



# GE 2Q'18 Supplemental Information

## TABLE OF CONTENTS

	Page
ORDERS & BACKLOG BY SEGMENT	2
INDUSTRIAL BACKLOG TO REMAINING PERFORMANCE OBLIGATION WALK – 2Q'18	2
EQUIPMENT/SERVICE REVENUE BY SEGMENT – 2Q'18	2
EQUIPMENT/SERVICE REVENUE BY SEGMENT – 2Q'18 YTD	2
UNITS SUMMARY - ORDERS	3
UNITS SUMMARY - SALES	3
GE INDUSTRIAL SEGMENT ORGANIC REVENUE GROWTH (NON-GAAP)	4
GE INDUSTRIAL ORGANIC PROFIT (NON-GAAP)	4
ORGANIC REVENUE BY SEGMENT (NON-GAAP)	5
OIL & GAS ORGANIC SEGMENT PROFIT AND ORGANIC SEGMENT PROFIT MARGIN (NON-GAAP)	6
ADJUSTED GE INDUSTRIAL PROFIT AND PROFIT MARGIN (EXCLUDING CERTAIN ITEMS) (NON-GAAP)	6
ADJUSTED GE INDUSTRIAL EBITDA (NON-GAAP)	7
CORPORATE OPERATIONS & ELIMINATIONS (NON-GAAP)	7
ADJUSTED EARNINGS (NON-GAAP)	8
ADJUSTED EARNINGS PER SHARE (NON-GAAP)	9
GE PRE-TAX EARNINGS (LOSS) FROM CONTINUING OPERATIONS EXCLUDING GE CAPITAL EARNINGS (LOSS) FROM CONTINUING OPERATIONS AND ADJUSTED GE INDUSTRIAL PRE-TAX EARNINGS AND THE CORRESPONDING EFFECTIVE TAX RATES (NON-GAAP)	10
GE INDUSTRIAL STRUCTURAL COSTS (NON-GAAP)	10
ADJUSTED GE INDUSTRIAL FREE CASH FLOWS (NON-GAAP)	11
GE CAPITAL SEGMENT RESULTS - 2Q'18	11
GE CAPITAL SEGMENT ASSETS - 2Q'18	11
2018 OPERATING FRAMEWORK: 2018 ADJUSTED EPS (NON-GAAP)	12
2018 OPERATING FRAMEWORK: ADJUSTED GE INDUSTRIAL FREE CASH FLOWS (NON-GAAP)	12

### 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.

**ORDERS & BACKLOG BY SEGMENT**

<i>(Dollars in billions)</i>	2Q'18		2Q'18 YTD		2Q'18	
	Orders	V%	Orders	V%	Backlog	V%
Power	\$ 7.4	(26)%	\$ 12.9	(27)%	\$ 94.3	(6)%
Renewable Energy	1.7	(15)	4.2	—	16.5	32
Oil & Gas	6.0	95	11.3	98	21.4	5
Aviation	9.5	29	17.6	21	208.1	14
Healthcare	5.3	7	10.1	6	17.6	1
Transportation	1.1	42	2.6	44	18.3	2
Lighting	0.3	(28)	0.5	(20)	0.2	(2)
Industrial	\$ 31.1	11 %	\$ 58.5	10 %	\$ 376.7	7 %

**INDUSTRIAL BACKLOG TO REMAINING PERFORMANCE OBLIGATION WALK – 2Q'18**

<i>(Dollars in billions)</i>	Equipment	Services	Total
Backlog	\$ 87.1	\$ 289.5	\$ 376.7
Adjustments:	(36.2)	(90.9)	(127.1)
Remaining Performance Obligation	\$ 51.0	\$ 198.6	\$ 249.6

Note: Backlog includes engine contracts with our customers for which we have received purchase orders that are cancelable. Additionally, our services backlog includes contracts that are cancelable without substantial penalty. We include these items in our reported backlog as our historical experience indicates that the likelihood of cancellation is remote.

