

# GE 2Q'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)

	2Q'17 Orders	V%	2Q'17 YTD Orders	V%	2Q'17 Backlog	V%
Power	\$7.7	(1)%	\$13.7	3%	\$88.0	11%
Renewable Energy	2.1	2	4.2	5	13.3	6
Oil & Gas	3.2	12	5.8	10	20.0	(12)
Aviation	7.3	14	14.7	13	158.6	2
Healthcare	5.0	3	9.5	5	17.5	4
Transportation	0.8	22	1.9	46	18.5	(11)
EC & Lighting	3.0	1	5.6	(1)	10.8	(9)
- Energy Connections	2.6	(12)	5.0	(12)	10.5	(12)
- Current & Lighting	0.4	F	0.6	F	0.3	F
<b>Industrial</b>	<b>\$28.3</b>	<b>6%</b>	<b>\$54.0</b>	<b>8%</b>	<b>\$326.8</b>	<b>2%</b>



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

# Equipment orders

(\$ in billions)

	3Q'16	V%	4Q'16	V%	1Q'17	V%	2Q'17	V%	Four qtr. rolling average	V%
Power	\$3.6	F%	\$5.0	1%	\$2.3	25%	\$3.1	(1)%	\$3.5	21%
Renewable Energy	2.4	37	2.8	20	1.7	(4)	1.8	12	2.2	16
Oil & Gas	0.8	(22)	1.3	4	0.9	30	1.4	50	1.1	12
Aviation	2.1	(27)	2.9	2	2.7	5	2.8	11	2.6	(3)
Healthcare	2.8	10	3.3	3	2.6	10	3.0	3	2.9	6
Transportation	0.1	(23)	0.1	(98)	0.5	F	0.2	97	0.2	(68)
EC & Lighting	2.5	59	2.4	23	1.9	(6)	2.2	1	2.3	16
- Energy Connections	2.2	38	2.1	9	1.7	(17)	1.9	(15)	2.0	1
- Current & Lighting	0.3	F	0.3	F	0.2	F	0.4	F	0.3	F
<b>Industrial</b>	<b>\$13.9</b>	<b>24%</b>	<b>\$17.3</b>	<b>(7)%</b>	<b>\$12.3</b>	<b>11%</b>	<b>\$14.1</b>	<b>9%</b>	<b>\$14.4</b>	<b>7%</b>



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

# Equipment/services revenue by segment - 2Q'17

(\$ in billions)

	<u>Equipment</u>	<u>V%</u>	<u>Services</u>	<u>V%</u>	<u>Total</u>	<u>V%</u>
Power	\$2.6	12%	\$4.4	1%	\$7.0	5%
Renewable Energy	2.1	8	0.4	F	2.5	17
Oil & Gas	1.3	(8)	1.8	-	3.1	(3)
Aviation	2.5	(16)	4.1	13	6.5	-
Healthcare	2.7	5	2.0	2	4.7	4
Transportation	0.5	(27)	0.6	-	1.1	(14)
EC & Lighting	2.6	(30)	0.6	(7)	3.2	(27)
- Energy Connections	2.1	(1)	0.6	2	2.7	-
- Current & Lighting	0.5	(71)	0.0	(78)	0.5	(71)
<b>Industrial segments</b>	<b>\$14.2</b>	<b>(8)%</b>	<b>\$13.9</b>	<b>6%</b>	<b>\$28.0</b>	<b>(2)%</b>



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

# Equipment/services revenue by segment - 2Q'17 YTD

(\$ in billions)

	<u>Equipment</u>	<u>V%</u>	<u>Services</u>	<u>V%</u>	<u>Total</u>	<u>V%</u>
Power	\$5.0	32%	\$8.0	-%	\$13.1	10%
Renewable Energy	3.8	12	0.7	F	4.5	20
Oil & Gas	2.6	(14)	3.5	-	6.1	(6)
Aviation	5.1	(9)	8.2	15	13.3	4
Healthcare	5.0	4	4.0	2	9.0	3
Transportation	0.9	(10)	1.2	-	2.1	(5)
EC & Lighting	4.8	(35)	1.1	(9)	6.0	(31)
- Energy Connections	3.9	(1)	1.1	4	5.0	-
- Current & Lighting	0.9	(73)	0.0	(84)	1.0	(74)
<b>Industrial segments</b>	<b>\$27.4</b>	<b>(6)%</b>	<b>\$26.7</b>	<b>6%</b>	<b>\$54.1</b>	<b>(1)%</b>



