

GENERAL ELECTRIC CO  
Form DEF 14A  
March 09, 2012  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a)**

**of the Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under §240.14a-12

**General Electric Company**

(Name of Registrant as Specified In Its Charter)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

Edgar Filing: GENERAL ELECTRIC CO - Form DEF 14A

- (1) Title of each class of securities to which the transaction applies:
  
  
  
  
  
  
  
  
  
- (2) Aggregate number of securities to which the transaction applies:
  
  
  
  
  
  
  
  
  
- (3) Per unit price or other underlying value of the transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
  
  
  
  
  
  
  
  
  
- (4) Proposed maximum aggregate value of the transaction:
  
  
  
  
  
  
  
  
  
- (5) Total fee paid:

•• Fee paid previously with preliminary materials.

•• Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:

- (2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

Notice of 2012  
Annual Meeting  
and  
Proxy Statement

**Table of Contents**

**IMPORTANT VOTING INFORMATION**

Your broker is not permitted to vote on your behalf on the election of directors and other matters to be considered at the shareowners meeting (except on ratification of the selection of KPMG as auditors for 2012), unless you provide specific instructions by completing and returning the voting instruction form or following the instructions provided to you to vote your shares via telephone or the Internet. For your vote to be counted, you will need to communicate your voting decisions to your broker, bank or other financial institution before the date of the shareowners meeting.

**Your Participation in Voting the Shares You Own Is Important**

Voting your shares is important to ensure that you have a say in the governance of your company and to fulfill the objectives of the majority voting standard that we apply in the election of directors. Please review the proxy materials and follow the instructions on the proxy or voting instruction form to vote your shares. We hope you will exercise your rights and fully participate as a shareowner in our company's future.

**More Information Is Available**

If you have any questions about the proxy voting process, please contact the broker, bank or other financial institution where you hold your shares. The Securities and Exchange Commission (SEC) also has a website ([www.sec.gov/spotlight/proxymatters.shtml](http://www.sec.gov/spotlight/proxymatters.shtml)) with more information about your rights as a shareowner. Additionally, you may contact our Investor Relations Department by following the instructions on our Investor Relations website at [www.ge.com/investors/index.html](http://www.ge.com/investors/index.html).

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS**

**FOR THE SHAREOWNERS MEETING TO BE HELD ON APRIL 25, 2012**

**The proxy statement is available at [www.ge.com/proxy](http://www.ge.com/proxy) and the annual report is available at [www.ge.com/annualreport](http://www.ge.com/annualreport).**

**INFORMATION REGARDING ADMISSION TO THE 2012 ANNUAL MEETING**

In accordance with our security procedures, all persons attending the annual meeting must present an admission card and picture identification. Please follow the advance registration instructions beginning on page 53 of the accompanying proxy statement to obtain an admission card.

**INFORMATION REGARDING LIVE WEBCAST OF THE ANNUAL MEETING**

We will provide a live webcast of the annual meeting from our Investor Relations website at [www.ge.com/investors/index.html](http://www.ge.com/investors/index.html).

**Table of Contents**

<b>Contents</b>	<b>Page</b>
<u>2012 Proxy Summary</u>	i
<u>Notice of 2012 Annual Meeting of Shareowners</u>	vi
<u>Proxy Statement</u>	1
<u>Board of Directors</u>	2
<u>☐ Election of Directors</u>	2
<u>Corporate Governance</u>	8
<u>Board of Directors and Committees</u>	11
<u>2011 Non-management Directors' Compensation</u>	12
<u>Executive Compensation</u>	14
<u>Compensation Discussion and Analysis</u>	14
<u>Compensation Actions for 2011</u>	15
<u>Our Compensation Framework</u>	19
<u>Key Considerations in Setting Pay</u>	20
<u>Performance Objectives and Evaluations for Our Named Executives</u>	21
<u>Compensation Elements We Use to Achieve Our Goal</u>	21
<u>Other Compensation Practices</u>	23
<u>Compensation Committee Report</u>	24
<u>2011 Realized Compensation</u>	25
<u>2011 Summary Compensation</u>	26
<u>2011 All Other Compensation</u>	27
<u>2011 Other Benefits</u>	27
<u>2011 Grants of Plan-Based Awards</u>	28
<u>2011 Outstanding Equity Awards at Fiscal Year-End</u>	29
<u>2011 Option Exercises and Stock Vested</u>	32
<u>2011 Pension Benefits</u>	33
<u>2011 Nonqualified Deferred Compensation</u>	34
<u>Potential Payments upon Termination</u>	35
<u>Information on Stock Ownership</u>	37
<u>Related Person Transactions</u>	38
<u>Audit Committee Report</u>	39
<u>Independent Auditor</u>	39
<u>☐ Management Proposals</u>	40
<u>Management Proposal No. 1 Ratification of Selection of Independent Registered Public Accounting Firm</u>	40
<u>Management Proposal No. 2 Advisory Resolution to Approve Executive Compensation</u>	40
<u>Management Proposal No. 3 Approval of an Amendment to the GE 2007 Long-Term Incentive Plan to Increase the Number of Authorized Shares</u>	41
<u>Management Proposal No. 4 Approval of the Material Terms of Senior Officer Performance Goals</u>	45
<u>☐ Shareowner Proposals</u>	47
<u>Additional Information</u>	50
<u>Information About Attending the Meeting and Advance Registration</u>	53
<u>Web Links</u>	55
<u>Acronyms</u>	55
<u>Appendix A - GE 2007 Long-Term Incentive Plan</u>	A-1