**EQUIPMENT/SERVICE REVENUE BY SEGMENT – 2Q'18**

<i>(Dollars in billions)</i>	Equipment	V%	Services	V%	Total	V%
Power	\$ 3.5	(24)%	\$ 4.1	(15)%	\$ 7.6	(19)%
Renewable Energy	1.1	(43)	0.6	41	1.7	(29)
Oil & Gas	2.2	72	3.4	95	5.6	85
Aviation	2.9	24	4.6	8	7.5	13
Healthcare	2.8	7	2.2	5	5.0	6
Transportation	0.3	(40)	0.6	12	0.9	(13)
Lighting	0.4	(9)	—	(6)	0.4	(9)
Industrial segments	\$ 13.2	(4)%	\$ 15.4	12 %	\$ 28.7	4 %

**EQUIPMENT/SERVICE REVENUE BY SEGMENT – 2Q'18 YTD**

<i>(Dollars in billions)</i>	Equipment	V%	Services	V%	Total	V%
Power	\$ 7.0	(20)%	\$ 7.8	(9)%	\$ 14.8	(15)%
Renewable Energy	2.3	(33)	1.0	53	3.3	(19)
Oil & Gas	4.4	72	6.5	85	10.9	80
Aviation	5.4	10	9.2	10	14.6	10
Healthcare	5.4	9	4.3	6	9.7	8
Transportation	0.6	(43)	1.2	19	1.8	(12)
Lighting	0.9	(5)	—	(7)	0.9	(5)
Industrial segments	\$ 26.1	(2)%	\$ 30.0	15 %	\$ 56.1	6 %

**UNITS SUMMARY - ORDERS**

	2Q'18	2Q'17	V	2Q'18 YTD	2Q'17 YTD	V
<b>Power</b>						
Gas Turbines	7	24	(17)	11	36	(25)
<b>Renewable Energy</b>						
Onshore Wind Turbines	320	567	(247)	1,256	1,156	100
<b>Aviation</b>						
Commercial Engines	959	644	315	2,134	1,514	620
GEEnx Engines-a)	269	22	247	293	34	259
LEAP Engines-a)	440	368	72	1,434	1,021	413
Military Engines	277	174	103	528	246	282
<b>Transportation</b>						
Locomotives	115	26	89	457	63	394

(a – GEEnx & LEAP Engines are a subset of Commercial Engines.

**UNITS SUMMARY - SALES**

	2Q'18	2Q'17	V	2Q'18 YTD	2Q'17 YTD	V
<b>Power</b>						
Gas Turbines	7	21	(14)	19	41	(22)
<b>Renewable Energy</b>						
Onshore Wind Turbines	328	719	(391)	680	1,258	(578)
<b>Aviation</b>						
Commercial Engines	697	627	70	1,348	1,254	94
GEEnx Engines-a)	57	60	(3)	107	129	(22)
LEAP Engines-a)	250	69	181	436	146	290
Military Engines	204	137	67	342	257	85
Spares rate-b)	\$26.6	\$21.6	\$5.0	\$25.9	\$21.6	\$4.3
<b>Transportation</b>						
Locomotives	54	120	(66)	114	277	(163)

(a – GEEnx & LEAP Engines are a subset of Commercial Engines.

(b – Commercial spares rate in millions of dollars per day.

**GE INDUSTRIAL SEGMENT ORGANIC REVENUE GROWTH (NON-GAAP)**

<i>(Dollars in millions)</i>	2Q'18	2Q'17	V%	2Q'18 YTD	2Q'17 YTD	V%
GE Industrial segment revenue (GAAP)	\$ 28,657	\$ 27,582	4 %	\$ 56,052	\$ 52,795	6 %
Adjustments:						
Acquisitions	2,859	84		5,584	91	
Business dispositions (other than dispositions acquired for investment)	2	588		3	1,070	
Currency exchange rate-a)	553	—		1,406	—	
GE Industrial segment organic revenue (Non-GAAP)	\$ 25,242	\$ 26,910	(6)%	\$ 49,059	\$ 51,634	(5)%

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

(a- Translational foreign exchange)

Organic revenue growth\* measures revenue growth excluding the effects of acquisitions, business dispositions and currency exchange rates. We believe that 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 currency exchange, which activities are subject to volatility and can obscure underlying trends. We also believe that presenting organic revenue growth\* 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 businesses and companies. Management recognizes that the term "organic revenue growth" 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 ORGANIC PROFIT (NON-GAAP)**

<i>(Dollars in millions)</i>	2Q'18	2Q'17	V%	2Q'18 YTD	2Q'17 YTD	V%
Adjusted GE Industrial profit (Non-GAAP)	\$ 2,917	\$ 3,262	(11)%	\$ 5,662	\$ 5,639	— %
Adjustments:						
Acquisitions	150	1		293	(18)	
Business dispositions (other than dispositions acquired for investment)	(2)	41		(15)	81	
Currency exchange rate-a)	(47)	—		(58)	—	
Adjusted GE Industrial organic profit (Non-GAAP)	\$2,815	\$3,220	(13)%	\$5,443	\$5,576	(2)%
Adjusted GE Industrial profit margins (Non-GAAP)	10.4%	12.0%	(1.6)pts	10.3%	10.9%	(0.6)pts
Adjusted GE Industrial organic profit margins (Non-GAAP)	11.4%	12.2%	(0.8)pts	11.4%	11.0%	0.4pts

