



GE 2018 first quarter performance

Financial results & Company highlights

April 20, 2018

CAUTION CONCERNING FORWARD-LOOKING STATEMENTS:

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

NON-GAAP FINANCIAL MEASURES:

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

- Adjusted earnings and EPS, which is earnings from continuing operations excluding non-service-related benefit costs of our principal pension plans, gains, restructuring & other items.
- Adjusted effective tax rate, which is the GE Industrial effective tax rate excluding the impacts from non-service-related benefit costs of our principal pension plans, gains, restructuring & other items.
- Industrial segment organic revenue, which is the sum of revenue from all of our industrial segments less the effects of acquisitions/dispositions and currency exchange.
- Industrial free cash flow, which is GE's cash flow from operating activities excluding cash received or used from GE Capital dividends, deal taxes, and GE Principal Pension Plan funding, and including investments in property, plant and equipment and additions to internal use software; this metric is reported with BHGE on a dividend basis.

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

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

1Q'18 overview

- Adjusted EPS \$.16, +14% with strong performance in Aviation, Healthcare, Renewables, Transportation, & Corporate partly offset by lower Power, Oil & Gas, & GE Capital earnings
- Adjusted free cash flow \$(1.7)B, +\$1.1B versus 1Q'17
- Power market continues to be challenging with orders (29)% ... making progress on cost and services execution
- Strong cost performance with \$0.8B Industrial structural cost out^{a)} driven by Corporate, Power and Oil & Gas
- Recorded reserve of \$1.5B related to WMC FIRREA investigation in discontinued operations
- Executing dispositions ... Industrial Solutions^{b)}, Value-Based Care^{b)}; Aviation platforms, Current & Lighting, Distributed Power, and Transportation in process

No change to total year framework



(a- Excludes gains and restructuring & other; excludes impact of acquisitions & dispositions and FX; BHGE on proforma basis

(b- Subject to customary closing conditions

Orders & industry highlights

(\$ in billions)

Orders \$27.4B, +10%, flat organically

	Equipment		Services	
	\$	V%	\$	V%
Power	\$2.3	(40)%	\$3.2	(19)%
Renewable Energy	2.1	21	0.3	(10)
Oil & Gas	1.9	F	3.3	87
Aviation	3.2	18	5.0	10
Healthcare	2.7	4	2.1	5
Transportation	0.7	34	0.8	58
Lighting	0.2	(7)	0.0	(71)
Total	\$13.0	6%	\$14.5	13%
Organic		(1)%		1%

- Equipment +6%, (1)% organically ... growth across most segments; Power (40)% with orders for 4 gas turbines & 4 aeroderivative units
- Services +13%, +1% organically ... strength in Aviation with spares rate +16% offset by Power given market pressures, Renewables repower timing



Industry highlights

Power ✓ Market continues to be challenging and hard to predict ... 4Q/1Q trend indicating < 30 GW

Aviation ✓ Broad strength continues: RPKs +5.9% and freight +7.7% through February^{a)}
 ✓ Commercial & military both strong

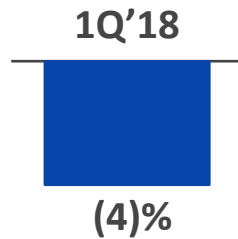
Healthcare ✓ Emerging markets & Bioprocess strong
 ✓ Continue to see modest growth in developed markets

Renewable Energy ✓ Strong U.S. MW growth in onshore wind but price pressure continues

Industrial revenues, margins and costs

Organic revenues

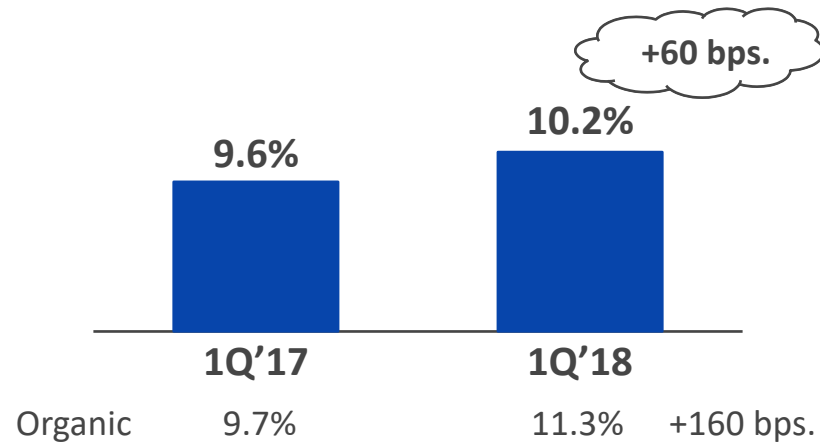
Industrial segments



- 1Q reported revenues +9%, organic (4)% driven by BHGE and FX
- 1Q organic by segment: Aviation +6%, Healthcare +6%, Power (10)%, Transportation (11)%, O&G (14)%, Renewables (18)%

