



2019 Proxy Statement Supplemental Information

March 18, 2019

Imagination at work.

Non-GAAP Financial Measures Used in 2019 Proxy Statement



Non-GAAP financial measures

The table below lists the non-GAAP financial measures used in the 2019 Proxy Statement and indicates where you can find more information, including how we calculate the measure and why we use it.

Non-GAAP financial measure	Proxy pages	Where you can find more info*
Adjusted earnings per share	9, 32	Page 74 of 2018 Form 10-K
Adjusted GE Industrial free cash flow	9, 32	Page 76 of 2018 Form 10-K
Earnings (for Aviation and Healthcare)	9, 32	Page 3 of this document
Free cash flow (for Aviation and Healthcare)	9, 32	Page 3 of this document
Total cash generation (2016-2018)	9, 34	Page 4 of this document
Adjusted GE Industrial Profit Margin	9, 34	Page 75 of 2018 Form 10-K
Industrial Return on Total Capital (ROTC)	9, 34	Page 5 of this document
Cash returned to investors	9, 34	Page 6 of this document

Our 2018 Annual Report and Form 10-K is available at
https://www.ge.com/investor-relations/sites/default/files/GE_AR18.pdf



*When referring to the 2018 Form 10-K, please see “Financial Measures that Supplement U.S. Generally Accepted Accounting Principles Measures (Non-GAAP Financial Measures)” beginning on page 70.

Aviation & Healthcare - Earnings & Free Cash Flows

(\$ in millions)

Earnings

Aviation

2018

Segment profit	\$6,466
Segment interest expense	<u>(303)</u>
Segment earnings	<u><u>\$6,163</u></u>

Healthcare

2018

Segment profit	\$3,698
Segment interest expense	<u>(247)</u>
Segment earnings	<u><u>\$3,451</u></u>

Free Cash Flows

Aviation

2018

Segment CFOA	\$5,373
Additions to PP&E	(1,070)
Capitalized software	<u>(73)</u>
Segment Free Cash Flows	<u><u>\$4,230</u></u>

Healthcare

2018

Segment CFOA	\$3,485
Additions to PP&E	(378)
Capitalized software	<u>(90)</u>
Segment Free Cash Flows	<u><u>\$3,018</u></u>



Total cash generation (2016-2018)

(\$ in millions)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>'16-'18</u>
Cash from GE's operating activities from continuing operations, as reported	\$29,972	\$11,033	\$2,258	\$43,263
Plus GE proceeds from principal business dispositions	5,357	3,106	6,507	14,970
Less BHGE CFOA	-	(477)	1,763	1,286
Less BHGE proceeds from business dispositions	-	(5)	453	448
Plus BHGE Class B dividend	-	251	495	746
Total cash	<u>\$35,330</u>	<u>\$14,871</u>	<u>\$7,043</u>	<u>\$57,244</u>



We believe that total cash is a useful financial metric to assess our ability to pursue opportunities to enhance our growth as it focuses management on the cash we have available to execute on our capital allocation plans and position GE for long-term growth.

Industrial Return on Total Capital (ROTC)

(\$ in millions)

	<u>2018</u>
Earnings (loss) from continuing operations (GAAP)	\$(20,717)
Less: GE Capital earnings (loss) from continuing operations (GAAP)	(1)
Plus: GE after-tax interest	<u>2,139</u>
GE Adjusted Industrial return (non-GAAP)	(18,577)
 Average GE shareowners' equity, excluding effects of discontinued operations	 42,435
Less: average GE Capital shareowners' equity, excluding effects of discontinued operations	8,523
Average GE Industrial shareowners' equity, excluding effects of discontinued operations	33,912
Plus: average debt	43,453
Plus: other, net	<u>19,749</u>
Adjusted GE Industrial capital (non-GAAP)	<u>97,113</u>
GE Industrial ROTC (non-GAAP)	<u><u>(19)%</u></u>



Our GE Industrial ROTC calculation excludes earnings (losses) of discontinued operations from the numerator. We believe that this is a clearer way to measure the ongoing trend in return on GE Industrial capital for the continuing operations of the business to the extent that discontinued operations have affected our reported results. Our GE Industrial shareowners' equity, excluding effects of discontinued operations used in the denominator is adjusted for debt, redeemable noncontrolling interests and noncontrolling interests.