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

(a- Translational foreign exchange)

Organic profit growth\* measures profit excluding the effects of acquisitions, business dispositions and currency exchange rates. We believe that 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 currency exchange, which activities are subject to volatility and can obscure underlying trends. Management recognizes that the term "organic profit growth" 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 our Industrial businesses and may therefore be a useful tool in assessing period-to-period performance trends.

**ORGANIC REVENUE BY SEGMENT (NON-GAAP)**

<i>(Dollars in millions)</i>	2Q'18	2Q'17	V%	2Q'18 YTD	2Q'17 YTD	V%
<b>Power</b>						
Reported Revenue (GAAP)	\$ 7,579	\$ 9,400	(19)%	\$ 14,801	\$ 17,341	(15)%
Less Acq./Disp & FX-a)	260	504		721	974	
Organic Revenue (Non-GAAP)	\$ 7,319	\$ 8,897	(18)%	\$ 14,080	\$ 16,367	(14)%
<b>Renewable Energy</b>						
Reported Revenue (GAAP)	\$ 1,653	\$ 2,312	(29)%	\$ 3,299	\$ 4,079	(19)%
Less Acq./Disp & FX-a)	109	80		301	80	
Organic Revenue (Non-GAAP)	\$ 1,544	\$ 2,233	(31)%	\$ 2,998	\$ 4,000	(25)%
<b>Oil &amp; Gas</b>						
Reported Revenue (GAAP)	\$ 5,554	\$ 2,997	85 %	\$ 10,939	\$ 6,083	80 %
Less Acq./Disp & FX-a)	2,920	—		5,639	—	
Organic Revenue (Non-GAAP)	\$ 2,635	\$ 2,997	(12)%	\$ 5,301	\$ 6,083	(13)%
<b>Aviation</b>						
Reported Revenue (GAAP)	\$ 7,519	\$ 6,634	13 %	\$ 14,631	\$ 13,307	10 %
Less Acq./Disp & FX-a)	13	1		35	2	
Organic Revenue (Non-GAAP)	\$ 7,506	\$ 6,634	13 %	\$ 14,596	\$ 13,305	10 %
<b>Healthcare</b>						
Reported Revenue (GAAP)	\$ 4,978	\$ 4,688	6 %	\$ 9,680	\$ 8,993	8 %
Less Acq./Disp & FX-a)	117	24		294	41	
Organic Revenue (Non-GAAP)	\$ 4,861	\$ 4,664	4 %	\$ 9,386	\$ 8,952	5 %
<b>Transportation</b>						
Reported Revenue (GAAP)	\$ 942	\$ 1,077	(13)%	\$ 1,814	\$ 2,057	(12)%
Less Acq./Disp & FX-a)	—	—		—	—	
Organic Revenue (Non-GAAP)	\$ 942	\$ 1,077	(13)%	\$ 1,814	\$ 2,057	(12)%
<b>Lighting</b>						
Reported Revenue (GAAP)	\$ 431	\$ 473	(9)%	\$ 887	\$ 935	(5)%
Less Acq./Disp & FX-a)	(4)	64		3	64	
Organic Revenue (Non-GAAP)	\$ 435	\$ 409	6 %	\$ 885	\$ 871	2 %

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

(a- Translational foreign exchange

Organic revenue growth\* measures revenue growth excluding the effects of acquisitions, business dispositions and currency exchange rates. We believe that 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 currency exchange, which activities are subject to volatility and can obscure underlying trends. We also believe that presenting organic revenue growth\* 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 businesses and companies. Management recognizes that the term "organic revenue growth" 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.

