



# 2019 GE Investor Outlook Supplemental Information

## TABLE OF CONTENTS

	Page
2018 ADJUSTED GE INDUSTRIAL PROFIT AND PROFIT MARGIN (EXCLUDING CERTAIN ITEMS) (NON-GAAP)	2
2018 GE INDUSTRIAL FREE CASH FLOWS (FCF) AND ADJUSTED GE INDUSTRIAL FCF (NON-GAAP)	3
2018 FREE CASH FLOWS (FCF) BY SEGMENT AND ADJUSTED FCF BY SEGMENT (NON-GAAP)	3
2019F ADJUSTED GE INDUSTRIAL FREE CASH FLOWS (NON-GAAP)	3
2017 AND 2018 ADJUSTED TOTAL CORPORATE COSTS (OPERATING) (NON-GAAP)	4
2019F ADJUSTED TOTAL CORPORATE COSTS (OPERATING) (NON-GAAP)	4
2021F ADJUSTED TOTAL CORPORATE COSTS (OPERATING) (NON-GAAP)	4
2018 ADJUSTED EARNINGS (LOSS) (NON-GAAP)	5
2018 ADJUSTED EARNINGS (LOSS) PER SHARE (NON-GAAP)	6
2019F ADJUSTED EARNINGS (LOSS) PER SHARE (NON-GAAP)	6
2018 GE INDUSTRIAL NET DEBT (NON-GAAP)	7

### NON-GAAP SUPPLEMENTAL INFORMATION

In the materials for the 2019 GE Investor Outlook, 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 2019 GE Investor Outlook supplemental information package posted to the investor relations section of our website at [www.ge.com](http://www.ge.com).

Note: Individual amounts are rounded. As a result, the sum of the parts presented may not add to the total.

**2018 ADJUSTED GE INDUSTRIAL PROFIT AND PROFIT MARGIN (EXCLUDING CERTAIN ITEMS) (NON-GAAP)**

<i>(Dollars in millions)</i>	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>\$ (19,759)</b>
<b>GE Industrial profit margin (GAAP)</b>	<b>(17.4)%</b>
<b>Adjusted GE Industrial profit (Non-GAAP)</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.

**2018 GE INDUSTRIAL FREE CASH FLOWS (FCF) AND ADJUSTED GE INDUSTRIAL FCF (NON-GAAP)**

<i>(In millions)</i>	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: 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

**2018 FREE CASH FLOWS (FCF) BY SEGMENT AND ADJUSTED FCF BY SEGMENT (NON-GAAP)**

<i>(In millions)</i>	<i>Power</i>	<i>Renewable Energy</i>	<i>Aviation</i>	<i>Oil &amp; Gas</i>	<i>Healthcare</i>	<i>Transportation</i>	<i>Lighting</i>	<i>Corp and Elims</i>	<i>GE Industrial</i>
CFOA (GAAP)	\$ (2,210)	\$ 770	\$ 5,373	\$ 1,763	\$ 3,485	\$ 281	\$ (8)	\$ (7,196)	\$ 2,258
Add: gross additions to property, plant and equipment	(378)	(279)	(1,070)	(964)	(378)	(104)	(17)	(112)	(3,302)
Add: gross additions to internal-use software	(72)	(5)	(73)	(31)	(90)	(11)	(9)	(58)	(347)
Less: GE Pension Plan funding	—	—	—	—	—	—	—	(6,000)	(6,000)
Less: taxes related to business sales	—	—	—	—	—	—	—	(180)	(180)
Free Cash Flows (Non-GAAP)	\$ (2,660)	\$ 486	\$ 4,230	\$ 768	\$ 3,018	\$ 167	\$ (34)	\$ (1,186)	\$ 4,789
Less: Oil & Gas CFOA	—	—	—	1,763	—	—	—	—	1,763
Less: Oil & Gas gross additions to property, plant and equipment	—	—	—	(964)	—	—	—	—	(964)
Less: Oil & Gas gross additions to internal-use software	—	—	—	(31)	—	—	—	—	(31)
Add: BHGE Class B shareholder dividend	—	—	—	494	—	—	—	—	494
Adjusted Free Cash Flows (Non-GAAP)	\$ (2,660)	\$ 486	\$ 4,230	\$ 494	\$ 3,018	\$ 167	\$ (34)	\$ (1,186)	\$ 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 used 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.

