

GE 1Q'17 supplemental information

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Imagination at work.

* Non-GAAP financial measures. See the following pages for reconciliations of these measures to the most directly comparable GAAP financial measures. Also see the Non-GAAP supplemental materials section for descriptions of non-GAAP financial measures and the reasons we believe that they provide useful information to investors.

Orders & backlog by segment

(\$ in billions)

	1Q'17 Orders	V%	1Q'17 Backlog	V%
Power	\$6.1	8%	\$84.6	9%
Renewable Energy	2.1	8	13.4	8
Oil & Gas	2.6	7	20.4	(10)
Aviation	7.4	12	158.0	3
Healthcare	4.5	7	17.0	(1)
Transportation	1.1	70	20.0	(5)
EC & Lighting	2.6	(2)	10.7	(10)
- Energy Connections	2.4	(12)	10.6	(11)
- Current & Lighting	0.2	F	0.1	F
Industrial	\$25.7	10%	\$324.3	3%



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

Equipment orders

(\$ in billions)

	<u>2Q'16</u>	<u>V%</u>	<u>3Q'16</u>	<u>V%</u>	<u>4Q'16</u>	<u>V%</u>	<u>1Q'17</u>	<u>V%</u>	<u>Four qtr. rolling average</u>	<u>V%</u>
Power	\$3.1	67%	\$3.6	F	\$5.0	1%	\$2.3	25%	\$3.5	36%
Renewable Energy	1.6	(23)	2.4	37	2.8	20	1.7	(4)	2.1	7
Oil & Gas	0.9	(58)	0.8	(22)	1.3	4	0.9	30	1.0	(24)
Aviation	2.5	(37)	2.1	(27)	2.9	2	2.7	5	2.5	(17)
Healthcare	2.9	6	2.8	10	3.3	3	2.6	10	2.9	7
Transportation	0.1	(77)	0.1	(23)	0.1	(98)	0.5	F	0.2	(75)
EC & Lighting	2.2	48	2.5	59	2.4	23	1.9	(6)	2.3	28
- Energy Connections	2.2	48	2.2	38	2.1	9	1.7	(17)	2.1	16
- Current & Lighting	-	-	0.3	F	0.3	F	0.2	F	0.2	F
Industrial	\$12.9	(11)%	\$13.9	24%	\$17.3	(7)%	\$12.3	11%	\$14.1	2%



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

Equipment/service revenue by segment

(\$ in billions)

	<u>1Q'17 Equipment</u>	<u>V%</u>	<u>1Q'17 Services</u>	<u>V%</u>	<u>1Q'17 Total</u>	<u>V%</u>
Power	\$2.4	59%	\$3.7	-%	\$6.1	17%
Renewable Energy	1.8	16	0.3	90	2.0	22
Oil & Gas	1.3	(20)	1.7	-	3.0	(9)
Aviation	2.7	(2)	4.1	17	6.8	9
Healthcare	2.3	2	2.0	3	4.3	3
Transportation	0.5	15	0.6	(1)	1.0	6
EC & Lighting	2.2	(40)	0.5	(10)	2.7	(35)
- Energy Connections	1.7	(1)	0.5	6	2.3	1
- Current & Lighting	0.5	(76)	-	(88)	0.5	(76)
Industrial segments	\$13.1	(4)%	\$12.9	6%	\$26.0	1%



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

Non-GAAP reconciliation

Industrial revenue & operating profit

(\$ in millions)