**OIL & GAS ORGANIC SEGMENT PROFIT AND ORGANIC SEGMENT PROFIT MARGIN (NON-GAAP)**

<i>(Dollars in millions)</i>	2Q'18	2Q'17	V%	2Q'18 YTD	2Q'17 YTD	V%
Reported segment profit (GAAP)	\$ 73	\$ 120	(39)%	\$ (70)	\$ 380	U
Less: restructuring & other charges (GE share)	(148)	—		(473)	—	
Adjusted Oil & Gas segment profit (Non-GAAP)	\$ 222	\$ 120	85 %	\$ 402	\$ 380	6 %
Adjustments:						
Acquisitions	121	—		242	—	
Business dispositions (other than dispositions acquired for investment)	—	—		—	—	
Currency exchange rate -a)	13	—		18	—	
Organic segment profit (Non-GAAP)	\$ 88	\$ 120	(27)%	\$ 142	\$ 380	(63)%
Reported Oil & Gas segment revenue (GAAP)	\$ 5,554	\$ 2,997	85 %	\$ 10,939	\$ 6,083	80 %
Organic Oil & Gas segment revenue (Non-GAAP)	\$ 2,635	\$ 2,997	(12)%	\$ 5,301	\$ 6,083	(13)%
Reported Oil & Gas profit margins (GAAP)	1.3%	4.0%	(2.7)pts	(0.6)%	6.2%	(6.8)pts
Adjusted Oil & Gas profit margins (Non-GAAP)	4.0%	4.0%	0.0pts	3.7 %	6.2%	(2.5)pts
Organic Oil & Gas profit margins (Non-GAAP)	3.3%	4.0%	(0.7)pts	2.7 %	6.2%	(3.5)pts

(a- Translational foreign exchange)

Organic GE Oil & Gas segment profit \* measures Oil & Gas adjusted segment profit excluding the effects acquisition, business disposition and currency exchange rates. We believe that this measure provides management and investors with a more complete understanding of underlying operating results and trends of established, ongoing operations of our Oil & Gas segment by excluding the effect of Oil & Gas restructuring and other charges, the BHI acquisition and currency exchange rates which activities are subject to volatility and can obscure underlying trends.

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

<i>(Dollars in millions)</i>	2Q'18	2Q'17	V%	2Q'18 YTD	2Q'17 YTD	V%
GE total revenue (GAAP)	\$ 28,079	\$ 27,129	4 %	\$ 54,973	\$ 51,909	6 %
<b>Costs</b>						
GE total costs and expenses (GAAP)	\$ 27,588	\$ 26,139	6 %	\$ 53,941	\$ 50,999	6 %
Less: GE interest and other financial charges (GAAP)	690	637		1,333	1,200	
Less: non-operating benefit costs (GAAP)	690	552		1,374	1,201	
GE Industrial costs excluding interest and other financial charges and non-operating benefit costs (Non-GAAP)	\$ 26,208	\$ 24,950	5 %	\$ 51,234	\$ 48,597	5 %
Less: restructuring and other charges	645	709		1,300	1,682	
Add: noncontrolling interests	(133)	(42)		(96)	(148)	
Adjusted GE Industrial costs (Non-GAAP)	\$ 25,430	\$ 24,199	5 %	\$ 49,838	\$ 46,767	7 %
<b>Other Income</b>						
GE other income (GAAP)	\$ 843	\$ 332	F	\$ 1,036	\$ 498	F
Less: unrealized gains (losses)	266	—		266	—	
Less: gains (losses) and impairments for businesses held for sale	309	—		243	2	
Adjusted GE other income (Non-GAAP)	\$ 268	\$ 332	(19)%	\$ 527	\$ 497	6 %
<b>GE Industrial profit (GAAP)</b>	\$ 2,714	\$ 2,511	8 %	\$ 4,775	\$ 3,810	25 %
<b>GE Industrial profit margins (GAAP)</b>	9.7%	9.3%	0.4pts	8.7%	7.3%	1.4pts
<b>Adjusted GE Industrial profit (Non-GAAP)</b>	\$ 2,917	\$ 3,262	(11)%	\$ 5,662	\$ 5,639	— %
<b>Adjusted GE Industrial profit margins (Non-GAAP)</b>	10.4%	12.0%	(1.6)pts	10.3%	10.9%	(0.6)pts

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

We have presented our adjusted GE Industrial profit\* and profit margin\* excluding gains and impairments for businesses held for sale, restructuring and other charges, noncontrolling interests and unrealized gains on Pivotal equity investment. We believe that GE Industrial profit\* and profit margin\* adjusted for these items are meaningful measures because they increase the comparability of period-to-period results.

**ADJUSTED GE INDUSTRIAL EBITDA (NON-GAAP)**

<i>(Dollars in millions)</i>	2Q'18	2Q'18 YTD
Adjusted Industrial segment profit	3,306	6,305
Corporate operating profit (loss)	(389)	(643)
Adjusted GE Industrial profit (Non-GAAP)	\$ 2,917	\$ 5,662
Add: restructuring & other	(645)	(1,300)
Add: unrealized gains (losses)	266	266
Add: gains (losses) and impairments for businesses held for sale	309	243
Add: non-operating benefit costs	(690)	(1,374)
Add: noncontrolling interest	(133)	(96)
Less: depreciation & amortization of PP&E and intangibles	(1,377)	(2,736)
Reported GE Industrial EBITDA (GAAP)	\$ 3,401	\$ 6,137

Note: The above reconciliation is provided for informational purposes only.