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## Non-GAAP reconciliation

# Industrial revenue & operating profit

(\$ in millions)

	2Q'17	2Q'16	V%	2Q'17 YTD	2Q'16 YTD	V%
<b>Revenue</b>						
GE total revenue (GAAP)	\$27,421	\$30,604	(10)%	\$52,902	\$55,210	(4)%
Less: GE Capital earnings (loss)	(172)	(600)		(219)	(1,492)	
<b>GE revenue excl. GE Capital earnings (loss)</b>						
<b>(Industrial revenue) (GAAP)</b>	<b>27,593</b>	<b>31,204</b>	<b>(12)%</b>	<b>53,121</b>	<b>56,702</b>	<b>(6)%</b>
Less: gains on disposals	-	3,129		2	3,188	
<b>Adjusted Industrial revenue (non-GAAP)</b>	<b>27,593</b>	<b>28,075</b>	<b>(2)%</b>	<b>53,119</b>	<b>53,515</b>	<b>(1)%</b>
<b>Costs</b>						
GE total costs and expenses	25,883	26,756	(3)%	50,441	51,069	(1)%
Less: GE interest and other financial charges	637	567		1,200	1,007	
<b>Industrial costs excluding interest and other financial charges (GAAP)</b>	<b>25,247</b>	<b>26,189</b>	<b>(4)%</b>	<b>49,241</b>	<b>50,062</b>	<b>(2)%</b>
Less: non-operating pension costs (pre-tax)	560	511		1,138	1,023	
Less: restructuring and other charges	709	1,188		1,728	1,874	
Less: noncontrolling interests	18	82		96	199	
<b>Adjusted Industrial costs (non-GAAP)</b>	<b>\$23,960</b>	<b>\$24,408</b>	<b>(2)%</b>	<b>\$46,278</b>	<b>\$46,965</b>	<b>(1)%</b>
<b>Industrial profit (GAAP)</b>	<b>\$2,346</b>	<b>\$5,015</b>	<b>(53)%</b>	<b>\$3,881</b>	<b>\$6,640</b>	<b>(42)%</b>
<b>Industrial profit margins (GAAP)</b>	<b>8.5%</b>	<b>16.1%</b>	<b>(7.6)pts.</b>	<b>7.3%</b>	<b>11.7%</b>	<b>(4.4)pts.</b>
<b>Industrial operating profit (non-GAAP)</b>	<b>\$3,633</b>	<b>\$3,667</b>	<b>(1)%</b>	<b>\$6,841</b>	<b>\$6,550</b>	<b>4%</b>
<b>Industrial operating profit margins (non-GAAP)</b>	<b>13.2%</b>	<b>13.1%</b>	<b>0.1pts.</b>	<b>12.9%</b>	<b>12.2%</b>	<b>0.7pts.</b>



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)

	2Q'17	2Q'16	V%	2Q'17 YTD	2Q'16 YTD	V%
Industrial segment op profit (GAAP)	\$3,947	\$4,122	(4)%	\$7,568	\$7,437	2%
Less the effects of:						
Acquisitions, dispositions and FX <sup>-a)</sup>	(22)	104		(62)	227	
<b>Industrial segment op profit excluding the effects of acquisitions, dispositions and FX<sup>-a)</sup> (non-GAAP)</b>	<b>\$3,968</b>	<b>\$4,018</b>	<b>(1)%</b>	<b>\$7,630</b>	<b>\$7,209</b>	<b>6%</b>
Industrial segment op profit (GAAP)	\$3,947	\$4,122	(4)%	\$7,568	\$7,437	2%
Plus: Adjusted Corporate costs (operating) <sup>-b)</sup>	(314)	(456)		(728)	(887)	
<b>Industrial op profit<sup>-b)</sup></b>	<b>3,633</b>	<b>3,667</b>	<b>(1)%</b>	<b>6,841</b>	<b>6,550</b>	<b>4%</b>
Less the effects of:						
Acquisitions, dispositions and FX <sup>-a)</sup>	(65)	120		(115)	260	
<b>Industrial op profit<sup>-b)</sup> excluding the effects of acquisitions, dispositions and FX<sup>-a)</sup> (non-GAAP)</b>	<b>\$3,698</b>	<b>\$3,547</b>	<b>4%</b>	<b>\$6,955</b>	<b>\$6,290</b>	<b>11%</b>