**2019F ADJUSTED GE INDUSTRIAL FREE CASH FLOWS (NON-GAAP)**

We cannot provide a reconciliation of the differences between the non-GAAP expectations and corresponding GAAP measure for Adjusted GE Industrial Free Cash Flows\* in 2019 without unreasonable effort due to the uncertainty of timing of deal taxes related to business sales and in particular the timing of the planned orderly separation of BHGE. The variability of the excluded items may have a significant, and potentially unpredictable, impact on our future GAAP results.

**2017 AND 2018 ADJUSTED TOTAL CORPORATE COSTS (OPERATING) (NON-GAAP)**

<i>(In millions)</i>	2018	2017
<b>Operating profit (cost)</b>		
Gains (losses) on disposals(a)	\$ 1,350	\$ 926
Restructuring and other charges(b)	(2,958)	(3,351)
Goodwill impairments	(22,136)	(1,165)
Eliminations and other	(1,187)	(1,636)
<b>Total Corporate Items and Eliminations</b>	<b>\$ (24,931)</b>	<b>\$ (5,225)</b>
Less: restructuring & other charges	(2,958)	(3,351)
Less: gains (losses) on disposals	1,350	926
Less: Goodwill impairments	(22,136)	(1,165)
<b>Adjusted total Corporate costs (operating) (Non-GAAP)</b>	<b>\$ (1,187)</b>	<b>\$ (1,636)</b>

(a) Includes gains (losses) on disposed or held for sale businesses. The total amount realized in the second half of 2018 amounted to \$161 million related to the sale of our Pivotal software equity investment. Any fair value adjustments recorded through the date of sale were considered unrealized.

(b) Subsequent to the Baker Hughes transaction, restructuring and other charges are included in the determination of segment profit for our Oil & Gas segment.

**2019F ADJUSTED TOTAL CORPORATE COSTS (OPERATING) (NON-GAAP)**

<i>(In billions)</i>	2019
<b>Operating profit (cost)</b>	
Restructuring	\$ (2.4)-(2.7)
Eliminations and other	(1.2)-(1.3)
<b>Total Corporate Items and Eliminations</b>	<b>\$ (3.6)-(4.0)</b>
Less: restructuring	(2.4)-(2.7)
<b>Adjusted total Corporate costs (operating) (Non-GAAP)</b>	<b>\$ (1.2)-(1.3)</b>

We believe that adjusted operating corporate costs\* which excludes the effects of items that are not closely associated with ongoing corporate operations, such as earnings of previously divested businesses, gains and losses on disposed and held for sale businesses and restructuring & other charges provides management and investors with a meaningful measure that increases the period-to-period comparability of our ongoing corporate costs.

**2021F ADJUSTED TOTAL CORPORATE COSTS (OPERATING) (NON-GAAP)**

We cannot provide a reconciliation of the differences between the non-GAAP expectations and corresponding GAAP measure for adjusted total Corporate costs\* in 2021 without unreasonable effort due to the uncertainty of timing of any gains or losses related to acquisitions & dispositions and the timing and magnitude of restructuring expense. We believe that it is impractical to provide a reconciliation to the equivalent GAAP measure for the forward-looking targets as they involve a number of unknown variables, including the effects of future acquisitions and dispositions.