**CORPORATE OPERATIONS & ELIMINATIONS (NON-GAAP)**

<i>(Dollars in millions)</i>	2Q'18	2Q'17	V%	2Q'18 YTD	2Q'17 YTD	V%
Corporate revenue (GAAP)	\$ (982)	\$ (932)	(5)%	\$ (1,890)	\$ (1,945)	3%
Operating profit (cost)						
Gains (losses) and impairments for businesses held for sale	309	—		243	2	
Restructuring and other charges	(496)	(709)		(827)	(1,682)	
Unrealized gains (losses)	266	—		266	—	
Other Corporate costs & eliminations	(389)	(412)		(643)	(842)	
Corporate costs (continuing) (GAAP)	\$ (309)	\$ (1,120)	72 %	\$ (962)	\$ (2,522)	62%
Less: gains (losses) and restructuring and other charges	79	(709)		(318)	(1,680)	
Adjusted Corporate costs (operating) (Non-GAAP)	\$ (389)	\$ (412)	6 %	\$ (643)	\$ (842)	24%

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

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.

**ADJUSTED EARNINGS (NON-GAAP)**

<i>(Dollars in millions)</i>	2Q'18	2Q'17	V%	2Q'18 YTD	2Q'17 YTD	V%
Consolidated earnings (loss) from continuing operations attributable to GE common shareowners (GAAP)	\$ 736	\$ 1,028	(28)%	\$ 1,105	\$ 1,150	(4)%
Non-operating benefits costs (pre-tax) (GAAP)	(690)	(552)		(1,374)	(1,201)	
Tax effect on non-operating benefit costs -a)	145	193		289	420	
Less: non-operating benefit costs (net of tax)	(545)	(359)		(1,085)	(781)	
Adjusted consolidated earnings (Non-GAAP)	\$ 1,281	\$ 1,387	(8)%	\$ 2,190	\$ 1,931	13 %
Less: GE Capital earnings (loss) from continuing operations attributable to GE common shareowners (GAAP)	(207)	(172)		(422)	(219)	
GE Industrial earnings (Non-GAAP)	\$ 1,488	\$ 1,558	(4)%	\$ 2,613	\$ 2,150	22 %
Gains (losses) and impairments for businesses held for sale (pre-tax)	309	—		243	2	
Tax effect on gains (losses) and impairments for businesses held for sale -b)	(125)	—		(101)	(1)	
Less: gains (losses) and impairments for businesses held for sale (net of tax)	185	—		142	1	
Restructuring & other charges (pre-tax)	(645)	(709)		(1,166)	(1,682)	
Tax effect on restructuring & other charges -b)	(72)	213		61	505	
Less: restructuring & other (net of tax)	(716)	(496)		(1,106)	(1,177)	
Unrealized gains (losses) (pre-tax)	266	—		266	—	
Tax effect on unrealized gains (losses) -a)	(56)	—		(56)	—	
Less: unrealized gains (losses) (net of tax)	210	—		210	—	
Less: GE Industrial U.S. tax reform enactment adjustment	(24)	—		(55)	—	
Adjusted GE Industrial earnings (Non-GAAP)	\$ 1,834	\$ 2,054	(11)%	\$ 3,421	\$ 3,326	3 %
GE Capital earnings (loss) from continuing operations attributable to GE common shareowners (GAAP)	(207)	(172)	(20)%	(422)	(219)	(93)%
Less: GE Capital U.S. tax reform enactment adjustment	—	—		(45)	—	
Adjusted GE Capital earnings (Non-GAAP)	\$ (207)	\$ (172)	(20)%	\$ (377)	\$ (219)	(72)%
Adjusted GE Industrial earnings (Non-GAAP)	\$ 1,834	\$ 2,054	(11)%	3,421	3,326	3 %
Add: Adjusted GE Capital earnings (Non-GAAP)	(207)	(172)		(377)	(219)	
Adjusted earnings (Non-GAAP)	\$ 1,627	\$ 1,883	(14)%	\$ 3,044	\$ 3,107	(2)%

(a- The tax effect was calculated using a 21% and 35% U.S. federal statutory tax rate in 2018 and 2017, respectively, 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 and EPS\* excludes non-operating benefit costs, gains, and restructuring and other items, 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. We believe that the retained costs in Adjusted earnings and EPS\* provides management and investors a useful measure to evaluate the performance of the total company, and increases period-to-period comparability. We also use Adjusted EPS\* as a performance metric at the company level for our annual executive incentive plan for 2018. We believe that presenting Adjusted Industrial earnings and EPS separately for 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.