(a - Translational foreign exchange

(b - Excluding gains and restructuring & other items

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



# Industrial segment organic revenue growth

(\$ in millions)

	<u>2Q'17</u>	<u>2Q'16</u>	<u>V%</u>	<u>2Q'17 YTD</u>	<u>2Q'16 YTD</u>	<u>V%</u>
Industrial segment revenue (GAAP)	\$28,047	\$28,630	(2)%	\$54,063	\$54,499	(1)%
Less the effects of:						
Acquisitions, dispositions and FX <sup>(a)</sup>	<u>55</u>	<u>1,254</u>		<u>90</u>	<u>2,811</u>	
Industrial segment revenue excluding the effects of acquisitions, dispositions and FX <sup>(a)</sup> (non-GAAP)	<u>\$27,992</u>	<u>\$27,376</u>	2%	<u>\$53,973</u>	<u>\$51,688</u>	4%



(a- Translational foreign exchange

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# Organic revenue by segment

(\$ in millions)

	2Q'17	2Q'16	V%	2Q'17 YTD	2Q'16 YTD	V%
<b><u>Power</u></b>						
Reported Revenue	\$6,969	\$6,639	5%	\$13,058	\$11,843	10%
Less Acq./Disp. & FX <sup>(a)</sup>	39	28		25	47	
Organic Revenue <sup>(b)</sup>	6,930	6,610	5	13,033	11,795	10
<b><u>Renewable Energy</u></b>						
Reported Revenue	2,457	2,094	17	4,501	3,763	20
Less Acq./Disp. & FX <sup>(a)</sup>	96	-		169	-	
Organic Revenue <sup>(b)</sup>	2,361	2,094	13	4,332	3,763	15
<b><u>Oil &amp; Gas</u></b>						
Reported Revenue	3,108	3,219	(3)	6,110	6,533	(6)
Less Acq./Disp. & FX <sup>(a)</sup>	(30)	-		(70)	1	
Organic Revenue <sup>(b)</sup>	3,138	3,219	(3)	6,180	6,532	(5)
<b><u>Aviation</u></b>						
Reported Revenue	6,532	6,511	-	13,336	12,774	4
Less Acq./Disp. & FX <sup>(a)</sup>	33	21		86	41	
Organic Revenue <sup>(b)</sup>	6,498	6,491	-	13,250	12,733	4
<b><u>Healthcare</u></b>						
Reported Revenue	4,700	4,525	4	8,990	8,708	3
Less Acq./Disp. & FX <sup>(a)</sup>	(28)	11		(39)	16	
Organic Revenue <sup>(b)</sup>	4,728	4,514	5	9,029	8,693	4
<b><u>Transportation</u></b>						
Reported Revenue	1,071	1,240	(14)	2,110	2,222	(5)
Less Acq./Disp. & FX <sup>(a)</sup>	3	6		5	14	
Organic Revenue <sup>(b)</sup>	1,069	1,234	(13)	2,105	2,208	(5)
<b><u>EC &amp; Lighting</u></b>						
Reported Revenue	3,210	4,401	(27)	5,957	8,657	(31)
Less Acq./Disp. & FX <sup>(a)</sup>	(58)	1,187		(86)	2,692	
Organic Revenue <sup>(b)</sup>	\$3,268	\$3,214	2%	\$6,043	\$5,965	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 are calculated from the underlying numbers in millions

# Energy Connections & Lighting ex. Appliances

(\$ in millions)

	Revenue			Segment Profit			Op Profit %		
	2Q'17	2Q'16	V%	2Q'17	2Q'16	V%	2Q'17	2Q'16	V pts.
EC & Lighting	\$3,210	\$4,401	(27)%	\$80	\$131	(39)%	2.5%	3.0%	(0.5)pts.
Less: Appliances	-	1,133		-	116				
EC & Lighting ex. Appliances	<u>\$3,210</u>	<u>\$3,268</u>	(2)%	<u>\$80</u>	<u>\$15</u>	F	2.5%	0.5%	2.0pts.