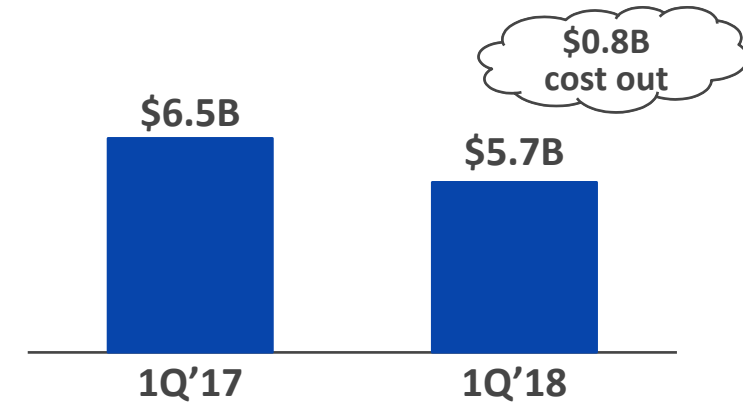
Margin performance

Industrial op profit margins^{-a)}



- Margin expansion driven by Aviation & Corporate partly offset by Oil & Gas & Power ... segment margins (10) bps.
- Strong structural cost performance partly offset by mix, FX, and price headwinds

Structural costs^{-b)}



- \$0.8B Industrial structural cost out with strong performance in Power, Corporate, & Oil & Gas
- Additional \$0.2B of SG&A cost out in GE Capital ... total \$1.0B cost out across GE

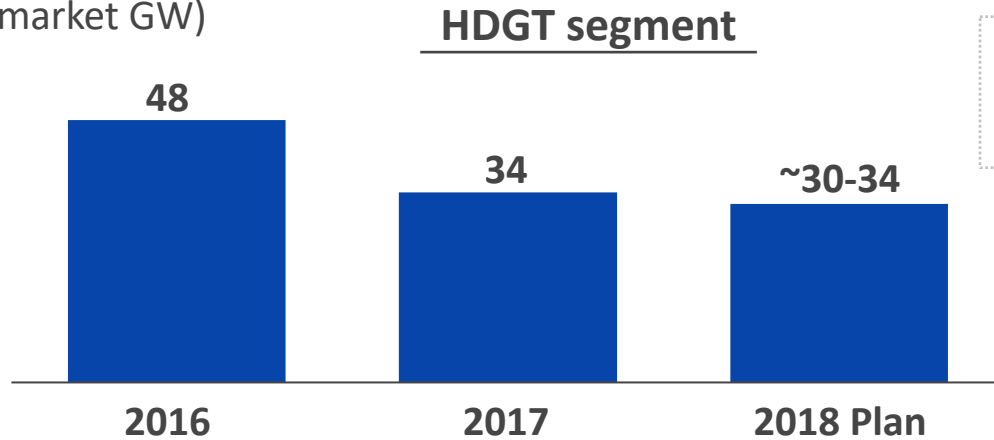


(a- Excludes gains/losses and restructuring & other

(b- Excludes gains and restructuring & other; excludes impact of acquisitions & dispositions and FX; BHGE on proforma basis

GE Power

(HDGT market GW)



4Q/1Q market trend indicating < 30 GW

- Lower demand driven by energy efficiency and renewables penetration
- Geopolitical and financing uncertainty leading to order delays
- Price pressure due to market overcapacity

Execution actions

- 1 Right-size footprint and base cost**
 - \$354MM structural cost out in 1Q
 - On track for 12K headcount reduction
 - 17 sites closed in last 6 months
- 2 Maximize value of installed base**
 - Visibility to 86% transactional outages, +2x
 - Executing margin actions; addressing quality
 - Incentivized salesforce compensation
- 3 Drive better execution**
 - Lean driving H cycle time down 20%
 - Disciplined build plans driving lower WIP
 - Commercial discipline aligning rev/cash
- 4 Exit non-core assets**
 - Industrial Solutions, Distributed Power
 - Exiting other non-core assets
- 5 Improve leadership & management depth**
 - New leadership in equipment, services, supply chain, commercial