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

	2Q'18	2Q'17	V%	2Q'18 YTD	2Q'17 YTD	V%
Consolidated EPS from continuing operations attributable to GE common shareowners (GAAP)	\$ 0.08	\$ 0.12	(33)%	\$ 0.13	\$ 0.13	— %
Non-operating benefits costs (pre-tax) (GAAP)	(0.08)	(0.06)		(0.16)	(0.14)	
Tax effect on non-operating benefit costs -a)	0.02	0.02		0.03	0.05	
Less: non-operating benefit costs (net of tax)	(0.06)	(0.04)		(0.12)	(0.09)	
Adjusted consolidated EPS (Non-GAAP)	\$ 0.15	\$ 0.16	(6)%	\$ 0.25	\$ 0.22	14 %
Less: GE Capital EPS from continuing operations attributable to GE common shareowners (GAAP)	(0.02)	(0.02)		(0.05)	(0.02)	
GE Industrial EPS (Non-GAAP)	\$ 0.17	\$ 0.18	(6)%	\$ 0.30	\$ 0.24	25 %
Gains (losses) and impairments for businesses held for sale (pre-tax)	0.04	—		0.03	—	
Tax effect on gains (losses) and impairments for businesses held for sale -b)	(0.01)	—		(0.01)	—	
Less: gains (losses) and impairments for businesses held for sale (net of tax)	0.02	—		0.02	—	
Restructuring & other charges (pre-tax)	(0.07)	(0.08)		(0.13)	(0.19)	
Tax effect on restructuring & other charges - b)	(0.01)	0.02		0.01	0.06	
Less: restructuring & other charges (net of tax)	(0.08)	(0.06)		(0.13)	(0.13)	
Unrealized gains (losses) (pre-tax)	0.03	—		0.03	—	
Tax effect on unrealized gains (losses) -a)	(0.01)	—		(0.01)	—	
Less: unrealized gains (losses) (net of tax)	0.02	—		0.02	—	
Less: GE Industrial U.S. tax reform enactment adjustment	—	—		(0.01)	—	
Adjusted GE Industrial EPS (Non-GAAP)	\$ 0.21	\$ 0.23	(9)%	\$ 0.39	\$ 0.38	3 %
GE Capital EPS from continuing operations attributable to GE common shareowners (GAAP)	\$ (0.02)	\$ (0.02)	— %	\$ (0.05)	\$ (0.02)	U
Less: GE Capital U.S. tax reform enactment adjustment	—	—		(0.01)	—	
Adjusted GE Capital EPS (Non-GAAP)	\$ (0.02)	\$ (0.02)	— %	\$ (0.04)	\$ (0.02)	(100)%
Adjusted GE Industrial EPS (Non-GAAP)	\$ 0.21	\$ 0.23	(9)%	\$ 0.39	\$ 0.38	3 %
Add: Adjusted GE Capital EPS (Non-GAAP)	(0.02)	(0.02)		(0.04)	(0.02)	
Adjusted EPS (Non-GAAP) -c)	\$ 0.19	\$ 0.21	(10)%	\$ 0.35	\$ 0.35	— %

(a- The tax effect was calculated using a 21% and 35% U.S. federal statutory tax rate in 2018 and 2017, respectively, 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 earnings and EPS\* excludes non-operating benefit costs, gains, and restructuring and other items, 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. We believe that the retained costs in Adjusted earnings and EPS\* provides management and investors a useful measure to evaluate the performance of the total company, and increases period-to-period comparability. We also use Adjusted EPS\* as a performance metric at the company level for our annual executive incentive plan for 2018. We believe that presenting Adjusted Industrial earnings and EPS separately for 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.