	<u>1Q'17</u>	<u>1Q'16</u>	<u>V%</u>
Revenue			
GE total revenue (GAAP)	\$25,481	\$24,607	4%
Less: GE Capital earnings (loss)	<u>(47)</u>	<u>(892)</u>	
GE revenue excl. GE Capital earnings (loss)			
(Industrial revenue) (GAAP)	<u>25,528</u>	<u>25,499</u>	-%
Less: gains on disposals	2	59	
Adjusted Industrial revenue (non-GAAP)	<u>25,526</u>	<u>25,440</u>	-%
Costs			
GE total costs and expenses	24,558	24,313	1%
Less: GE interest and other financial charges	<u>564</u>	<u>440</u>	
Industrial costs excluding interest and other financial charges (GAAP)	<u>23,994</u>	<u>23,873</u>	1%
Less: non-operating pension costs (pre-tax)	578	512	
Less: restructuring and other charges	1,020	686	
Less: noncontrolling interests	<u>78</u>	<u>117</u>	
Adjusted Industrial costs (non-GAAP)	<u>\$22,318</u>	<u>\$22,558</u>	(1)%
Industrial profit (GAAP)	\$1,534	\$1,626	(6)%
Industrial profit margins (GAAP)	6.0%	6.4%	(0.4)pts.
Industrial operating profit (non-GAAP)	\$3,208	\$2,883	11%
Industrial operating profit margins (non-GAAP)	12.6%	11.3%	1.3pts.



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

Non-GAAP reconciliation

Industrial segment organic op profit growth

(\$ in millions)

	<u>1Q'17</u>	<u>1Q'16</u>	<u>V%</u>
Industrial segment op profit (GAAP)	\$3,622	\$3,314	9%
Less the effects of:			
Acquisitions, dispositions and FX ^{-a)}	<u>(40)</u>	<u>124</u>	
Industrial segment op profit excluding the effects of acquisitions, dispositions and FX^{-a)} (non-GAAP)	<u>3,662</u>	<u>3,191</u>	15%
Industrial segment op profit (GAAP)	3,622	3,314	9%
Plus: Adjusted Corporate costs (operating) ^{-b)}	<u>(414)</u>	<u>(431)</u>	
Industrial op profit ^{-b)} (non-GAAP)	3,208	2,883	11%
Less the effects of:			
Acquisitions, dispositions and FX ^{-a)}	<u>(91)</u>	<u>141</u>	
Industrial op profit^{-b)} excluding the effects of acquisitions, dispositions and FX^{-a)} (non-GAAP)	<u>\$3,299</u>	<u>\$2,743</u>	20%

(a- Translational foreign exchange

(b- Excluding gains and restructuring & other items

Note: Individual amounts are rounded. As a result, the sum of the parts presented may not add to the total. Percentages presented are calculated from the underlying numbers in millions.



Non-GAAP reconciliation

Industrial segment organic revenue growth

(\$ in millions)

	<u>1Q'17</u>	<u>1Q'16</u>	<u>V%</u>
Industrial segment revenue (GAAP)	\$26,016	\$25,869	1%
Less the effects of:			
Acquisitions, dispositions and FX ^(a)	<u>34</u>	<u>1,557</u>	
Industrial segment revenue excluding the effects of acquisitions, dispositions and FX^(a) (non-GAAP)	<u>\$25,981</u>	<u>\$24,312</u>	7%



(a- Translational foreign exchange

Note: Individual amounts are rounded. As a result, the sum of the parts presented may not add to the total. Percentages presented are calculated from the underlying numbers in millions.

Non-GAAP reconciliation

Organic revenue by segment

(\$ in millions)

	<u>1Q'17</u>	<u>1Q'16</u>	<u>V%</u>
Power			
Reported Revenue	\$6,089	\$5,204	17%
Less Acq./Disp. & FX ^{-a)}	(14)	19	
Organic Revenue ^{-b)}	<u>6,103</u>	<u>5,185</u>	18
Renewable Energy			
Reported Revenue	2,044	1,669	22
Less Acq./Disp. & FX ^{-a)}	73	-	
Organic Revenue ^{-b)}	<u>1,971</u>	<u>1,669</u>	18
Oil & Gas			
Reported Revenue	3,001	3,314	(9)
Less Acq./Disp. & FX ^{-a)}	(41)	1	
Organic Revenue ^{-b)}	<u>3,042</u>	<u>3,312</u>	(8)
Aviation			
Reported Revenue	6,804	6,262	9
Less Acq./Disp. & FX ^{-a)}	53	20	
Organic Revenue ^{-b)}	<u>6,752</u>	<u>6,242</u>	8
Healthcare			
Reported Revenue	4,291	4,183	3
Less Acq./Disp. & FX ^{-a)}	(11)	4	
Organic Revenue ^{-b)}	<u>4,301</u>	<u>4,178</u>	3
Transportation			
Reported Revenue	1,039	981	6
Less Acq./Disp. & FX ^{-a)}	2	8	
Organic Revenue ^{-b)}	<u>1,037</u>	<u>974</u>	6
EC & Lighting			
Reported Revenue	2,747	4,256	(35)
Less Acq./Disp. & FX ^{-a)}	(28)	1,505	
Organic Revenue ^{-b)}	<u>\$2,776</u>	<u>\$2,751</u>	1%

