other charges	(391)	(609)		(1,315)	(2,952)	
Unrealized gains (losses)(a)	917	(193)		793	-	
Goodwill impairments	(2)	(162)		(1,486)	(22,136)	
Adjusted total corporate operating costs (Non-GAAP)	(577)	(339)		(1,693)	(1,255)	
<b>Total Corporate Items and Eliminations (GAAP)</b>	<b>(201)</b>	<b>(404)</b>	<b>50%</b>	<b>(3,698)</b>	<b>(24,973)</b>	<b>85%</b>
Less: gains (losses) and restructuring & other	376	(65)		(2,004)	(23,719)	
<b>Adjusted total corporate operating costs (Non-GAAP)</b>	<b>\$ (577)</b>	<b>\$ (339)</b>	<b>(70%)</b>	<b>\$ (1,693)</b>	<b>\$ (1,255)</b>	<b>(35%)</b>



a) Related to our mark to market impact on our Baker Hughes shares for 2019.

Adjusted total corporate operating costs\* excludes gains (losses) on disposals and held for sale businesses, restructuring and other charges, unrealized gains (losses) and goodwill impairments. We believe that adjusting corporate costs\* to exclude the effects of items that are not closely associated with ongoing corporate operations provides management and investors with a meaningful measure that increases the period-to-period comparability of our ongoing corporate costs.

\* Non-GAAP Financial Measure

# Non-GAAP reconciliation: adjusted earnings (loss)

(Dollars in millions)	4Q'19	4Q'18	V%	2019	2018	V%
Consolidated earnings (loss) from continuing operations attributable to GE common shareholders (GAAP)	\$ 663	\$ 509	30%	\$ (44)	\$ (21,438)	F
Less: GE Capital earnings (loss) from continuing operations attributable to GE common shareholders (GAAP)	69	(86)	F	(530)	(489)	(8%)
GE Industrial earnings (loss) (Non-GAAP)	594	595	- %	486	(20,949)	F
Non-operating benefits costs (pre-tax) (GAAP)	(1,144)	(608)		(2,828)	(2,740)	
Tax effect on non-operating benefit costs	240	128		594	575	
Less: non-operating benefit costs (net of tax)	(904)	(481)		(2,234)	(2,165)	
Gains (losses) and impairments for disposed or held for sale businesses (pre-tax)	(148)	900		4	1,370	
Tax effect on gains (losses) and impairments for disposed or held for sale businesses	31	(186)		34	(380)	
Less: gains (losses) and impairments for disposed or held for sale businesses (net of tax)	(117)	714		39	990	
Restructuring & other (pre-tax)	(391)	(609)		(1,315)	(2,952)	
Tax effect on restructuring & other	85	66		277	338	
Less: restructuring & other (net of tax)	(306)	(543)		(1,039)	(2,614)	
Goodwill impairments (pre-tax)	(2)	(162)		(1,486)	(22,136)	
Tax effect on goodwill impairments	-	11		(55)	(235)	
Less: goodwill impairments (net of tax)	(2)	(151)		(1,541)	(22,371)	
Unrealized gains (losses) (pre-tax)	917	(193)		793	-	
Tax effect on unrealized gains (losses)	(140)	41		(114)	-	
Less: unrealized gains (losses) (net of tax)	777	(153)		679	-	
Debt extinguishment costs	-	-		(255)	-	
Tax effect on debt extinguishment costs	-	-		53	-	
Less: debt extinguishment costs (net of tax)	-	-		(201)	-	
BioPharma deal expense (pre-tax)	-	-		-	-	
Tax on BioPharma deal expense	(633)	-		(647)	-	
Less: BioPharma deal expense (net of tax)	(633)	-		(647)	-	
Less: GE Industrial U.S. tax reform enactment adjustment	-	17		(101)	(38)	
Adjusted GE Industrial earnings (loss) (Non-GAAP)	1,779	1,192	49%	5,531	5,249	5%
GE Capital earnings (loss) from continuing operations attributable to GE common shareholders (GAAP)	69	(86)	F	(530)	(489)	(8%)
Insurance premium deficiency test charge (pre-tax)	-	-		(972)	-	
Tax effect on insurance premium deficiency test charge	-	-		204	-	
Less: insurance premium deficiency test charge (net of tax)	-	-		(768)	-	
Less: GE Capital U.S. tax reform enactment adjustment	-	(128)		99	(173)	
Adjusted GE Capital earnings (loss) (Non-GAAP)	69	43	60%	139	(316)	F
Adjusted GE Industrial earnings (loss) (Non-GAAP)	1,779	1,192	49%	5,531	5,249	5%
Add: Adjusted GE Capital earnings (loss) (Non-GAAP)	69	43	60%	139	(316)	F
<b>Adjusted earnings (loss) (Non-GAAP)</b>	<b>\$ 1,848</b>	<b>\$ 1,234</b>	<b>50%</b>	<b>\$ 5,671</b>	<b>\$ 4,933</b>	<b>15%</b>