**GE PRE-TAX EARNINGS (LOSS) FROM CONTINUING OPERATIONS EXCLUDING GE CAPITAL EARNINGS (LOSS) FROM CONTINUING OPERATIONS AND ADJUSTED GE INDUSTRIAL PRE-TAX EARNINGS AND THE CORRESPONDING EFFECTIVE TAX RATES (NON-GAAP)**

<i>(Dollars in millions)</i>	2Q'18	2Q'17	2Q'18 YTD	2Q'17 YTD
GE earnings (loss) from continuing operations before income taxes (GAAP)	\$ 1,127	\$ 1,150	\$ 1,646	\$ 1,189
Less: GE Capital earnings (loss) from continuing operations	(207)	(172)	(422)	(219)
GE Industrial earnings (loss) from continuing operations before income taxes (Non-GAAP)	\$ 1,334	\$ 1,322	\$ 2,068	\$ 1,408
Less: non-operating benefits (pre-tax)	(690)	(552)	(1,374)	(1,201)
Less: gains (losses) and impairments for businesses held for sale (pre-tax)	309	—	243	2
Less: restructuring & other (pre-tax)	(707)	(709)	(1,307)	(1,682)
Less: unrealized gains (losses) (pre-tax)	266	—	266	—
Adjusted GE earnings (loss) from continuing operations before income taxes (Non-GAAP)	\$ 2,156	\$ 2,583	\$ 4,241	\$ 4,290
GE provision for income taxes (GAAP)	\$ 525	\$ 165	\$ 637	\$ 188
Less: taxes on non-operating benefit costs	(145)	(193)	(289)	(420)
Less: taxes on gains (losses) and impairments for businesses held for sale	125	—	101	1
Less: taxes on restructuring & other charges	72	(213)	(61)	(505)
Less: unrealized gains (losses)	56	—	56	—
Less: GE Industrial U.S. tax reform enactment adjustment	24	—	(79)	—
Adjusted GE Industrial taxes (Non-GAAP)	\$ 393	\$ 571	\$ 908	\$ 1,112
GE effective tax rate, excluding GE Capital earnings (Non-GAAP)	39%	12%	31%	13%
Adjusted GE effective tax rate (Non-GAAP)	18%	22%	21%	26%

We believe that the GE effective tax rate 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 the GE effective tax rate, excluding GE Capital earnings\* 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. Adjusted GE Industrial effective tax rate\* also excludes non-operating benefit costs, gains, and restructuring and other items. 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. We believe that the retained pre-tax earnings and corresponding taxes in Adjusted GE Industrial effective tax rate\* provides management and investors a useful measure to evaluate the performance of the total company, and increases period-to-period comparability.

**GE INDUSTRIAL STRUCTURAL COSTS (NON-GAAP)**

<i>(Dollars in millions)</i>	2Q'18	2Q'17	V\$	2Q'18 YTD	2Q'17 YTD	V\$
GE Industrial costs excluding interest and other financial charges and non-operating benefit costs (GAAP)	\$ 26,208	\$ 24,950	\$ 1,258	\$ 51,234	\$ 48,597	\$ 2,636
Less: Segment variable costs	19,639	18,566		38,396	35,498	
Less: Segment restructuring & other charges	241	13		521	25	
Less: Segment acquisitions/dispositions structural costs and impact from foreign exchange	247	(327)		552	(703)	
Less: Corporate restructuring & other charges	496	709		827	1,682	
Add: Corporate revenue (ex. GE-GE Capital eliminations), other income and noncontrolling interests	(130)	363		310	785	
Less: Corporate (gains) losses on disposals	(309)	—		(243)	(2)	
Less: Corporate unrealized (gains) losses	(266)	—		(266)	—	
GE Industrial structural costs (Non-GAAP)	\$ 6,031	\$ 6,352	\$ (322)	\$ 11,756	\$ 12,882	\$ (1,126)

Industrial structural costs\* includes segment structural costs excluding the impact of restructuring and other charges, business acquisitions and dispositions, foreign exchange, plus total Corporate operating profit excluding restructuring and other charges and gains. The Baker Hughes acquisition is represented on a pro-forma basis, which means we calculated our structural costs by including legacy Baker Hughes results for the three months and six months ended June 30, 2017.

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.

We believe that Industrial structural costs\* is a meaningful measure as it is broader than selling, general and administrative costs and represents the total costs in the Industrial segments and Corporate that generally do not vary with volume and excludes the effect of segment acquisitions, dispositions, and foreign exchange movements.