(a- Translational foreign exchange

(b- non-GAAP

Note: Individual amounts are rounded. As a result, the sum of the parts presented may not add to the total. Percentages presented are calculated from the underlying numbers in millions.



Non-GAAP reconciliation

Energy Connections & Lighting ex. Appliances

(\$ in millions)

	Revenue			Segment Profit			Op Profit %		
	1Q'17	1Q'16	V%	1Q'17	1Q'16	V%	1Q'17	1Q'16	V pts.
Energy Conn. & Lighting	\$2,747	\$4,256	(35)%	\$28	\$31	(10)%	1.0%	0.7%	0.3pts.
Less: Appliances	-	1,464		-	139				
Energy Conn. & Lighting ex. Appliances	\$2,747	\$2,792	(2)%	\$28	\$(108)	F	1.0%	(3.9)%	4.9pts.



Note: Individual amounts are rounded. As a result, the sum of the parts presented may not add to the total. Percentages presented are calculated from the underlying numbers in millions.

Units summary – orders

	<u>1Q'17</u>	<u>1Q'16</u>	<u>V</u>
Power:			
Gas turbines	12	25	(13)
Renewable Energy:			
Wind turbines	589	716	(127)
Aviation:			
CEO engines	870	702	168
GEnx engines ^{-a)}	12	7	5
LEAP engines ^{-a)}	653	443	210
Military engines	72	286	(214)
Transportation:			
Locomotives	37	-	37



(a- GEnx & LEAP engines are a subset of CEO engines

Units summary – sales

	<u>1Q'17</u>	<u>1Q'16</u>	<u>V</u>
Power:			
Gas turbines	20	13	7
Renewable Energy:			
Wind turbines	567	668	(101)
Aviation:			
CEO engines	631	677	(46)
GEnx engines ^{-a)}	69	53	16
LEAP engines ^{-a)}	81	-	81
Military engines	120	151	(31)
Spares rate ^{-b)}	\$21.7	\$17.3	25%
Transportation:			
Locomotives	157	156	1



(a- GEnx & LEAP engines are a subset of CEO engines
 (b- Commercial spares rate in millions of dollars per day

Aviation Commercial spares rate

(Commercial spares rate in millions of dollars per day)

	<u>1Q'16</u>	<u>V%</u>	<u>2Q'16</u>	<u>V%</u>	<u>3Q'16</u>	<u>V%</u>	<u>4Q'16</u>	<u>V%</u>	<u>TY'16</u>	<u>V%</u>
New spares rate	\$17.3	3%	\$19.0	3%	\$19.1	2%	\$20.2	11%	\$18.9	5%

Old method:

Orders spares rate	\$39.6	2%	\$39.9	5%	\$42.0	6%	\$44.5	14%	\$41.3	6%
Sales spares rate	\$38.6	6%	\$38.4	3%	\$39.7	5%	\$43.5	18%	\$40.0	8%



Note: Individual amounts are rounded. Percentages presented are calculated from the underlying numbers in millions.