1Q'18 consolidated results

(\$ in billions – except EPS)

	<u>1Q'18</u>	<u>V%</u>
Revenues	\$28.7	7%
– Industrial	26.5	9
– Capital	2.2	(19)
Adjusted EPS ^{-a)}	.16	14
Continuing EPS	.04	F
Net EPS	(.14)	U
Industrial FCF ^{-b)}	(1.7)	39
	<u>1Q'18</u>	<u>1Q'17</u>
Consolidated tax rate	(7)%	F
– GE (ex. Capital)	15	27
– Capital	43	92
Adj. Industrial tax rate ^{-a)}	25%	32%

(\$ in millions)

	<u>Revenues</u>		<u>Profit</u>	
	<u>\$</u>	<u>V%</u>	<u>\$</u>	<u>V%</u>
Power	\$7,222	(9)%	\$273	(38)%
Renewables	1,646	(7)	77	10
Oil & Gas ^{-c)}	5,385	74	181	(30)
Aviation	7,112	7	1,603	26
Healthcare	4,702	9	735	11
Transportation	872	(11)	130	37
Lighting	456	(1)	1	(90)
Industrial Segments	\$27,395	9%	\$3,000	7%
Corporate ^{-d)}	(908)	10	(255)	41
Industrial ^{-d)}	\$26,487	9%	\$2,745	15%
Capital ^{-e)}	\$2,173	(19)%	\$(170)	U

<u>Adjusted EPS</u>	<u>1Q'18</u>	<u>V%</u>
Adj. Industrial	\$.18	29%
Adj. Capital	(.02)	U%
Adjusted EPS	\$.16	14%



(a- Excludes non-operating benefit costs, gains/losses and restructuring & other and enactment of U.S. tax reform

(b- Excludes deal taxes & GE Pension Plan funding; BHGE on a dividend basis

(c- Oil & Gas segment operating profit \$(144)MM including restructuring & other charges

(d- Excludes gains and restructuring & other

(e- Capital profit excludes U.S. tax reform enactment adjustment of \$(45)MM

Free cash flow

(\$ in billions)

Free cash flow (FCF) summary

	<u>1Q'18</u>	<u>v\$</u>
Industrial FCF (including deal taxes & pension)	\$(2.0)	\$0.8
Less: deal tax & pension	(0.3)	(0.3)
Industrial FCF	\$(1.7)	\$1.0
Less: BHGE FCF ^{-a)}	(0.1)	(0.1)
Plus: BHGE dividend	0.1	0.1
Adj. Industrial FCF^{-b)}	\$(1.7)	\$1.1
<hr/>		
GE cash balance	\$13.1	\$4.8
GE cash balance (ex. BHGE)	\$7.5	\$(0.8)

1Q'18 dynamics

- Cash flow drivers:
 - Income + depreciation & amortization \$2.0B
 - Working capital \$(1.4): inventory build to support 2H'18 deliveries \$(1.1)B; disbursements from 2H'17 buy \$(0.3)B
 - Contract assets \$(0.4)B: revenue > billings in equipment contracts \$(0.2)B; LTSA cumulative adjustments \$(0.2)B
 - Other \$(0.9)B: timing of project disbursements & deferred taxes
 - Gross capex \$(1.0)B
- GE received \$0.4B in distributions from BHGE (\$0.1B dividend and \$0.3B buyback)



(a- BHGE FCF on a Gross capex basis

(b- Excludes deal taxes & GE Pension Plan funding; BHGE on a dividend basis

Cash

(\$ in billions)

<u>GE cash balance walk</u>	<u>GE Reported</u>	<u>GE (ex. BHGE)</u>
Beginning balance 1Q'18	\$18.8	\$11.8
Adjusted Industrial FCF <small>(ex. deal taxes & pension, BHGE dividend basis)</small>	(1.7)	(1.7)
GE dividends	(1.0)	(1.0)
BHGE buyback	(0.2)	0.3
Debt	(0.8)	(0.1)
Other investing/Arcam	(0.9)	(0.9)
Change in Other	(1.1)	(0.9)
Ending balance 1Q'18	\$13.1	\$7.5