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>2Q'17</u>	<u>2Q'16</u>	<u>V</u>	<u>2Q'17</u> <u>YTD</u>	<u>2Q'16</u> <u>YTD</u>	<u>V</u>
<b>Power:</b>						
Gas Turbines	24	25	(1)	36	50	(14)
<b>Renewable Energy:</b>						
Wind Turbines	567	637	(70)	1,156	1,353	(197)
<b>Aviation:</b>						
CEO engines	644	753	(109)	1,514	1,455	59
GENx engines <sup>-a)</sup>	22	29	(7)	34	36	(2)
LEAP engines <sup>-a)</sup>	368	265	103	1,021	708	313
Military engines	174	281	(107)	246	567	(321)
<b>Transportation:</b>						
Locomotives	26	21	5	63	21	42



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

# Units summary – sales

	<u>2Q'17</u>	<u>2Q'16</u>	<u>V</u>	<u>2Q'17 YTD</u>	<u>2Q'16 YTD</u>	<u>V</u>
<b>Power:</b>						
Gas Turbines	21	26	(5)	41	39	2
<b>Renewable Energy:</b>						
Wind Turbines	757	856	(99)	1,324	1,524	(200)
<b>Aviation:</b>						
CEO engines	651	724	(73)	1,282	1,401	(119)
GENx engines <sup>-a)</sup>	60	78	(18)	129	131	(2)
LEAP engines <sup>-a)</sup>	93	11	82	174	11	163
Military engines	137	151	(14)	257	302	(45)
Spares rate <sup>-b)</sup>	\$21.6	\$19.0	\$2.6	\$21.6	\$18.1	\$3.5
<b>Transportation:</b>						
Locomotives	120	222	(102)	277	378	(101)



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

# Regional summary

(\$ in billions)

	Industrial Orders				Industrial Segment Revenue			
	2Q'17	V%	2Q'17 YTD	V%	2Q'17	V%	2Q'17 YTD	V%
Resource Rich <sup>-a)</sup>	\$7.9	(3)%	\$15.2	11%	\$8.1	2%	\$16.0	8%
Asia <sup>-b)</sup>	4.5	23%	8.4	20%	3.6	8%	6.7	4%
Growth Markets	12.5	5%	23.6	14%	11.8	4%	22.7	7%
Developed <sup>-c)</sup>	15.8	7%	30.4	3%	16.3	(6)%	31.4	(6)%
Total	\$28.3	6%	\$54.0	8%	\$28.0	(2)%	\$54.1	(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 &amp; operating profit (cost)

(\$ in millions)

	2Q'17	2Q'16	V%	2Q'17 YTD	2Q'16 YTD	V%
Revenue						
Gains (losses) on dispositions	\$-	\$3,129	(100)%	\$2	\$3,188	(100)%
Corporate operations & eliminations	(935)	(1,036)	10%	(1,973)	(2,004)	2%
<b>Total Corporate revenue</b> (GAAP)	<b>\$(935)</b>	<b>\$2,093</b>	<b>U</b>	<b>\$(1,972)</b>	<b>\$1,184</b>	<b>U</b>
Operating profit (cost)						
Gains (losses) on dispositions	\$-	\$3,129		\$2	\$3,188	
Principal retirement plans <sup>(a)</sup>	(551)	(479)		(1,085)	(946)	
Restructuring and other charges	(709)	(1,188)		(1,728)	(1,874)	
Other Corporate costs & eliminations	(324)	(488)		(781)	(964)	
<b>Total Corporate costs (continuing)</b> (GAAP)	<b>(1,583)</b>	<b>974</b>		<b>(3,592)</b>	<b>(597)</b>	
Less: Non-operating pension cost	(560)	(511)		(1,138)	(1,023)	
<b>Total Corporate (operating) profit</b> (non-GAAP)	<b>(1,023)</b>	<b>1,485</b>		<b>(2,454)</b>	<b>426</b>	
Less: restructuring & other, gains	(709)	1,941		(1,727)	1,313	
<b>Adj. Total Corporate (operating)</b> (non-GAAP)	<b>\$(314)</b>	<b>\$(456)</b>	<b>31%</b>	<b>\$(728)</b>	<b>\$(887)</b>	<b>18%</b>



(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

# Operating & Industrial operating + Verticals earnings & EPS

(\$ in millions except earnings per share)