*☐ To be voted on at the meeting*

Edgar Filing: GENERAL ELECTRIC CO - Form DEF 14A

*Every shareowner's vote is important. Please complete, sign, date and return your proxy or voting instruction form, or submit your vote and proxy by telephone or the Internet.*

**Table of Contents**

**2012 Proxy Summary**

*This summary highlights information contained elsewhere in this proxy statement. This summary does not contain all of the information that you should consider, and you should read the entire proxy statement carefully before voting.*

**Annual Meeting of Shareowners**

Time and Date	10:00 a.m. Eastern Daylight Time, April 25, 2012
Place	Detroit Marriott at the Renaissance Center  400 Renaissance Drive  Detroit, Michigan 48243
Record date	February 27, 2012
Voting	Shareowners as of the record date are entitled to vote. Each share of common stock is entitled to one vote for each director nominee and one vote for each of the other proposals to be voted on.
Admission	An admission card is required to enter GE's annual meeting. Please follow the advance registration instructions beginning on page 53.
Webcast	We will provide a live webcast of the annual meeting from our Investor Relations website at  <a href="http://www.ge.com/investors/index.html">www.ge.com/investors/index.html</a> .

**Meeting Agenda and Voting Matters**

	<b>Board Vote Recommendation</b>	<b>Page Reference (for more detail)</b>
<u>Election of 16 Directors</u>	FOR EACH DIRECTOR NOMINEE	2
<u>Other Management Proposals</u>		
<u>Ratification of KPMG as auditor for 2012</u>	FOR	40
<u>Advisory resolution to approve executive compensation</u>	FOR	40
<u>Approve amendment to GE 2007 Long-Term Incentive Plan to increase the number of authorized shares</u>	FOR	41
<u>Approve material terms of senior officer performance goals</u>	FOR	45
<u>Shareowner Proposals</u>		
Cumulative voting	AGAINST	47
Nuclear activities	AGAINST	47
Independent board chairman	AGAINST	49
Shareowner action by written consent	AGAINST	50
Transact other business that properly comes before the meeting		



Board Nominees

Name	Director		Principal Occupation	Experience/ Qualifications	Committee Memberships					Other Public Company Boards
	Age	Since			Independent	AC	MDCC	NCGC	RC	
<u>W. Geoffrey Beattie</u>	51	2009	President,  Woodbridge Company	Leadership  Finance  Industry  Global	X	F			C	Maple Leaf Foods  Royal Bank of Canada  Thomson Reuters
<u>James I. Cash, Jr.</u>	64	1997	Emeritus James E. Robison Professor of Business Administration,  Harvard Graduate School of Business	Leadership  Finance  Technology  Education  Global	X	X	X		X	Chubb  Wal-Mart
<u>Ann M. Fudge</u>	60	1999	Former Chairman & CEO,  Young & Rubicam	Leadership  Industry  Marketing  Global  Government	X				X	Infosys  Novartis  Unilever
<u>Susan Hockfield</u>	60	2006	President,  Massachusetts Institute of Technology	Leadership  Industry  Technology  Education	X			X	X	