\* Non-GAAP Financial Measure

# Non-GAAP reconciliation: adjusted earnings (loss), 2019 by quarter

(Dollars in millions)	1Q'19	2Q'19	3Q'19	4Q'19	2019
Consolidated earnings (loss) from continuing operations attributable to GE common shareholders (GAAP)	\$ 920	\$ (302)	\$ (1,325)	\$ 663	\$ (44)
Less: GE Capital earnings (loss) from continuing operations attributable to GE common shareholders (GAAP)	135	(89)	(645)	69	(530)
GE Industrial earnings (loss) (Non-GAAP)	785	(213)	(680)	594	486
Non-operating benefits costs (pre-tax) (GAAP)	(564)	(558)	(562)	(1,144)	(2,828)
Tax effect on non-operating benefit costs	118	117	118	240	594
Less: non-operating benefit costs (net of tax)	(446)	(441)	(444)	(904)	(2,234)
Gains (losses) and impairments for disposed or held for sale businesses (pre-tax)	365	(116)	(97)	(148)	4
Tax effect on gains (losses) and impairments for disposed or held for sale businesses	35	2	(34)	31	34
Less: gains (losses) and impairments for disposed or held for sale businesses (net of tax)	400	(114)	(130)	(117)	39
Restructuring & other (pre-tax)	(258)	(345)	(322)	(391)	(1,315)
Tax effect on restructuring & other	53	71	68	85	277
Less: restructuring & other (net of tax)	(205)	(273)	(254)	(306)	(1,039)
Goodwill impairments (pre-tax)	-	(744)	(740)	(2)	(1,486)
Tax effect on goodwill impairments	-	(55)	-	-	(55)
Less: goodwill impairments (net of tax)	-	(799)	(740)	(2)	(1,541)
Unrealized gains (losses) (pre-tax)	13	(51)	(86)	917	793
Tax effect on unrealized gains (losses)	(3)	11	18	(140)	(114)
Less: unrealized gains (losses) (net of tax)	10	(40)	(68)	777	679
Debt extinguishment costs	-	-	(255)	-	(255)
Tax effect on debt extinguishment costs	-	-	53	-	53
Less: debt extinguishment costs (net of tax)	-	-	(201)	-	(201)
BioPharma deal expense (pre-tax)	-	-	-	-	-
Tax on BioPharma deal expense	(14)	-	-	(633)	(647)
Less: BioPharma deal expense (net of tax)	(14)	-	-	(633)	(647)
Less: GE Industrial U.S. tax reform enactment adjustment	(101)	-	-	-	(101)
Adjusted GE Industrial earnings (loss) (Non-GAAP)	1,140	1,454	1,158	1,779	5,531
GE Capital earnings (loss) from continuing operations attributable to GE common shareholders (GAAP)	135	(89)	(645)	69	(530)
Insurance premium deficiency test charge (pre-tax)	-	-	(972)	-	(972)
Tax effect on insurance premium deficiency test charge	-	-	204	-	204
Less: insurance premium deficiency test charge (net of tax)	-	-	(768)	-	(768)
Less: GE Capital U.S. tax reform enactment adjustment	99	-	-	-	99
Adjusted GE Capital earnings (loss) (Non-GAAP)	36	(89)	123	69	139
Adjusted GE Industrial earnings (loss) (Non-GAAP)	1,140	1,454	1,158	1,779	5,531
Add: Adjusted GE Capital earnings (loss) (Non-GAAP)	36	(89)	123	69	139
<b>Adjusted earnings (loss) (Non-GAAP)</b>	<b>\$ 1,177</b>	<b>\$ 1,365</b>	<b>\$ 1,282</b>	<b>\$ 1,848</b>	<b>\$ 5,671</b>



