

# GE - EPG supplemental

- 2. Industrial Free Cash Flow conversion – new basis\*
- 3. Industrial Free Cash Flow conversion – old basis\*



**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.

Non-GAAP reconciliation

# Industrial Free Cash Flow conversion – new basis

(\$ in billions)

	2016	2015	2014
Cash flows from GE's operating activities (continuing operations), as reported (GAAP)	\$30.0	\$16.4	\$15.2
Less: dividends from GE Capital	20.1	4.3	3.0
<b>Industrial CFOA</b> (non-GAAP)	<b>\$9.9</b>	<b>\$12.1</b>	<b>\$12.2</b>
Add: deal taxes	1.4	0.2	-
Add: cash payments for restructuring & other charges	1.7	0.9	1.0
<b>Industrial CFOA ex. deal taxes, restructuring &amp; other charges</b> (non-GAAP)	<b>\$13.0</b>	<b>\$13.2</b>	<b>\$13.2</b>
Less: net additions to PP&E	2.7	2.8	3.4
Less: additions to capitalized software	0.7	0.8	0.8
<b>Free cash flow ex. deal taxes, gains and restructuring &amp; other charges</b> (non-GAAP)	<b>\$9.6</b>	<b>\$9.6</b>	<b>\$9.1</b>
Consolidated earnings from continuing operations (GAAP)	\$9.1	\$1.7	\$9.5
Less: GE Capital earnings (loss) from continuing operations	(1.3)	(8.0)	1.2
<b>Industrial continuing earnings</b> (non-GAAP)	<b>\$10.4</b>	<b>\$9.6</b>	<b>\$8.3</b>
Add: net gains and restructuring & other charges (net of tax)	0.1	0.1	1.1
<b>Industrial continuing earnings ex. gains, restructuring &amp; other charges</b> (non-GAAP)	<b>\$10.5</b>	<b>\$9.7</b>	<b>\$9.5</b>
<b>Industrial free cash flow conversion ex. deal taxes, gains and restructuring &amp; other charges</b> (non-GAAP)	<b>91%</b>	<b>99%</b>	<b>96%</b>



# Industrial Free Cash Flow conversion - old basis

(\$ in billions)

	2016	2015	2014
Cash flows from GE's operating activities (continuing operations), as reported (GAAP)	\$30.0	\$16.4	\$15.2
Less: dividends from GE Capital	20.1	4.3	3.0
<b>Industrial CFOA</b> (non-GAAP)	<b>\$9.9</b>	<b>\$12.1</b>	<b>\$12.2</b>
Add: deal taxes	1.4	0.2	-
Add: GE Principal Plan (GEPP) funding	0.3	-	-
<b>Industrial CFOA ex. deal taxes &amp; GEPP funding</b> (non-GAAP)	<b>\$11.6</b>	<b>\$12.2</b>	<b>\$12.2</b>
Less: net additions to PP&E	2.7	2.8	3.4
<b>Adjusted free cash flow ex. deal taxes &amp; GEPP funding</b> (non-GAAP)	<b>\$8.9</b>	<b>\$9.4</b>	<b>\$8.8</b>
Consolidated earnings from continuing operations (GAAP)	\$9.1	\$1.7	\$9.5
Add: Non-operating pension cost (net of tax)	1.3	1.8	1.4
<b>Operating earnings</b> (non-GAAP)	<b>\$10.5</b>	<b>\$3.5</b>	<b>\$10.9</b>
Less: GE Capital earnings (loss) from continuing operations	(1.3)	(8.0)	1.2
<b>Industrial operating earnings</b> (non-GAAP)	<b>\$11.7</b>	<b>\$11.4</b>	<b>\$9.7</b>
<b>Industrial free cash flow conversion ex. deal taxes &amp; GEPP funding</b> (non-GAAP)	<b>76%</b>	<b>82%</b>	<b>91%</b>