	2Q'17	2Q'16	V%	2Q'17 YTD	2Q'16 YTD	V%
Earnings from continuing operations attributable to common shareholders (GAAP)	\$1,338	\$3,300	(59)%	\$2,196	\$3,548	(38)%
Less: non-operating pensions costs (net of tax)	(364)	(332)		(740)	(665)	
<b>Operating earnings (non-GAAP)</b>	<b>1,702</b>	<b>3,632</b>	<b>(53)%</b>	<b>2,936</b>	<b>4,213</b>	<b>(30)%</b>
Less: Other GE Capital (non-GAAP)	(716)	(1,051)		(1,298)	(2,440)	
<b>Industrial operating plus Verticals earnings (non-GAAP)</b>	<b>\$2,418</b>	<b>\$4,684</b>	<b>(48)%</b>	<b>\$4,234</b>	<b>\$6,653</b>	<b>(36)%</b>
Industrial operating earnings (non-GAAP)	\$1,873	\$4,232	(56)%	\$3,155	\$5,705	(45)%
GE Capital Verticals earnings (non-GAAP)	\$544	\$452	20%	\$1,079	\$948	14%
<u>Earnings per share (EPS) - diluted<sup>-a)</sup></u>						
Continuing EPS (GAAP)	\$0.15	\$0.36	(58)%	\$0.25	\$0.38	(34)%
Less: non-operating pensions costs (net of tax)	(0.04)	(0.04)		(0.08)	(0.07)	
<b>Operating EPS (non-GAAP)</b>	<b>0.19</b>	<b>0.39</b>	<b>(51)%</b>	<b>0.33</b>	<b>0.45</b>	<b>(27)%</b>
Less: Other GE Capital (non-GAAP)	(0.08)	(0.11)		(0.15)	(0.26)	
<b>Industrial operating plus Verticals EPS (non-GAAP)</b>	<b>\$0.28</b>	<b>\$0.51</b>	<b>(45)%</b>	<b>\$0.48</b>	<b>\$0.72</b>	<b>(33)%</b>
Industrial operating EPS (non-GAAP)	\$0.21	\$0.46	(54)%	\$0.36	\$0.61	(41)%
GE Capital Verticals EPS (non-GAAP)	\$0.06	\$0.05	20%	\$0.12	\$0.10	20%



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

# GE effective tax rate (ex. GE Capital)

(\$ in millions)

	2Q'17	2Q'16	2Q'17 YTD	2Q'16 YTD
GE earnings from continuing operations before income taxes <small>(GAAP)</small>	\$1,538	\$3,847	\$2,461	\$4,141
Less: GE Capital earnings (loss) from continuing ops.	(172)	(600)	(219)	(1,492)
Adjusted earnings from continuing ops. before income taxes <small>(non-GAAP)</small>	\$1,710	\$4,447	\$2,680	\$5,634
GE (ex. GE Capital) provision for income taxes - continuing ops.	\$218	\$629	\$361	\$793
<b>Effective tax rate GE (ex. GE Capital) <small>(non-GAAP)</small></b>	<b>13%</b>	<b>14%</b>	<b>13%</b>	<b>14%</b>



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)

	2Q'17	2Q'16	2Q'17 YTD	2Q'16 YTD
Cash from GE's op. activities (CFOA) <small>(GAAP)</small>	\$3,215	\$2,865	\$3,585	\$10,767
Add: Deal Taxes (DT)	51	700	51	700
Add: Pension funding	217	-	217	-
<b>Total CFOA ex. DT &amp; Pension</b> <small>(non-GAAP)</small>	<b>\$3,483</b>	<b>\$3,565</b>	<b>\$3,853</b>	<b>\$11,467</b>
Less: GE Capital dividends	2,016	3,500	4,016	11,000
<b>Ind'l CFOA ex. DT &amp; Pension</b> <small>(non-GAAP)</small>	<b>\$1,467</b>	<b>\$65</b>	<b>\$(163)</b>	<b>\$467</b>
Less: Net additions to PP&E	749	617	1,386	1,401
<b>Ind'l Free cash flow ex. DT &amp; Pension</b> <small>(non-GAAP)</small>	<b>\$718</b>	<b>\$(551)</b>	<b>\$(1,550)</b>	<b>\$(934)</b>
Add: GE Capital dividends	2,016	3,500	4,016	11,000
<b>Free cash flow ex. DT &amp; Pension</b> <small>(non-GAAP)</small>	<b>\$2,734</b>	<b>\$2,949</b>	<b>\$2,467</b>	<b>\$10,066</b>
Add: Business dispositions (net of deal tax)	13	4,098	94	4,136
Less: Pension funding	217	-	217	-
<b>Free cash flow + dispositions</b> <small>(non-GAAP)</small>	<b>\$2,530</b>	<b>\$7,046</b>	<b>\$2,344</b>	<b>\$14,202</b>