Regional summary

(\$ in billions)

	Industrial Orders		Industrial Segment Revenue	
	1Q'17	V%	1Q'17	V%
Resource Rich ^{-a)}	\$7.3	32%	\$7.8	15%
Asia ^{-b)}	3.9	17%	3.1	(1)%
Growth Markets	11.1	27%	10.9	10%
Developed ^{-c)}	14.6	(1)%	15.1	(5)%
Total	\$25.7	10%	\$26.0	1%

(a- Resource Rich: Australia & New Zealand, Canada, Latin America, MENAT, Russia/CIS, & Sub Saharan Africa

(b- Asia: ASEAN, China, & India

(c- Developed: US, Europe, Japan, & Korea

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



Non-GAAP reconciliation

Corporate revenue & operating profit (cost)

(\$ in millions)

Revenue	<u>1Q'17</u>	<u>1Q'16</u>	<u>V%</u>
Gains (losses) on dispositions	\$2	\$59	(97)%
Corporate operations & eliminations	<u>(1,039)</u>	<u>(968)</u>	(7)%
Total Corporate revenue (GAAP)	<u>(1,037)</u>	<u>(909)</u>	(14)%
Operating profit (cost)			
Gains (losses) on dispositions	\$2	\$59	
Principal retirement plans ^(a)	(534)	(468)	
Restructuring and other charges	(1,020)	(686)	
Other Corporate costs & eliminations	<u>(457)</u>	<u>(476)</u>	
Total Corporate costs (continuing) (GAAP)	<u>(2,009)</u>	<u>(1,571)</u>	
Less: Non-operating pension cost	<u>(578)</u>	<u>(512)</u>	
Total Corporate (operating) cost (non-GAAP)	<u>(1,431)</u>	<u>(1,059)</u>	
Less: restructuring & other, gains	<u>(1,018)</u>	<u>(627)</u>	
Adj. Total Corporate (operating) cost (non-GAAP)	<u>\$(414)</u>	<u>\$(431)</u>	4%



(a- Includes non-operating pension

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

Non-GAAP reconciliation

Operating & Industrial operating + Verticals earnings & EPS

(\$ in millions except earnings per share)

	1Q'17	1Q'16	V%
Earnings from continuing operations attributable to common shareholders (GAAP)	\$858	\$248	F
Less: non-operating pensions costs (net of tax)	(376)	(333)	
Operating earnings (non-GAAP)	1,234	581	F
Less: Other GE Capital (non-GAAP)	(582)	(1,389)	
Industrial Operating plus Verticals earnings (non-GAAP)	\$1,816	\$1,970	(8)%
Industrial Operating earnings (non-GAAP)	\$1,281	\$1,473	(13)%
GE Capital Verticals earnings (non-GAAP)	\$535	\$496	8%
Earnings per share (EPS) - diluted^(a)			
Continuing EPS (GAAP)	\$0.10	\$0.03	F
Less: non-operating pensions costs (net of tax)	(0.04)	(0.04)	-%
Operating EPS (non-GAAP)	\$0.14	\$0.06	F
Less: Other GE Capital (non-GAAP)	(0.07)	(0.15)	53%
Industrial Operating plus Verticals EPS (non-GAAP)	\$0.21	\$0.21	-%
Industrial Operating EPS (non-GAAP)	\$0.14	\$0.16	(13)%
GE Capital Verticals EPS (non-GAAP)	\$0.06	\$0.05	20%



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

Non-GAAP reconciliation

Industrial operating plus Verticals earnings & EPS excluding gains & restructuring

(\$ in millions except earnings per share)

	Earnings			Earnings per share ^(a)		
	1Q'17	1Q'16	V%	1Q'17	1Q'16	V%
Industrial operating earnings (non-GAAP)	\$1,281	\$1,473	(13)%	\$0.14	\$0.16	(13)%
GE Capital Verticals earnings (non-GAAP)	535	496	8%	0.06	0.05	20%
Industrial operating plus Verticals earnings (non-GAAP)	\$1,816	\$1,970	(8)%	\$0.21	\$0.21	-%
<u>Industrial gains & restructuring (after-tax):</u>						
Gains (after-tax)	\$1	\$38		\$-	\$-	
Restructuring (after-tax)	(714)	(483)		(0.08)	(0.05)	
Net gains & restructuring (after-tax) (non-GAAP)	\$(713)	\$(445)		\$(0.08)	\$(0.05)	
Industrial operating earnings ex. gains & restructuring (non-GAAP)	\$1,994	\$1,918	4%	\$0.23	\$0.20	15%
GE Capital Verticals earnings (non-GAAP)	535	496	8%	0.06	0.05	20%
Industrial operating plus Verticals earnings ex. gains & restructuring (non-GAAP)	\$2,529	\$2,415	5%	\$0.29	\$0.26	12%