**Table of Contents**

Name	Director		Principal Occupation	Experience/ Qualifications	Committee Memberships					Other Public Company Boards	
	Age	Since			Independent	AC	MDCC	NCGC	RC		PRC
<u>Jeffrey R. Immelt</u>	56	2000	Chairman & CEO, General Electric Company	Leadership Industry Global Government						X	
<u>Andrea Jung</u>	53	1998	Chairman & CEO, Avon	Leadership Industry Marketing Technology Global	X		X	X			Apple Avon
<u>Alan G. (A.G.) Lafley</u>	64	2002	Former Chairman & CEO, Procter & Gamble	Leadership Industry Marketing Technology Global	X			X	X		
<u>Robert W. Lane</u>	62	2005	Former Chairman & CEO, Deere	Leadership Finance Industry Global	X	F	X				BMW Northern Trust Verizon Communications
<u>Ralph S. Larsen</u>	73	2002	Former Chairman & CEO, Johnson & Johnson	Leadership Industry Global	X		C	X			
<u>Rochelle B. Lazarus</u>	64	2000	Chairman & former CEO, Ogilvy & Mather	Leadership Industry Marketing Global	X			C		X	Merck
<u>James J. Mulva</u>	65	2008	Chairman & CEO, ConocoPhillips	Leadership Finance Industry Global	X	F				X	ConocoPhillips
<u>Sam Nunn</u>	73	1997	Co-Chairman & CEO, Industry	Leadership Industry	X		X			C	Coca-Cola

Edgar Filing: GENERAL ELECTRIC CO - Form DEF 14A

			Nuclear Threat Initiative	Technology					
				Education					
				Global					
				Government Leadership				X	Penske Automotive
<u>Roger S. Penske</u>	75	1994	Chairman, Penske and Penske Truck Leasing, Chairman & CEO, Penske Automotive	Industry					Universal Technical Institute
				Global					
<u>Robert J. Swieringa</u>	69	2002	Professor of Accounting and former Dean, Johnson Graduate School of Management, Cornell University	Leadership	X	F			
				Finance					
				Industry					
				Education					
<u>James S. Tisch</u>	59	2010	President & CEO, Loews	Leadership	X			X	Loews and its consolidated subsidiaries (CNA Financial, Diamond Offshore Drilling)
				Finance					
				Industry					
				Global					
				Government					
<u>Douglas A. Warner III</u>	65	1992	Former Chairman, JPMorgan Chase	Leadership	X	C, F	X	X	
				Finance					
				Industry					
				Global					
AC	Audit Committee						NCGC	Nominating and Corporate Governance Committee	
C	Chair						PRC	Public Responsibilities Committee	
F	Financial expert						RC	Risk Committee	
MDCC	Management Development and Compensation Committee								

**Attendance** In 2011, each of our director nominees attended at least 75% of the Board and committee meetings on which he or she sits.

**Director Elections** Each director nominee is elected annually by a majority of votes cast.

## Table of Contents

### Management Proposals

1. Ratification of Selection of Independent Registered Public Accounting Firm. As a matter of good governance, we are asking shareowners to ratify the selection of KPMG as our independent auditors for 2012.
2. Advisory Resolution to Approve Executive Compensation. We are asking shareowners to approve on an advisory basis our named executive officer compensation. The Board recommends a FOR vote because it believes that our compensation policies and practices are effective in achieving the company's goals of rewarding sustained financial and operating performance and leadership excellence, aligning the executives' long-term interests with those of our shareowners and motivating the executives to remain with the company for long and productive careers.
3. Approval of an Amendment to the GE 2007 Long-Term Incentive Plan to Increase the Number of Authorized Shares. We are asking shareowners to approve an amendment to the 2007 Long-Term Incentive Plan to replenish the shares available for awards under the plan by 425 million shares.
4. Approval of the Material Terms of Senior Officer Performance Goals. We are asking shareowners to approve the material terms of senior officer performance goals for purposes of the tax deductibility rules for performance-based compensation.