**2018 ADJUSTED EARNINGS (LOSS) (NON-GAAP)**

<i>(In millions)</i>	<b>2018</b>
Consolidated earnings (loss) from continuing operations attributable to GE common shareowners (GAAP)	\$ (21,076)
Less: GE Capital earnings (loss) from continuing operations attributable to GE common shareowners (GAAP)	(489)
GE Industrial earnings (loss) (Non-GAAP)	\$ (20,587)
Non-operating benefits costs (pre-tax) (GAAP)	(2,764)
Tax effect on non-operating benefit costs(a)	581
Less: non-operating benefit costs (net of tax)	(2,184)
Gains (losses) and impairments for disposed or held for sale businesses (pre-tax)	1,350
Tax effect on gains (losses) and impairments for disposed or held for sale businesses(b)	(375)
Less: gains (losses) and impairments for disposed or held for sale businesses (net of tax)	974
Restructuring & other (pre-tax)	(3,440)
Tax effect on restructuring & other(b)	492
Less: restructuring & other (net of tax)	(2,948)
Goodwill impairments (pre-tax)	(22,136)
Tax effect on goodwill impairments(b)	(235)
Less: goodwill impairments (net of tax)	(22,371)
Less: GE Industrial U.S. tax reform enactment adjustment	(38)
Adjusted GE Industrial earnings (loss) (Non-GAAP)	\$ 5,980
GE Capital earnings (loss) from continuing operations attributable to GE common shareowners (GAAP)	\$ (489)
Less: GE Capital U.S. tax reform enactment adjustment	(173)
Adjusted GE Capital earnings (loss) (Non-GAAP)	\$ (316)
Adjusted GE Industrial earnings (loss) (Non-GAAP)	5,980
Add: Adjusted GE Capital earnings (loss) (Non-GAAP)	(316)
Adjusted earnings (loss) (Non-GAAP)	\$ 5,664

(a) The tax effect was calculated using a 21% U.S. federal statutory tax rate in 2018 based on its applicability to such cost.

(b) The tax effect presented includes both the rate for the relevant item as well as other direct and incremental tax charges.

Adjusted earnings (loss)\* excludes non-operating benefit costs, gains (losses) and impairments for disposed or held for sale businesses, restructuring and other, goodwill impairments, after-tax, excluding the effects of U.S. tax reform enactment adjustment. The service cost of our pension and other benefit plans are included in adjusted earnings\*, which represents the ongoing cost of providing pension benefits to our employees. The components of non-operating benefit costs are mainly driven by capital allocation decisions and market performance, and we manage these separately from the operational performance of our businesses. Gains and restructuring and other items are impacted by the timing and magnitude of gains associated with dispositions, and the timing and magnitude of costs associated with restructuring activities. Prior to the third quarter of 2018, goodwill impairment was included as a component of restructuring and other charges; beginning in the third quarter of 2018, on a comparable basis, we reported it separately in our consolidated Statement of Earnings (Loss) because of the significance of the charge that quarter, and Adjusted earnings (loss)\* continues to exclude amounts related to goodwill impairment separate from the ongoing operations of our businesses. We believe that the retained costs in Adjusted earnings (loss)\* provides management and investors a useful measure to evaluate the performance of the total company, and increases period-to-period comparability. We believe that presenting Adjusted Industrial earnings (loss)\* separately from our financial services businesses also provides management and investors with useful information about the relative size of our industrial and financial services businesses in relation to the total company.

**2018 ADJUSTED EARNINGS (LOSS) PER SHARE (NON-GAAP)**

	2018
Consolidated EPS from continuing operations attributable to GE common shareowners (GAAP)	\$ (2.43)
Less: GE Capital EPS from continuing operations attributable to GE common shareowners (GAAP)	(0.06)
GE Industrial EPS (Non-GAAP)	\$ (2.37)
Non-operating benefits costs (pre-tax) (GAAP)	(0.32)
Tax effect on non-operating benefit costs(a)	0.07
Less: non-operating benefit costs (net of tax)	(0.25)
Gains (losses) and impairments for disposed or held for sale businesses (pre-tax)	0.16
Tax effect on gains (losses) and impairments for disposed or held for sale businesses(b)	(0.04)
Less: gains (losses) and impairments for disposed or held for sale businesses (net of tax)	0.11
Restructuring & other (pre-tax)	(0.40)
Tax effect on restructuring & other(b)	0.06
Less: restructuring & other (net of tax)	(0.34)
Goodwill impairments (pre-tax)	(2.55)
Tax effect on goodwill impairments(b)	(0.03)
Less: goodwill impairments (net of tax)	(2.57)
Less: GE Industrial U.S. tax reform enactment adjustment	—
Adjusted GE Industrial EPS (Non-GAAP)	\$ 0.69
GE Capital EPS from continuing operations attributable to GE common shareowners (GAAP)	\$ (0.06)
Less: GE Capital U.S. tax reform enactment adjustment	(0.02)
Adjusted GE Capital EPS (Non-GAAP)	\$ (0.04)
Adjusted GE Industrial EPS (Non-GAAP)	\$ 0.69
Add: Adjusted GE Capital EPS (Non-GAAP)	(0.04)
Adjusted EPS (Non-GAAP)(c)	\$ 0.65

(a) The tax effect was calculated using a 21% U.S. federal statutory tax rate in 2018 based on its applicability to such cost.