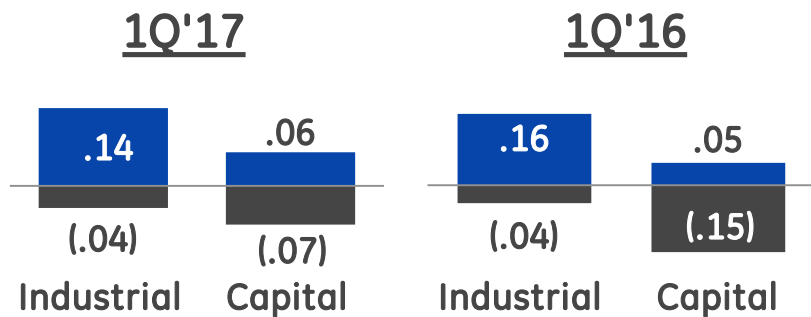


(a) Earnings per share amounts are computed independently. As a result, the sum of per share amounts may not equal the total.

Non-GAAP reconciliation

GAAP & Industrial Operating plus Verticals EPS

(\$ in millions except earnings per share)



■ Industrial Operating & Verticals
■ Non-operating pension & other GE Capital

<u>Earnings/(loss) per share</u> ^{-a)}	<u>1Q'17</u>	<u>1Q'16</u>
Industrial operating	\$.14	\$.16
Verticals	.06	.05
Industrial Operating plus Verticals	\$.21	\$.21
Non-operating & other GE Capital	(.11)	(.18)
GAAP continuing EPS	\$.10	\$.03



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

Non-GAAP reconciliation

GE effective tax rate (ex. GE Capital)

(\$ in millions)

	<u>1Q'17</u>	<u>1Q'16</u>
GE earnings from continuing operations before income taxes <small>(GAAP)</small>	\$923	\$294
Less: GE Capital earnings (loss) from continuing ops.	<u>(47)</u>	<u>(892)</u>
Adjusted earnings from continuing ops. before income taxes <small>(non-GAAP)</small>	<u>\$970</u>	<u>\$1,187</u>
GE (ex. GE Capital) provision for income taxes - continuing ops.	\$143	\$164
Effective tax rate GE (ex. GE Capital) <small>(non-GAAP)</small>	15%	14%



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

Non-GAAP reconciliation

Industrial CFOA and free cash flow

(\$ in millions)

	<u>1Q'17</u>	<u>1Q'16</u>
Cash from GE's op. activities <small>(GAAP)</small>	\$370	\$7,902
Less: Net additions to PP&E	637	784
Free cash flow <small>(non-GAAP)</small>	\$(267)	\$7,118
Less: GE Capital dividends	2,000	7,500
Industrial free cash flow <small>(non-GAAP)</small>	\$(2,267)	\$(383)
Add: Net additions to PP&E	637	784
Industrial CFOA <small>(non-GAAP)</small>	\$(1,630)	\$402
Free cash flow <small>(non-GAAP)</small>	\$(267)	\$7,118
Add: Business dispositions	81	39
Free cash flow + dispositions <small>(non-GAAP)</small>	\$(187)	\$7,156



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

Non-GAAP reconciliation

Industrial structural cost

(\$ in millions)

	<u>1Q'17</u>	<u>1Q'16</u>	<u>V\$</u>
Industrial costs excluding interest and other financial charges (GAAP)	\$23,994	\$23,873	\$121
Less: segment variable costs	16,825	16,809	
Less: Corporate revenue ex. GE-GECC elimination and gains on disposals	(489)	(429)	
Less: Corporate restructuring and other charges	1,020	686	
Less: Corporate non-operating pension costs	578	512	
Less: Corporate noncontrolling interests	<u>-</u>	<u>-</u>	
Industrial structural costs (non-GAAP)	\$6,061	\$6,293	\$(232)
Less: acquisitions and dispositions structural costs	<u>64</u>	<u>220</u>	
Industrial structural costs ex. acquisitions and dispositions (non-GAAP)	<u>\$5,997</u>	<u>\$6,073</u>	\$ (76)