\* Non-GAAP Financial Measure

# Non-GAAP reconciliation: adjusted earnings (loss) per share

<b>(Per share amounts in dollars)</b>	<b>4Q'19</b>	<b>4Q'18</b>	<b>V%</b>	<b>2019</b>	<b>2018</b>	<b>V%</b>
Consolidated earnings (loss) from continuing operations attributable to GE common shareholders (GAAP)	0.07	0.06	17%	(0.01)	(2.47)	F
Less: GE Capital earnings (loss) from continuing operations attributable to GE common shareholders (GAAP)	0.01	(0.01)	F	(0.06)	(0.06)	- %
GE Industrial earnings (loss) (Non-GAAP)	0.07	0.07	- %	0.06	(2.41)	F
Non-operating benefits costs (pre-tax) (GAAP)	(0.13)	(0.07)		(0.32)	(0.32)	
Tax effect on non-operating benefit costs	0.03	0.01		0.07	0.07	
Less: non-operating benefit costs (net of tax)	(0.10)	(0.06)		(0.26)	(0.25)	
Gains (losses) and impairments for disposed or held for sale businesses (pre-tax)	(0.02)	0.10		0.00	0.16	
Tax effect on gains (losses) and impairments for disposed or held for sale businesses	0.00	(0.02)		0.00	(0.04)	
Less: gains (losses) and impairments for disposed or held for sale businesses (net of tax)	(0.01)	0.08		0.00	0.11	
Restructuring & other (pre-tax)	(0.04)	(0.07)		(0.15)	(0.34)	
Tax effect on restructuring & other	0.01	0.01		0.03	0.04	
Less: restructuring & other (net of tax)	(0.03)	(0.06)		(0.12)	(0.30)	
Goodwill impairments (pre-tax)	(0.00)	(0.02)		(0.17)	(2.55)	
Tax effect on goodwill impairments	-	0.00		(0.01)	(0.03)	
Less: goodwill impairments (net of tax)	(0.00)	(0.02)		(0.18)	(2.57)	
Unrealized gains (losses) (pre-tax)	0.10	(0.02)		0.09	-	
Tax effect on unrealized gains (losses)	(0.02)	0.00		(0.01)	-	
Less: unrealized gains (losses) (net of tax)	0.09	(0.02)		0.08	-	
Debt extinguishment costs	-	-		(0.03)	-	
Tax effect on debt extinguishment costs	-	-		0.01	-	
Less: debt extinguishment costs (net of tax)	-	-		(0.02)	-	
BioPharma deal expense (pre-tax)	-	-		-	-	
Tax on BioPharma deal expense	(0.07)	-		(0.07)	-	
Less: BioPharma deal expense (net of tax)	(0.07)	-		(0.07)	-	
Less: GE Industrial U.S. tax reform enactment adjustment	-	0.00		(0.01)	(0.00)	
Adjusted GE Industrial earnings (loss) (Non-GAAP)	0.20	0.14	43%	0.63	0.60	5%
GE Capital earnings (loss) from continuing operations attributable to GE common shareholders (GAAP)	0.01	(0.01)	F	(0.06)	(0.06)	0%
Insurance premium deficiency test charge (pre-tax)	-	-		(0.11)	-	
Tax effect on insurance premium deficiency test charge	-	-		0.02	-	
Less: insurance premium deficiency test charge (net of tax)	-	-		(0.09)	-	
Less: GE Capital U.S. tax reform enactment adjustment	-	(0.01)		0.01	(0.02)	
Adjusted GE Capital earnings (loss) (Non-GAAP)	0.01	0.00	F	0.02	(0.04)	F
Adjusted GE Industrial earnings (loss) (Non-GAAP)	0.20	0.14	43%	0.63	0.60	5%
Add: Adjusted GE Capital earnings (loss) (Non-GAAP)	0.01	0.00	F	0.02	(0.04)	F
<b>Adjusted earnings (loss) (Non-GAAP)</b>	<b>\$ 0.21</b>	<b>\$ 0.14</b>	<b>50%</b>	<b>\$ 0.65</b>	<b>\$ 0.57</b>	<b>14%</b>