1Q'18 dynamics (ex BHGE)

- 1Q cash balance \$7.5B including \$0.4B of restricted cash; beginning balance \$11.8B included \$0.6B of restricted cash
- FCF includes \$0.1B dividend from BHGE, no dividends from GE Capital
- Received \$0.3B from BHGE in buyback
- Debt reduced by \$(0.1)B ... paid down \$(0.4)B, offset by incremental \$0.3B of debt related to pension
- Investing flows of \$(0.9)B ... Aviation investments including Arcam minority shares
- Other includes \$(0.3)B of U.S. principal pension plan contribution and \$(0.6)B net of other flows

Plan to end 2018 with \$15B+ of cash



1Q'18 EPS walk

<u>Adjusted EPS</u>	<u>1Q'18</u>
Net EPS	\$(.14)
Less: WMC	(.17)
Less: Other disc. ops.	(.01)
Continuing EPS	\$.04
Less: non-operating benefit costs	(.06)
Less: restructuring & other ^{a)}	(.05)
Less: Capital tax reform enactment	(.01)
Adjusted EPS	\$.16

Dynamics

- Recorded reserve of \$1.5B related to WMC FIRREA investigation in discontinued operations
- Non-operating pension & benefit costs \$(0.7)B pre-tax, \$(0.5)B after-tax (reflects new accounting standard ASU 2017-07)
- Restructuring & other of \$(0.3)B after-tax at Corporate & \$(0.2)B after-tax in Oil & Gas segment
- U.S. tax reform enactment adjustment of \$(45)MM in GE Capital for valuation adjustments related to renewable energy investments

\$(.29) Net EPS other items: \$(.12) Industrial, \$(.01) Capital tax reform, \$(.17) WMC



(a- Includes gains of \$(43)MM and adjustment related to the enactment of U.S. tax reform \$(31)MM

GE accounting changes update

Accounting standard adoptions

Required accounting standard adoptions:

- New revenue standard (ASC 606)
- Presentation of non-op. pension & benefits cost (ASU 2017-07)
- Presentation of restricted cash (ASU 2016-18)
- Reclassification of certain securitized cashflows (ASU 2016-15)
- Accounting for taxes on intra-entity transfers other than inventory (ASU 2016-16)

Other changes to align and clarify reporting:

- Other income reclassification out of revenue
- Inventory methodology from LIFO to FIFO

Revenue accounting standard

- Drivers of changes in timing of revenue recognition:
 - LTSAs: changes in accounting for contract modifications, term, and scope
 - Engines: each engine accounted for separately versus levelized contract margin
 - Other equipment: revenue timing aligned to when customers assume control (e.g., equipment delivery versus installation)
- No impact to cash flows
- Remaining performance obligation \$253B as of 1Q18

No impact to Industrial free cash flows from accounting changes



GE accounting changes update: financial impact

(\$ in billions – except EPS)

Financial impact

	ASC 606			All changes 2017
	1/1/16	2016	2017	
Retained earnings ^{a)}	\$(4.2)	\$(5.4)	\$(8.1)	\$(8.4)
Revenues		\$(0.2)	\$(2.2)	\$(3.8)
Ind. segment op profit		\$(1.9)	\$(2.5)	\$(2.5)
GAAP EPS		\$(.13)	\$(.30)	\$(.31)
Adjusted EPS		\$(.13)	\$(.19)	\$(.21)
Industrial CFOA & FCF		— No change —		No change

2017 drivers:

- Cumulative retained earnings impact \$(8.4)B
- Revenue \$(3.8)B ... ASC 606 \$(2.2)B, other income reclass \$(1.6)B
- Contract assets lower by \$8.5B to \$20.4B driven by LTSAs
- GAAP EPS \$(.31) with revenue recognition driving \$(.17), inventory accounting \$(.01) and resulting tax reform adjustments \$(.14)

Impacts related to ASC 606

2017	Revenues	Profit
Power	\$(0.9)	\$(0.8)
Renewables	(1.0)	(0.1)
Oil & Gas	0.1	(0.0)
Aviation	(0.1)	(1.2)
Healthcare	0.0	(0.0)
Transportation	(0.2)	(0.3)
Industrial segments	\$(2.2)	\$(2.5)
Corporate	0.0	0.3
Industrial	\$(2.2)	\$(2.2)

Profit drivers:

- Power ... primarily LTSAs, some equipment timing
- Renewables ... timing of non-U.S. onshore wind & Hydro revenue
- Aviation ... LTSAs and engine accounting
- Corporate ... adjustment to 2017 held-for-sale charges



(a- Cumulative retained earnings impact

	2016	2017
Continuing EPS	\$0.85	\$(0.99)
Adjusted EPS	\$1.03	\$1.00

Segments

(\$ in millions)

	<u>Power</u>	
<u>1Q'18</u>	<u>\$</u>	<u>V%</u>
Revenues	\$7,222	(9)%
Segment profit	\$273	(38)%
Segment profit %	3.8%	(1.7) pts.