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

GE Capital segment results

(\$ in millions) – net earnings

	<u>1Q'17</u>	<u>1Q'16</u>	<u>V%</u>
GECAS	\$386	\$332	16%
EFS	54	137	(61)
Industrial Finance	102	83	22
Other ^{-a)}	(7)	(56)	88
Verticals	\$535	\$496	8%
Other continuing operations ^{-b)}	(582)	(1,389)	58
Capital segment profit/(loss)	\$(47)	\$(892)	95%
Earnings/(loss) from discontinued ops.	(242)	(309)	21
GE Capital net earnings/(loss)	\$(290)	\$(1,201)	76%



(a- Includes run-off insurance business and allocated corporate costs

(b- Includes impact of preferred stock dividends

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

GE Capital segment assets

(\$ in billions)

	<u>1Q'17</u>	<u>1Q'16</u>	<u>V%</u>
GECAS	\$40.8	\$42.0	(3)%
EFS	11.8	11.5	3
Industrial Finance	22.7	22.8	(1)
Other	36.1	36.1	-
Verticals	\$111.3	\$112.4	(1)%
Other continuing operations	46.2	87.2	(47)
Capital segment assets	\$157.6	\$199.6	(21)%
Assets of discontinued operations	9.8	81.6	(88)
GE Capital total assets	\$167.3	\$281.2	(40)%



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

2017 Operating framework

2017F Industrial operating + Vertical EPS \$1.60-1.70

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 ~\$(0.03)-(0.12) 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. It is also impractical to provide a reconciliation for our organic revenue target as it involves a number of unknown variables including the effects of future acquisitions, dispositions and currency exchange.



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 following Non-GAAP information which management believes provides useful information to investors.

Operating and non-operating pension costs

We have provided the operating and non-operating components of cost for our principal pension plans. Operating pension costs comprise the service cost of benefits earned, prior service cost amortization and curtailment loss for our principal pension plans. Non-operating pension costs comprise the expected return on plan assets, interest cost on benefit obligations and net actuarial loss amortization for our principal pension plans. We believe that the operating components of pension costs better reflects the ongoing service-related costs of providing pension benefits to our employees. We believe that the operating and non-operating components of cost for our principal pension plans, considered along with the corresponding GAAP measure, provide management and investors with additional information for comparison of our pension plan costs and operating results with the pension plan costs and operating results of other companies.

Adjusted corporate costs (operating)

Operating corporate costs exclude non-service-related pension costs of our principal pension plans, which comprise interest costs, expected return on plan assets and amortization of actuarial gains/losses. Service cost, prior service cost and curtailment loss components of our principal pension plans are included in operating corporate costs. We believe that these components of pension cost better reflect the ongoing service-related costs of providing pension benefits to our employees. Accordingly, we believe that our measure of operating corporate costs provides management and investors with a useful measure of the operational costs incurred outside of our businesses. We believe that this measure, considered along with the corresponding GAAP measure, provides management and investors with additional information for comparison of our operating corporate costs to the operating corporate costs of other companies.

We also believe that adjusting operating corporate costs to exclude 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 and other charges, provides management and investors with a meaningful measure that increases the period-to-period comparability of our ongoing corporate costs.



Non-GAAP supplemental information

Industrial Segment Organic Revenue Growth

Organic revenue growth measures revenue 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.

Industrial Segment Organic Operating Profit Growth

Operating 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 operating 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 the respective businesses or companies and may therefore be a useful tool in assessing period-to-period performance trends.