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

<i>(Dollars in millions)</i>	2Q'18	2Q'17	V\$	2Q'18 YTD	2Q'17 YTD	V\$
GE CFOA (GAAP)	\$ 238	\$ 3,218	\$ (2,980)	\$ (773)	\$ 3,586	\$ (4,359)
Add: gross additions to PP&E	(769)	(966)		(1,651)	(1,958)	
Add: gross additions to internal-use software	(81)	(134)		(172)	(258)	
Less: dividends from GE Capital	—	2,016		—	4,016	
Less: GE Pension Plan funding	(634)	(217)		(921)	(217)	
Less: taxes related to business sales	(17)	(51)		(17)	(51)	
<b>GE Industrial Free Cash Flows (Non-GAAP)</b>	<b>\$ 40</b>	<b>\$ 369</b>	<b>\$ (329)</b>	<b>\$ (1,658)</b>	<b>\$ (2,379)</b>	<b>\$ 721</b>
Less: Oil & Gas CFOA	142	—		433	—	
Less: Oil & Gas gross additions to PP&E	(226)	—		(399)	—	
Less: Oil & Gas gross additions to internal-use software	(8)	—		(17)	—	
Add: BHGE Class B shareholder dividend	125	—		253	—	
<b>Adjusted GE Industrial Free Cash Flows (Non-GAAP)</b>	<b>\$ 258</b>	<b>\$ 369</b>	<b>\$ (111)</b>	<b>\$ (1,423)</b>	<b>\$ (2,379)</b>	<b>\$ 956</b>

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 and internal-use software.

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 flow 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 CAPITAL SEGMENT RESULTS - 2Q'18**

<i>(Dollars in millions) - net earnings</i>	2Q'18	2Q'17	V%
GECAS	\$ 311	\$ 369	(16)%
EFS	(22)	113	U
Industrial Finance and WCS	100	123	(19)
Insurance	(3)	(36)	92
Other continuing operations-a)	(593)	(741)	20
Capital segment profit/(loss)	\$ (207)	\$ (172)	(20)%
Earnings (loss) from discontinued operations	(66)	(152)	
<b>GE Capital Net earnings (loss) attributable to GE common shareowners</b>	<b>\$ (273)</b>	<b>\$ (324)</b>	<b>16 %</b>

(a – includes the impact of Preferred stock dividends)

**GE CAPITAL SEGMENT ASSETS - 2Q'18**

<i>(Dollars in billions)</i>	2Q'18	2Q'17	V%
GECAS	\$ 40.4	\$ 39.9	1 %
EFS	8.9	11.0	(20)
Industrial Finance and WCS	20.9	24.9	(16)
Insurance	41.5	36.3	14
Other continuing operations	19.3	40.5	(52)
Capital segment assets	\$ 131.0	\$ 152.6	(14)%
Assets of discontinued operations	5.1	7.9	
<b>GE Capital total assets</b>	<b>\$ 136.1</b>	<b>\$ 160.5</b>	<b>(15)%</b>

**2018 OPERATING FRAMEWORK: 2018 ADJUSTED EPS (NON-GAAP)**


---

<b>2018 Adjusted EPS Target</b>	<b>\$1.00-1.07</b>
---------------------------------	--------------------

Items not included in Non-GAAP metric:

- 1) Non operating benefit costs. This amount is affected by, among other things, the timing of and / or amount of any curtailment gains or losses as a result of dispositions.
- 2) Gains and restructuring net income/(loss). This amount is affected by, among other things:
  - The timing and magnitude of gains or losses associated with dispositions; and
  - The timing and magnitude of the costs associated with restructuring activities.

Note: The company cannot provide an equivalent GAAP guidance range without unreasonable effort because of the uncertainty of the amount and timing of events affecting earnings as we execute on the restructuring actions and business portfolio changes we have announced since John Flannery became CEO. Although we have attempted to estimate the amount of gains and restructuring charges for the purpose of explaining the probable significance of this component, as described under number 2, 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 OPERATING FRAMEWORK: ADJUSTED GE INDUSTRIAL FREE CASH FLOWS (NON-GAAP)**

*(Dollars in billions)*

---

<b>2018 Adjusted GE Industrial Free Cash Flows</b>	<b>~\$6</b>
--	-------------

Items not included in this Non-GAAP metric:

1. GE Pension Plan funding
2. Deal taxes on completed business sales
3. BHGE free cash flows (non-GAAP metric includes BHGE on a dividend basis)
4. Any dividends from GE Capital

Note: The company cannot provide an equivalent GAAP guidance range without unreasonable effort as throughout the year, we manage the individual segments on an adjusted free cash flow basis and do not manage to a reported GE CFOA metric. Furthermore, there is significant uncertainty on the timing and amount of events that could give rise to items included in the determination of this metric. As referenced above, Adjusted GE Industrial Free Cash Flows includes GE CFOA plus investments in property, plant and equipment and additions to internal-use software. This metric excludes the items noted above.