(b) The tax effect presented includes both the rate for the relevant item as well as other direct and incremental tax charges.

(c) Earnings-per-share amounts are computed independently. As a result, the sum of per-share amounts may not equal the total.

Adjusted EPS\* excludes non-operating benefit costs, gains (losses) and impairments for disposed or held for sale businesses, restructuring and other, goodwill impairments after-tax, excluding the effects of U.S. tax reform enactment adjustment. The service cost of our pension and other benefit plans are included in adjusted earnings\*, which represents the ongoing cost of providing pension benefits to our employees. The components of non-operating benefit costs are mainly driven by capital allocation decisions and market performance, and we manage these separately from the operational performance of our businesses. Gains and restructuring and other items are impacted by the timing and magnitude of gains associated with dispositions, and the timing and magnitude of costs associated with restructuring activities. Prior to the third quarter of 2018, goodwill impairment was included as a component of restructuring and other charges; beginning in the third quarter of 2018, on a comparable basis, we reported it separately in our consolidated Statement of Earnings (loss) because of the significance of the charge that quarter, and Adjusted EPS\* continues to exclude amounts related to goodwill impairment separate from the ongoing operations of our businesses. We believe that the retained costs in Adjusted EPS\* provides management and investors a useful measure to evaluate the performance of the total company, and increases period-to-period comparability. We also used Adjusted EPS\* as a performance metric at the company level for our annual executive incentive plan for 2018. We believe that presenting Adjusted EPS\* separately from our financial services businesses also provides management and investors with useful information about the relative size of our industrial and financial services businesses in relation to the total company.

**2019F ADJUSTED EARNINGS PER SHARE (LOSS) (NON-GAAP)**

We cannot provide a reconciliation of the differences between the non-GAAP expectations and corresponding GAAP measure for Adjusted EPS\* in 2019 without unreasonable effort due to the uncertainty of timing of any gains or losses related to acquisitions & dispositions, the timing and magnitude of financial impacts related to our planned orderly separation of BHGE, the timing and magnitude of the mark-to-market of our investment in Wabtec, 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.

**2018 GE INDUSTRIAL NET DEBT (NON-GAAP)**

<i>(Dollars in millions)</i>	<b>December 31, 2018</b>
Total GE short- and long-term borrowings (GAAP)	\$ 68,570
Less: GE Capital short- and long-term debt assumed by GE	36,262
Less: BHGE total borrowings	6,330
Add: intercompany loans from GE Capital	13,749
Total adjusted GE borrowings	39,727
Total pension and retiree benefit plan liabilities (pre-tax)(a)	27,159
Less: taxes at 21%	5,703
Total pension and retiree benefit plan liabilities (net of tax)	21,456
GE rental expense for the year ended December 31, 2018	1,850
Multiply by 3	3
Total operating lease obligations	5,550
Less: BHGE rental expense for the year ended December 31, 2018 multiplied by 3	1,682
Total operating lease obligations excluding BHGE	3,868
GE preferred stock	5,573
Less: 50% of GE preferred stock	2,787
50% of preferred stock	2,787
Deduction for total GE cash, cash equivalents and restricted cash	(20,528)
Less: BHGE cash, cash equivalents and restricted cash	(3,723)
Deduction for total GE cash, cash equivalents and restricted cash, excluding BHGE	(16,805)
Less: 25% of GE cash, cash equivalents and restricted cash, excluding BHGE	(4,201)
Deduction for 75% of GE cash, cash equivalents and restricted cash, excluding BHGE	(12,604)
Total GE Industrial net debt (Non-GAAP)	\$ 55,233

(a) Represents the total underfunded status of Principal pension plans (\$18,491 million), Other pension plans (\$3,877 million), and Retiree health and life benefit plans (\$4,791 million).

In this document we use GE Industrial net debt\*, which is calculated based on rating agency methodologies. There is significant uncertainty around the timing and 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. 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.