\* Non-GAAP Financial Measure

# Non-GAAP reconciliation: adjusted earnings (loss) per share, 2019 by quarter

(Per share amounts in dollars)	1Q'19	2Q'19	3Q'19	4Q'19	2019
Consolidated earnings (loss) from continuing operations attributable to GE common shareholders (GAAP)	\$ 0.10	\$ (0.03)	\$ (0.15)	\$ 0.07	\$ (0.01)
Less: GE Capital earnings (loss) from continuing operations attributable to GE common shareholders (GAAP)	0.02	(0.01)	(0.07)	0.01	(0.06)
GE Industrial earnings (loss) (Non-GAAP)	0.09	(0.02)	(0.08)	0.07	0.06
Non-operating benefits costs (pre-tax) (GAAP)	(0.06)	(0.06)	(0.06)	(0.13)	(0.32)
Tax effect on non-operating benefit costs	0.01	0.01	0.01	0.03	0.07
Less: non-operating benefit costs (net of tax)	(0.05)	(0.05)	(0.05)	(0.10)	(0.26)
Gains (losses) and impairments for disposed or held for sale businesses (pre-tax)	0.04	(0.01)	(0.01)	(0.02)	0.00
Tax effect on gains (losses) and impairments for disposed or held for sale businesses	0.00	0.00	(0.00)	0.00	0.00
Less: gains (losses) and impairments for disposed or held for sale businesses (net of tax)	0.04	(0.01)	(0.01)	(0.01)	0.00
Restructuring & other (pre-tax)	(0.03)	(0.04)	(0.04)	(0.04)	(0.15)
Tax effect on restructuring & other	0.01	0.01	0.01	0.01	0.03
Less: restructuring & other (net of tax)	(0.02)	(0.03)	(0.03)	(0.03)	(0.12)
Goodwill impairments (pre-tax)	-	(0.09)	(0.08)	(0.00)	(0.17)
Tax effect on goodwill impairments	-	(0.01)	-	-	(0.01)
Less: goodwill impairments (net of tax)	-	(0.09)	(0.08)	(0.00)	(0.18)
Unrealized gains (losses) (pre-tax)	0.00	(0.01)	(0.01)	0.10	0.09
Tax effect on unrealized gains (losses)	(0.00)	0.00	0.00	(0.02)	(0.01)
Less: unrealized gains (losses) (net of tax)	0.00	(0.00)	(0.01)	0.09	0.08
Debt extinguishment costs	-	-	(0.03)	-	(0.03)
Tax effect on debt extinguishment costs	-	-	0.01	-	0.01
Less: debt extinguishment costs (net of tax)	-	-	(0.02)	-	(0.02)
BioPharma deal expense (pre-tax)	-	-	-	-	-
Tax on BioPharma deal expense	(0.00)	-	-	(0.07)	(0.07)
Less: BioPharma deal expense (net of tax)	(0.00)	-	-	(0.07)	(0.07)
Less: GE Industrial U.S. tax reform enactment adjustment	(0.01)	-	-	-	(0.01)
Adjusted GE Industrial earnings (loss) (Non-GAAP)	0.13	0.17	0.13	0.20	0.63
GE Capital earnings (loss) from continuing operations attributable to GE common shareholders (GAAP)	0.02	(0.01)	(0.07)	0.01	(0.06)
Insurance premium deficiency test charge (pre-tax)	-	-	(0.11)	-	(0.11)
Tax effect on insurance premium deficiency test charge	-	-	0.02	-	0.02
Less: insurance premium deficiency test charge (net of tax)	-	-	(0.09)	-	(0.09)
Less: GE Capital U.S. tax reform enactment adjustment	0.01	-	-	-	0.01
Adjusted GE Capital earnings (loss) (Non-GAAP)	0.00	(0.01)	0.01	0.01	0.02
Adjusted GE Industrial earnings (loss) (Non-GAAP)	0.13	0.17	0.13	0.20	0.63
Add: Adjusted GE Capital earnings (loss) (Non-GAAP)	0.00	(0.01)	0.01	0.01	0.02
<b>Adjusted earnings (loss) (Non-GAAP)</b>	<b>\$ 0.13</b>	<b>\$ 0.16</b>	<b>\$ 0.15</b>	<b>\$ 0.21</b>	<b>\$ 0.65</b>