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

# Industrial structural cost

(\$ in millions)

	<u>2Q'17</u>	<u>2Q'16</u>	<u>V\$</u>	<u>2Q'17 YTD</u>	<u>2Q'16 YTD</u>	<u>V\$</u>
<b>Industrial costs excluding interest and other financial charges</b> (GAAP)	<b>\$25,247</b>	<b>\$26,189</b>	<b>\$(942)</b>	<b>\$49,241</b>	<b>\$50,062</b>	<b>\$(822)</b>
Less: segment variable costs	18,517	18,588		35,342	35,398	
Less: Corporate revenue ex. GE-GECC elimination and gains on disposals	(454)	(557)		(944)	(985)	
Less: Corporate restructuring and other charges	709	1,188		1,728	1,874	
Less: Corporate non-operating pension costs	560	511		1,138	1,023	
Less: Corporate noncontrolling interests	-	(2)		-	(1)	
<b>Industrial structural costs</b> (non-GAAP)	<b>\$5,915</b>	<b>\$6,461</b>	<b>\$(546)</b>	<b>\$11,976</b>	<b>\$12,754</b>	<b>\$(778)</b>
Less: acquisitions and dispositions structural costs	214	166		278	387	
<b>Industrial structural costs ex. acquisitions and dispositions</b> (non-GAAP)	<b>\$5,701</b>	<b>\$6,294</b>	<b>\$(593)</b>	<b>\$11,698</b>	<b>\$12,368</b>	<b>\$(670)</b>



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)

	2Q'17	2Q'16	V%
GECAS	\$369	\$366	1%
EFS	113	99	15
Industrial Finance	123	102	20
Other <sup>-a)</sup>	(61)	(115)	47
<b>Verticals</b>	<b>544</b>	<b>452</b>	<b>20%</b>
Other continuing operations <sup>-b)</sup>	(716)	(1,051)	32
<b>Capital segment profit/(loss)</b>	<b>(172)</b>	<b>(600)</b>	<b>71%</b>
Earnings/(loss) from discontinued ops.	(152)	(544)	72
<b>GE Capital net earnings/(loss)</b>	<b>\$(324)</b>	<b>\$(1,143)</b>	<b>72%</b>



(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)

	2Q'17	2Q'16	V%
GECAS	\$39.9	\$41.3	(3)%
EFS	11.0	11.7	(6)
Industrial Finance	24.9	22.3	12
Other	36.3	37.0	(2)
<b>Verticals</b>	<b>112.1</b>	<b>112.4</b>	<b>-%</b>
Other continuing operations	40.5	57.1	(29)
<b>Capital segment assets</b>	<b>152.6</b>	<b>169.5</b>	<b>(10)%</b>
Assets of discontinued operations	7.9	49.9	(84)
<b>GE Capital total assets</b>	<b>\$160.5</b>	<b>\$219.4</b>	<b>(27)%</b>



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 and Industrial Segment Organic Operating Profit Growth

We have presented our Industrial operating profit and operating profit margin excluding gains, non-operating pension cost, 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. We have also presented Industrial organic operating 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 also believe that presenting industrial organic operating profit growth separately 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 "Industrial organic operating profit" 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. We also believe that investors may find it useful to compare Industrial CFOA excluding the effects of deal taxes and contributions to our GE Pension Plan. 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. Management believe that our measure of Industrial CFOA and Industrial CFOA excl. deal-related taxes and GE Pension Plan contributions 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.





# Non-GAAP supplemental information

## 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. We also believe that investors may find it useful to compare FCF and Industrial FCF excluding the effects of deal taxes and contributions to our GE Pension Plan. 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

Verticals represents the GE Capital businesses that we expect to retain (GECAS, Energy Financial Services, Industrial Finance, and run-off insurance activities). 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. To establish a consistent baseline, the 2016 amount excluded Appliances (which the Company sold in the second quarter of 2016), and the 2017 amount will exclude significant transactions such as Baker Hughes, LM Wind Power, and additive manufacturing (Arcam & Concept Laser). 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.