Cash returned to investors (2016-2018)

(\$ in millions)

	2016	2017	2018	'16-'18
GE dividends paid to shareowners	\$8,474	\$8,355	\$4,179	\$21,008
Buyback (book basis)	22,005	3,782	245	26,032
Total cash returned to investors	<u>\$30,479</u>	<u>\$12,138</u>	<u>\$4,424</u>	<u>\$47,041</u>



Incentive compensation metrics



2018 bonus pool funding metrics

Adjusted earnings per share (EPS)

Represents industrial earnings, excluding non-operating benefit costs, gains (losses) and impairments for disposed or held for sale businesses, restructuring and other, goodwill impairments, after-tax, excluding the effects of U.S. tax reform enactment adjustment, divided by the average number of diluted common shares. See page 74 of the 2018 10-K.

Adjusted GE Industrial free cash flows

Represents cash from operating activities plus investments in property, plant and equipment and additions to internal-use software; this metric excludes any dividends received from GE Capital and any cash received from dispositions of property, plant and equipment, without the effects of cash used for taxes related to business sales and contributions to the GE Pension Plan. See page 76 of the 2018 10-K.



2016-2018 LTPA and 2016 PSU metrics

- **Industrial Operating + Verticals EPS (2016-2018) (LTPA)**

Represents Industrial operating + Verticals earnings divided by the average number of diluted common shares. During the 2016-2018 performance period the threshold performance level was not met. The company no longer reports this metric.

- **Total Cash Generation (2016-2018) (LTPA & PSUs)**

Represents GE cash from operating activities (including from the Industrial continuing operations of the company and dividends from GE Capital) plus after-tax proceeds from Industrial principal business dispositions, with BHGE on a dividend basis from the second half of 2017. See page 4 for how this metric is calculated.

- **Adjusted GE Industrial Profit Margin (2018) (LTPA & PSUs)**

Represents segment profit from GE's industrial segments and adjusted corporate operating costs as a percentage of revenue from these segments and corporate. See page 75 of the 2018 Form 10-K.

- **Industrial ROTC (2018) (LTPA)**

Represents Industrial earnings from continuing operations before accounting changes plus the sum of after-tax interest and other financial charges and noncontrolling interests, divided by the sum of the averages of Industrial equity (excluding effects of discontinued operations and the estimated value of assets held to support GE Capital), borrowings, mandatorily redeemable preferred stock and noncontrolling interests (on an annual basis, calculated using a five-point average). See page 5 for how this metric is calculated.

- **Cash Returned to Investors (2016-2018) (LTPA)**

Represents dividends paid plus share repurchases. See page 6 for how this metric is calculated.

- **Relative Total Shareholder Return (2016-2018) (PSUs)**

Represents GE's change in stock price plus returns, assuming the reinvestment of dividends into additional GE stock, vs. the S&P 500. This metric is only applied in the event of a payout on the 2016 PSUs (and no payout was made).



Reconciliation of Proxy Tables to SEC-Required Tables



Reconciliation of proxy tables to SEC-required tables*

We have simplified certain compensation table column headers in GE's 2019 Proxy Statement to provide, what we believe, is clearer, more transparent disclosure for investors. The table below explains how these column headers line up with the SEC labels.

SEC-required Summary Compensation Table		GE's Summary Compensation Table (p. 38)	
Stock Awards		PSUs & RSUs	
Option Awards		Stock Options	
Non-Equity Incentive Plan Compensation		LTPAs	
Change in Pension Value and Nonqualified Deferred Compensation Earnings		Pension & Deferred Comp.	
SEC-required Grants of Plan-Based Awards Table		GE's Long-Term Incentive Compensation Table (p. 40)	
Estimated Future Payouts Under Equity Incentive Plan Awards		Estimated Future Payouts Under Performance Share Units (#)	
All Other Stock Awards: Number of Shares of Stock or Units		Restricted Stock Units (#)	
All Other Option Awards: Number of Securities Underlying Options		Stock Options (#)	
Exercise Price of Option Awards		Stock Option Exercise Price	
Grant Date Fair Value of Stock and Option Awards		Grant Date Fair Value of Awards	
SEC-required Outstanding Equity Awards at Fiscal Year-End Table		GE's Outstanding Equity Awards Table (p. 41)	
Number of Securities Underlying Unexercised Options (Exercisable)		Portion Exercisable	
Number of Securities Underlying Unexercised Options (Unexercisable)		Subtract Portion Exercisable from Number Outstanding	
Number of Shares or Units of Stock That Have Not Vested		Number Outstanding	
Market Value of Shares or Units of Stock That Have Not Vested		Market Value	
Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested		Number Outstanding	
Equity Incentive Plan Awards: Market Value of Unearned Shares, Units or Other Rights That Have Not Vested		Market Value	

*Page numbers refer to the company's 2019 Proxy Statement, as filed with the SEC.