Non-GAAP supplemental information

Industrial Cash Flows from Operating Activities (Industrial CFOA)

We define “Industrial CFOA” as GE’s cash from operating activities (continuing operations) less the amount of dividends received by GE from GE Capital. This reflects the effects of intercompany transactions, which include, but are not limited to, the following: GE Capital working capital solutions to optimize GE cash management; GE Capital enabled GE industrial orders; aircraft engines, power equipment and healthcare equipment manufactured by GE that are installed on GE Capital investments, including leased equipment; expenses related to parent-subsidary pension plans; buildings and equipment leased between GE and GE Capital, including sale-leaseback transactions; information technology (IT) and other services sold to GE Capital by GE; and various investments, loans and allocations of GE corporate overhead costs. We believe that investors may find it useful to compare GE’s operating cash flows without the effect of GE Capital dividends, since these dividends are not representative of the operating cash flows of our industrial businesses and can vary from period to period based upon the results of the financial services businesses. Management recognizes that these measures may not be comparable to cash flow results of companies which contain both industrial and financial services businesses, but believes that this comparison is aided by the provision of additional information about the amounts of dividends paid by our financial services business and the separate presentation in our financial statements of the GE Capital cash flows. We believe that our measure of Industrial CFOA provides management and investors with useful measures to compare the capacity of our industrial operations to generate operating cash flow with the operating cash flow of other non-financial businesses and companies and as such provides useful measures to supplement the reported GAAP CFOA measure.

Free cash flow (FCF)

We define FCF as GE’s cash from operating activities (continuing operations) less GE additions to property, plant and equipment, which are included in cash flows from investing activities. We believe that FCF is a useful financial metric to assess our ability to pursue opportunities to enhance our growth. We believe that presenting FCF plus proceeds from business dispositions provides investors with useful information about the company’s actual performance against performance targets. We also believe that presenting FCF 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 FCF 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.



Non-GAAP supplemental information

Industrial operating earnings and EPS and GE Capital operating earnings (loss) and EPS

Operating earnings (loss) excludes non-service related pension costs of our principal pension plans comprising interest cost, expected return on plan assets and amortization of actuarial gains/losses. The service cost, prior service cost and curtailment loss components of our principal pension plans are included in operating earnings. We believe that these components of pension cost better reflect the ongoing service-related costs of providing pension benefits to our employees. As such, we believe that our measure of operating earnings (loss) provides management and investors with a useful measure of the operational results of our business. Other components of GAAP pension cost are mainly driven by capital allocation decisions and market performance, and we manage these separately from the operational performance of our businesses. Neither GAAP nor operating pension costs are necessarily indicative of the current or future cash flow requirements related to our pension plan. We also believe that this measure, considered along with the corresponding GAAP measure, provides management and investors with additional information for comparison of our operating results to the operating results of other companies.

We believe that presenting operating earnings and operating EPS separately for our industrial and 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 Industrial Operating + Verticals EPS

As described above, Verticals represents the GE Capital businesses that we expect to retain. We believe that presenting Industrial operating + Vertical earnings-per-share amounts provides management and investors with a useful measure to evaluate the performance of the businesses we expect to retain after the disposition of most of our financial services business. We also believe that adjusting Industrial operating earnings + Verticals earnings and EPS to exclude the effects of items that are not closely associated with ongoing operations, such as gains on disposed businesses and restructuring and other charges, provides management and investors with a meaningful measure that increases period-to-period comparability



Non-GAAP supplemental information

Industrial Operating Profit & Operating Profit Margin

We have presented our Industrial operating profit and operating profit margin excluding gains, non-operating pension costs (pre-tax), restructuring and other charges, and noncontrolling interests. We believe that Industrial operating profit and operating profit margin adjusted for these items are meaningful measures because they increase the comparability of period-to-period results

GE effective tax rate (ex. GE Capital)

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 that in addition to the Consolidated and GE Capital tax rates, 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.

Structural Costs

Industrial structural costs include segment structural costs excluding the impact of business acquisitions and dispositions, plus total Corporate operating profit excluding non-operating pension costs, restructuring and other charges and gains. We believe that Industrial structural costs are a meaningful measure as they are broader than selling, general and administrative costs and represent the total structural costs in the Industrial segments and Corporate that generally do not vary with volume.