### 2011 Compensation Actions

GE Outperforms. In 2011, the company strengthened its core Industrial businesses by redeploying capital from NBC Universal (NBCU) to support \$11 billion of Energy acquisitions, accelerating growth in emerging markets, and making significant investments in research and development (R&D). Also, GE Capital is now a smaller, more focused specialty finance company, with particular focus in mid-market segments. As a result, GE has its strongest portfolio in recent history, which is reflected in its 2011 financial performance, with operating earnings up 20% from 2010 and revenues up 7% from 2010 (excluding the impact of NBCU) as well as a record year-end backlog of \$200 billion. In addition, senior management's actions in 2011 have put the company into a position of financial strength, with \$85 billion of consolidated cash at 2011 year-end, strong risk management and a year-end 10% Tier 1 Common Ratio at GE Capital. This strength has allowed the company to execute on its balanced capital allocation strategy by increasing its quarterly dividend twice in 2011 for a total of four increases in the past two years, repurchasing \$5.4 billion of stock during the year, including \$3.3 billion for the preferred stock held by Berkshire Hathaway, and investing in adjacencies. GE outperformed the S&P 500 Industrials and Financials sectors on an earnings, stock price and total shareholder return (TSR) basis in 2011.

CEO Pay (Excluding Change in Pension) Decreases from Prior Year. In light of the company's position and performance, Mr. Immelt received a bonus of \$4 million for 2011, the same bonus he received for 2010 when the company also performed well. He also received a grant of 250,000 performance share units (PSUs). Mr. Immelt's 2011 base salary, which was last increased in April 2005, was unchanged. As a result of these actions, Mr. Immelt's total compensation for 2011 was essentially unchanged from 2010 and would have been lower but for a \$10.1 million increase in pension value (compared to \$6.2 million in 2010), which was predominately the result of the change in the discount rate reflecting historic low interest rates generally, and unrelated to any compensation decision on the part of the MDCC. Excluding the effect of the change in pension value, Mr. Immelt's compensation for 2011 was \$11.4 million, compared to \$15.2 million in 2010, a decline of 25%. This decrease was primarily due to a lower accounting value for Mr. Immelt's 2011 equity grant compared to his 2010 equity grant.

In addition, based on feedback from shareowners, in April 2011 the MDCC, with Mr. Immelt's full support, modified his 2010 stock option award to also include performance-based conditions to vesting tied to Industrial cash from operating activities (Industrial CFOA) and TSR.

## Edgar Filing: GENERAL ELECTRIC CO - Form DEF 14A

Other Named Executive Pay. Compensation actions for Messrs. Sherin, Neal and Rice reflect their strong contributions to the company's overall performance and that of their respective businesses or functions. Incentive cash compensation actions for Mr. Krenicki reflect a challenging environment in the energy sector that affected Energy Infrastructure profits. Total compensation for these named executives was also significantly affected by the year-over-year increase in pension value.

iii

**Table of Contents**

**Executive Compensation Elements**

<b>Type</b>	<b>Form</b>	<b>Terms</b>
Equity	Stock options	Options generally vest 20% per year while employed  1-year holding period for net shares received upon exercising options  2010 CEO stock options vest over 5 years and include 4-year performance period with 2 objective performance measures RSUs generally vest 20% per year while employed PSUs have 5-year performance period with 2 objective performance measures
	Restricted stock units ( <u>RSUs</u> ) <u>PSUs</u> - CEO only	
Cash	Salary Annual incentive compensation  Long-term performance awards ( <u>LTPAs</u> )	Generally eligible for increase at intervals of 18 months or longer Based on MDCC assessment of achievement of quantitative and qualitative goals LTPAs have 3-year performance period with 4 objective performance measures
Retirement	<u>Pension</u> <u>Supplementary pension</u>	5-year vesting, payable at or after age 60, no lump sum payment Vests at age 60, no lump sum payment
Other	Perquisites	Life insurance, transportation, financial counseling, home security, GE products, annual physical

**Other Key Compensation Features**

No individual severance/employment or change in control agreements	Shareowner approval of death benefits
Clawback of incentive compensation	Significant executive share ownership requirements, including holding period for option shares, and anti-hedging policy
No excise tax gross-ups	

**2011 Named Executive Officer Compensation**

Realized Pay Differs from Reported Total Compensation. The SEC's calculation of total compensation includes several items that are driven by accounting and actuarial assumptions, which are not necessarily reflective of compensation actually realized by the named executives in 2011. To supplement the SEC-required disclosure, we have included an additional table that shows compensation actually realized by each of the named executives in 2011. Set forth below we have provided two tables showing for each named executive: (1) 2011 compensation actually realized by the named executive, as reported on each named executive's W-2 form (2011 Realized Compensation Table), and (2) 2011 compen