\* Non-GAAP Financial Measure

# Non-GAAP reconciliation: GE Industrial free cash flow

## GE INDUSTRIAL FREE CASH FLOW (FCF) (NON-GAAP)

(Dollars in millions)	4Q'19	4Q'18	V\$	2019	2018	V\$
GE CFOA (GAAP)	\$ 4,537	\$ 5,159	\$ (622)	\$ 4,614	\$ 701	\$ 3,913
Add: gross additions to property, plant and equipment	(620)	(532)		(2,216)	(2,234)	
Add: gross additions to internal-use software	(71)	(73)		(274)	(306)	
Less: common dividends from GE Capital	-	-		-	-	
Less: GE Pension Plan funding	-	-		-	(6,000)	
Less: taxes related to business sales	(38)	(90)		(198)	(180)	
<b>GE Industrial free cash flow (Non-GAAP)</b>	<b>\$ 3,884</b>	<b>\$ 4,644</b>	<b>\$ (759)</b>	<b>\$ 2,322</b>	<b>\$ 4,341</b>	<b>\$ (2,019)</b>

## GE INDUSTRIAL FREE CASH FLOW (NON-GAAP), 2019 BY QUARTER

(Dollars in millions)	1Q'19	2Q'19	3Q'19	4Q'19	2019
GE CFOA (GAAP)	\$ (607)	\$ (460)	\$ 1,144	\$ 4,537	\$ 4,614
Add: gross additions to property, plant and equipment	(552)	(565)	(480)	(620)	(2,216)
Add: gross additions to internal-use software	(66)	(71)	(66)	(71)	(274)
Less: taxes related to business sales	(8)	(100)	(52)	(38)	(198)
<b>GE Industrial free cash flow (Non-GAAP)</b>	<b>\$ (1,216)</b>	<b>\$ (996)</b>	<b>\$ 650</b>	<b>\$ 3,884</b>	<b>\$ 2,322</b>



We believe investors may 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 this measure will better allow management and investors to evaluate the capacity of our industrial operations to generate free cash flows.

\* Non-GAAP Financial Measure

# Non-GAAP reconciliation: free cash flow by segment

## 2019 FREE CASH FLOW (FCF) BY SEGMENT

(Dollars in millions)	Renewable						Corporate & Eliminations	GE Industrial
	Power	Energy	Aviation	Healthcare				
CFOA (GAAP)	\$ (1,200)	\$ (512)	\$ 5,552	\$ 3,024	\$ (2,250)	\$	\$ 4,614	
Add: gross additions to property, plant and equipment	(277)	(455)	(1,031)	(395)	(59)		(2,216)	
Add: gross additions to internal-use software	(46)	(14)	(107)	(79)	(28)		(274)	
Less: GE Pension Plan funding	-	-	-	-	-		-	
Less: taxes related to business sales	-	-	-	-	(198)		(198)	
<b>Free cash flow (Non-GAAP)</b>	<b>\$ (1,523)</b>	<b>\$ (980)</b>	<b>\$ 4,415</b>	<b>\$ 2,550</b>	<b>\$ (2,139)</b>	<b>\$</b>	<b>\$ 2,322</b>	

## 2018 FREE CASH FLOW (FCF) BY SEGMENT

(Dollars in millions)	Renewable						Corporate & Eliminations	GE Industrial
	Power	Energy	Aviation	Healthcare				
CFOA (GAAP)	\$ (1,849)	\$ 406	\$ 5,373	\$ 3,485	\$ (6,714)	\$	\$ 701	
Add: gross additions to property, plant and equipment	(358)	(297)	(1,070)	(378)	(131)		(2,234)	
Add: gross additions to internal-use software	(66)	(11)	(73)	(90)	(67)		(306)	
Less: GE Pension Plan funding	-	-	-	-	(6,000)		(6,000)	
Less: taxes related to business sales	-	-	-	-	(180)		(180)	
<b>Free cash flow (Non-GAAP)</b>	<b>\$ (2,273)</b>	<b>\$ 98</b>	<b>\$ 4,230</b>	<b>\$ 3,018</b>	<b>\$ (731)</b>	<b>\$</b>	<b>\$ 4,341</b>	



We believe investors may 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 this measure will better allow management and investors to evaluate the capacity of our industrial operations to generate free cash flows.