	<u>Renewable Energy</u>	
<u>1Q'18</u>	<u>\$</u>	<u>V%</u>
Revenues	\$1,646	(7)%
Segment profit	\$77	10%
Segment profit %	4.7%	0.7 pts.

	<u>Aviation</u>	
<u>1Q'18</u>	<u>\$</u>	<u>V%</u>
Revenues	\$7,112	7%
Segment profit	\$1,603	26%
Segment profit %	22.5%	3.4 pts.

	<u>Healthcare</u>	
<u>1Q'18</u>	<u>\$</u>	<u>V%</u>
Revenues	\$4,702	9%
Segment profit	\$735	11%
Segment profit %	15.6%	0.2 pts.



Segments

(\$ in millions)

	<u>Oil & Gas</u>		
<u>1Q'18</u>	<u>\$</u>	<u>V%</u>	<u>V%</u> Legacy O&G
Revenues	\$5,385	74%	(8)%
Segment profit ^{-a)}	\$181	(30)%	(77)%
Segment profit % ^{-a)}	3.4%	(5.0) pts.	(6.3) pts.

	<u>Lighting</u>	
<u>1Q'18</u>	<u>\$</u>	<u>V%</u>
Revenues	\$456	(1)%
Segment profit	\$1	(90)%
Segment profit %	0.2%	(2.0) pts.

	<u>Transportation</u>	
<u>1Q'18</u>	<u>\$</u>	<u>V%</u>
Revenues	\$872	(11)%
Segment profit	\$130	37%
Segment profit %	14.9%	5.2 pts.

	<u>GE Capital</u>	
<u>1Q'18</u>	<u>\$</u>	<u>V%</u>
Revenues	\$2,173	(19)%
Cont. income	\$(215)	U
Cont. income (ex. tax reform) ^{-b)}	\$(170)	U
Net income (w/ disc. ops.)	\$(1,768)	U



(a- Oil & Gas segment operating profit \$(144)MM including restructuring & other charges

(b- Excludes U.S. tax reform enactment adjustment of \$(45)MM

2018 financial outlook

Adjusted EPS^{-a)}

\$1.00-1.07



2018F

Adjusted Industrial FCF^{-b)}

\$6-7B



2018F

Dynamics

- Continued strength in Aviation, Healthcare, and Corporate offsetting pressure in Power
- Good 1Q performance for Renewables & Transportation; Oil & Gas as expected
- Good progress on Industrial structural cost with \$0.8B out in 1Q ... \$2B+ for the year
- GE Capital quarterly variability ... timing of asset sales, excess interest run-off, and tax benefits impact quarterly profile
- 1Q cash performance in line with expectations



(a- Excludes non-operating benefit costs, gains/losses and restructuring & other and enactment of U.S. tax reform
(b- Excludes deal taxes & GE Pension Plan funding; BHGE on a dividend basis)

Company update

Running the company better

- 3-year strategic and financial forecast in process
- New Board fully engaged
- Continuing to make progress on Power “fix”
- New comp system in place for top ~4K employees
- Weekly employee communication and engagement
- GE operating system
 - Based on external best practices
 - Six Sigma, Lean, Agile
 - Rigorous talent management

Portfolio update

- Significant progress on \$20B+ of Industrial dispositions
 - Expecting proceeds of \$5-10B during 2018
 - Industrial Solutions expected to close in 2Q^{a)}
 - Announced Healthcare Value Based Care transaction ... close expected early 3Q^{a)}
 - Expect to finalize Transportation disposition plans in 2Q
 - Launched Distributed Power
- GE Capital assets down \$1.5B in quarter (ex-liquidity); asset sales of \$0.5B closed
- Strategic portfolio review ongoing

Focused on execution + go-forward strategy



