

GE Investor Update Supplemental Information



1. Preliminary revenue recognition standard transition impact: 2017 estimate
2. 2012-2016 Industrial op profit*
3. 2012-2016 Industrial CFOA*
4. 2017 Operating framework: Industrial + Verticals*
5. 2017 Operating framework: Adjusted EPS, including the impact of the revenue recognition standard change*
6. 2017 Operating framework: Industrial CFOA & Free Cash Flow*
7. 2018 Operating framework: Adjusted EPS*
8. 2018 Operating framework: Industrial Free Cash Flow*

* Non-GAAP financial measures. See the following pages for reconciliations of these measures to the most directly comparable GAAP financial measures.

Imagination at work.

Preliminary revenue recognition standard transition impact: 2017 estimate^{-a)}

(\$ in billions)

	<u>Revenue estimate</u>	<u>Op profit estimate</u>
Power	~\$(1.0)	~\$(0.8)
Renewable Energy	~(0.9)	~(0.1)
Oil & Gas	~(0.1)	~(0.1)
Aviation	~0.8	~(0.8)
Healthcare	~(0.0)	~(0.1)
Transportation	~(0.2)	~(0.2)
Lighting	~0.0	~0.0
Industrial Segments	~\$(1.4)	~\$(2.1)
Corporate ^{-b)}	~(0.0)	~(0.0)
Industrial^{-b)}	~\$(1.4)	~\$(2.1)



(a- Preliminary 2017 transition impact reflects the current total year forecast of the estimated transition to accounting standard ASU No. 2014-09, Revenue from Contracts with Customers

(b- Excludes gains, restructuring, & non-operating pension

Non-GAAP reconciliation

2012-2016 Industrial op profit

(\$ in millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenue					
GE total revenue (GAAP)	\$104,900	\$104,599	\$109,546	\$100,700	\$113,676
Less: GE Capital earnings (loss)	<u>1,368</u>	<u>699</u>	<u>1,532</u>	<u>(7,672)</u>	<u>(1,251)</u>
GE revenue excl. GE Capital earnings (loss)					
(Industrial revenue) (GAAP)	\$103,532	\$103,900	\$108,014	\$108,371	\$114,927
Less: NBCU	1,615	1,528	-	-	-
Less: gains on disposals	<u>186</u>	<u>453</u>	<u>91</u>	<u>1,497</u>	<u>3,444</u>
Adjusted Industrial revenue (non-GAAP)	<u>\$101,731</u>	<u>\$101,919</u>	<u>\$107,923</u>	<u>\$106,874</u>	<u>\$111,483</u>
Costs					
GE total costs and expenses	\$94,081	\$95,068	\$98,427	\$97,447	\$103,860
Less: GE interest and other financial charges	<u>1,353</u>	<u>1,333</u>	<u>1,579</u>	<u>1,706</u>	<u>2,026</u>
Industrial costs excluding interest and other financial charges (GAAP)	<u>\$92,728</u>	<u>\$93,735</u>	<u>\$96,848</u>	<u>\$95,741</u>	<u>\$101,834</u>
Less: gains (cost basis)	\$-	\$6	\$-	\$-	\$-
Less: non-operating pension costs (pre-tax)	2,132	2,624	2,120	2,764	2,052
Less: restructuring and other charges	732	1,992	1,788	1,734	3,578
Less: noncontrolling interests	<u>(37)</u>	<u>53</u>	<u>372</u>	<u>229</u>	<u>279</u>
Adjusted Industrial costs (non-GAAP)	<u>\$89,901</u>	<u>\$89,060</u>	<u>\$92,567</u>	<u>\$91,015</u>	<u>\$95,925</u>
Industrial profit (GAAP)	\$10,804	\$10,165	\$11,166	\$12,630	\$13,093
Industrial profit (non-GAAP)	\$11,831	\$12,859	\$15,356	\$15,859	\$15,558



2012-2016 Industrial CFOA

(\$ in billions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Cash flows from GE's operating activities (continuing operations), as reported (GAAP)	\$17.8	\$14.3	\$15.2	\$16.4	\$30.0
Less: dividends from GE Capital	6.4	6.0	3.0	4.3	20.1
Industrial CFOA (non-GAAP)	\$11.4	\$8.3	\$12.2	\$12.1	\$9.9
Add: Deal taxes	-	3.2	-	0.2	1.4
Add: GE Principal Plan (GEPP) funding	0.4	-	-	-	0.3
Industrial CFOA ex. deal taxes & GEPP funding (non-GAAP)	\$11.8	\$11.5	\$12.2	\$12.2	\$11.6



2017 Operating framework: Industrial + Verticals

2017F Industrial operating + Vertical EPS

\$1.05-1.10

Items not included in non-GAAP metric:

1. Non-operating pension costs, which we estimate to be approximately \$(0.16) – (0.17) on an EPS basis for the year
2. Capital Other continuing earnings (excluding the Verticals), which we estimate to be ~\$(0.06)-(0.09) on an EPS basis for the year. This amount is affected by, among other things:
 - The timing of when, and the amount by which, the Company pays down GE Capital’s outstanding debt; and
 - The timing and magnitude of the costs associated with GE Capital’s exit plan.



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 the GE Capital Exit Plan. Although we have attempted to estimate GE Capital’s Other continuing earnings 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.

2017 Operating framework: Adjusted EPS, including the impact of the revenue recognition standard change

2017F Adjusted EPS, including the impact of the revenue recognition standard change

\$1.04-1.12

Items not included in non-GAAP metric:

1. Non-operating pension costs, which we estimate to be approximately \$(0.16) – (0.17) on an EPS basis for the year
2. Gains & restructuring net income/(loss), which we estimate to be approximately \$(.24) on an EPS basis for the year. This amount is affected by, among other things:
 - The timing and magnitude of the costs associated with restructuring activities



Note: We will adopt the new revenue recognition standard (ASU No. 2014-09, Revenue from Contracts with Customers) on January 1, 2018, will apply it retrospectively to all periods presented.

2017 Operating framework: Industrial CFOA & Free Cash Flow

(\$ in billions)

	<u>2017E</u>
GE CFOA	~\$9
Less: GE Capital dividend	4
Industrial CFOA	~\$5
Less: Pension & deal taxes	~(2)
Industrial CFOA ex. deal taxes & pension	~\$7
Plus: Gross PP&E & capitalized software	~(4.6)
Less: 2H BHGE PP&E & capitalized software	~(0.5)
Industrial Free Cash Flow ex. pension	~\$3



2018 Operating framework: Adjusted EPS

2018E Adjusted EPS

\$1.00-1.07

Items not included in non-GAAP metric:

1. Non-operating pension costs. This amount is affected by, among other things, the pension discount rate as of 12/31/17
2. Gains & restructuring net income/(loss). This amount is affected by, among other things:
 - The timing and magnitude of gains 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've 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: Industrial Free Cash Flow

(\$ in billions)

	<u>2018F</u>
GE CFOA	~\$3-4
Less: GE Capital dividend	-
Industrial CFOA	~\$3-4
Less: pension & deal taxes	~(6)
Industrial CFOA ex. deal taxes & pension	~\$9-10
Less: Oil & Gas CFOA	~1
Plus: BHGE distribution	~1
Adjusted Industrial CFOA	~\$9-10
Plus: Gross PP&E & capitalized software	~(4)
Less: Gross Oil & Gas PP&E & cap. software	~(1)
Adjusted Industrial free cash flow	~\$6-7