\* Non-GAAP Financial Measure

## Non-GAAP reconciliation: Gas Power fixed costs

<b>(Dollars in millions)</b>	<b>4Q'19</b>	<b>4Q'18</b>	<b>V%</b>	<b>2019</b>	<b>2018</b>	<b>V%</b>
Gas Power total costs and expenses (GAAP)	\$ 3,566	\$ 4,363	(18%)	\$ 12,656	\$ 14,205	(11%)
Less: Gas Power variable costs*	2,816	3,483		9,551	10,745	
<b>Gas Power fixed costs (NON-GAAP)</b>	<b>\$ 751</b>	<b>\$ 879</b>	<b>(15%)</b>	<b>\$ 3,105</b>	<b>\$ 3,460</b>	<b>(10%)</b>



We believe that fixed costs\* is a meaningful measure as it is broader than selling, general and administrative costs and represents the costs in the segments that generally do not vary with volume. 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 Statement of Earnings line items of cost of goods and cost of services sold.

\* Non-GAAP Financial Measure



# Non-GAAP reconciliation: GE Pre-tax earnings (loss) from continuing operations and adjusted GE pre-tax earnings and the corresponding effective tax rates

<b>(Dollars in millions)</b>	<b>2019</b>	<b>2018</b>
GE earnings (loss) from continuing operations before income taxes (GAAP)	\$ 1,271	\$ (21,101)
Less: GE Capital earnings (loss) from continuing operations	(530)	(489)
GE Industrial earnings (loss) from continuing operations before income taxes (Non-GAAP)	1,801	(20,612)
Less: non-operating benefit costs (pre-tax)	(2,828)	(2,740)
Less: gains (losses) and impairments for disposed or held for sale businesses (pre-tax)	4	1,370
Less: restructuring & other (pre-tax)	(1,315)	(2,952)
Less: goodwill impairments (pre-tax)	(1,486)	(22,136)
Less: unrealized gains (losses) (pre-tax)	793	-
Less: debt extinguishment costs (pre-tax)	(255)	-
Adjusted GE Industrial earnings (loss) from continuing operations before income taxes (Non-GAAP)	6,888	5,847
GE provision (benefit) for income taxes (GAAP)	1,309	467
Less: taxes on non-operating benefit costs	(594)	(575)
Less: taxes on gains (losses) and impairments for disposed or held for sale businesses	(34)	380
Less: taxes on restructuring & other	(277)	(338)
Less: taxes on goodwill impairments	55	235
Less: taxes on unrealized gains (losses)	114	-
Less: taxes on debt extinguishment costs	(53)	-
Less: taxes on BioPharma deal expense	647	-
Less: GE Industrial U.S. tax reform enactment adjustment	101	38
<b>Adjusted GE Industrial taxes (Non-GAAP)</b>	<b>\$ 1,350</b>	<b>\$ 727</b>
GE effective tax rate, excluding GE Capital earnings (Non-GAAP)	72.7%	(2.3%)
Adjusted GE effective tax rate (Non-GAAP)	19.6%	12.4%



We believe the GE effective tax rate, excluding GE Capital earnings\*, is best analyzed in relation to GE earnings before income taxes excluding the GE Capital net earnings from continuing operations, as GE tax expense does not include taxes on GE Capital earnings. Management believes this supplemental measure provides investors with useful information as it presents the GE effective tax rate that can be used in comparing the GE results to other non-financial services businesses.

\* Non-GAAP Financial Measure

# Non-GAAP reconciliation: 2020 operating framework

**2020 ADJUSTED EPS:** We cannot provide a reconciliation of the differences between the non-GAAP expectations and corresponding GAAP measure for Adjusted EPS\* in 2020 without unreasonable effort due to the uncertainty of timing of any gains or losses related to acquisitions & dispositions including our agreement to sell our BioPharma business, the timing and magnitude of the financial impact related to the mark-to-market of our remaining investment in Baker Hughes, and the timing and magnitude of restructuring expenses. Although we have attempted to estimate the amount of gains and restructuring charges for the purpose of explaining the probable significance of these components, this calculation involves a number of unknown variables, resulting in a GAAP range that we believe is too large and variable to be meaningful.

**2020 GE INDUSTRIAL FREE CASH FLOW:** We cannot provide a reconciliation of the differences between the non-GAAP expectations and corresponding GAAP measure for GE Industrial Free Cash flow\* in 2020 without unreasonable effort due to the uncertainty of timing of deal taxes related to business sales.



\* Non-GAAP Financial Measure

# Upcoming calendar

2020 outlook	March 4, 2020
1Q'20 earnings	April 29, 2020
Annual Shareholders Meeting	May 5, 2020
2Q'20 earnings	July 29, 2020
3Q'20 earnings	October 28, 2020

