

## Q&A with Our Lead Director



### What has been the Board's role in the significant portfolio shift that's underway at GE?

**Brennan:** Capital allocation is one of the most important areas that the Board oversees. There have been two critical capital allocation decisions for GE this year — the GE Capital exit and the Alstom acquisition. These were not impulsive decisions, but rather the product of a multi-year strategic planning process with the Board. For example, the Board reviewed more than 10 potential acquisition targets before approving the Alstom deal. Governance works best when decisions are made in strategic partnership between management and the Board, where the Board is active and constructively challenges management, yet is not too disruptive. After approving a deal, the Board continues its engagement by closely monitoring the integration or disposition process.

### What were some of the big structural changes on the Board in the past year?

**Brennan:** We implemented proxy access at 3% for 3 years, which we believe is appropriate based on our conversations with investors and given our size and shareowner base. There has been a fair amount of discussion around the finer points of proxy access, so I will say that we will administer proxy access the way we implemented it, by striking a fair balance.

The other significant change was our adoption of a 15-year director term limit policy. This change came out of the Board's self-evaluation process and allows us to achieve a balanced mix of director ages and tenures. Nowadays, you may find someone qualified to join the Board at a pretty young age. So term limits are a good tool to work in tandem with our age limit policy.

### The Board recently oversaw the redesign of GE's compensation plans. What were the key changes, and do you think they're working?

**Brennan:** This year, we implemented a more formulaic, less discretionary annual bonus plan. It has been successful because it has provided greater transparency and accountability. With a more formulaic plan, it is important for the Board to monitor it and make appropriate adjustments to ensure that changes in company strategy are supported by active plan targets.

### There were some key management changes this year. Can you talk about the Board's role in succession planning?

**Brennan:** One of our most important duties as a Board is overseeing overall succession planning at GE and understanding the depth and breadth of talent in the company. The MDCC reviews the management team and succession plans across the company at all of its eight regularly scheduled meetings. In addition, there are numerous touchpoints for all of our directors to personally get to know GE leaders, such as our director-only site visits.

Sincerely,

**JOHN J. BRENNAN,**  
Lead Director

See our  
proxy website  
([www.ge.com/proxy](http://www.ge.com/proxy))  
for a video Q&A with  
our Lead Director

## AN ACTIVE & ENGAGED BOARD

Recruited 8 new directors over last 5 years, including 3 new nominees for 2016

### 2015

Adopted director term limit of 15 years

Implemented proxy access (3%, 3yrs, 20% of Board, up to 20 shareowners can aggregate)

### 2014

Redesigned incentive compensation programs (annual bonus + long-term equity)

Eliminated dividend equivalents on unvested RSUs

Adopted anti-pledging/hedging policy

### 2013

Enhanced lead director responsibilities & selection

Formed independent committee to oversee R&D

Lowered special shareowner meeting threshold to 10%

## BOARD ACCOUNTABILITY TO INVESTORS

Annual director elections with majority voting standard



Proxy access at 3%, 3 years, 20% of Board



Annual Board review of investor views & feedback



Periodic independent director meetings with investors

## INDEPENDENT BOARD LEADERSHIP

**3X/year**

meetings in executive session without management present

**50+**

committee meetings in 2015 (all committees are independent)

**2X+/year**

visits to GE businesses by each director

**annual**

assessment of Board leadership structure

## Board Composition & Refreshment

Your vote is needed on Director Elections: election of the 16 nominees named in the proxy for the coming year

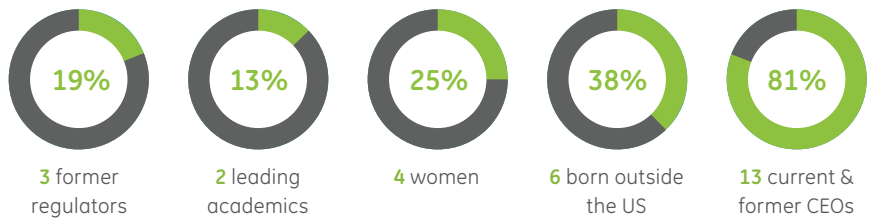
 Your Board recommends a vote FOR

### DIRECTOR QUALIFICATIONS



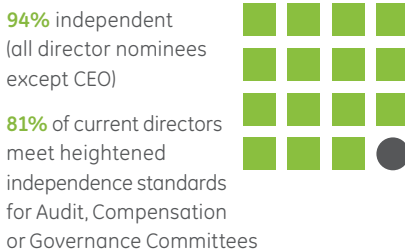
**GE POLICY:** create an experienced Board with expertise in areas relevant to GE

### DIVERSITY OF BACKGROUND



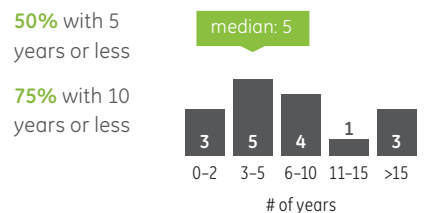
**GE POLICY:** build a cognitively diverse board representing a range of backgrounds

### INDEPENDENCE



**GE POLICY:** all non-management directors must be independent

### TENURE

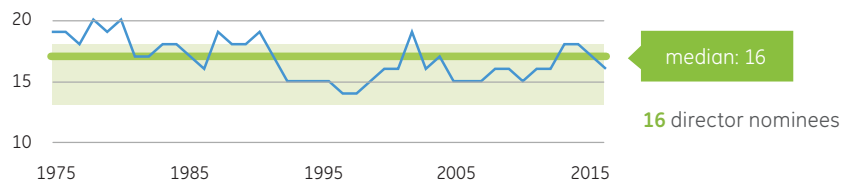


**GE POLICY:** balanced mix of both deep GE knowledge & new perspectives

#### NEW IN 2015

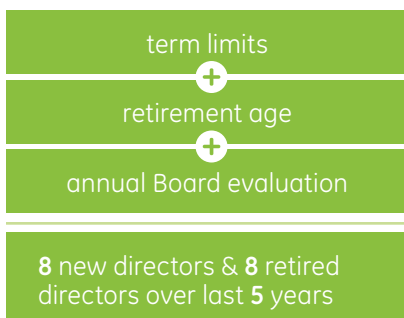
**TERM LIMIT POLICY:** 15 years with a 2-year transition for current directors

### BOARD SIZE

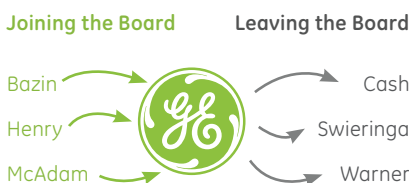


**GE POLICY:** 13–18, given need for expertise across multiple businesses

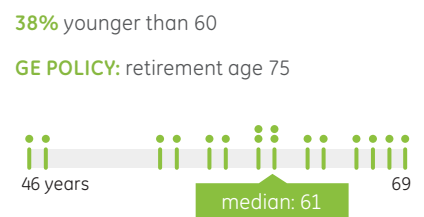
### HOW WE THINK ABOUT BOARD REFRESHMENT



### 2016 BOARD REFRESHMENT



### AGE DIVERSITY



## Board Nominees

Name	Age	Director		Primary Occupation & Other Public Company Boards	Committee Memberships				
		Since			A**	G	M	GEC	T
<b>NEW</b>  <b>Bazin</b> 	54	Nominee		Chair & CEO, Accor <i>Boards: Accor, China Lodging Group</i>					
 <b>Beattie</b> 	55	2009		CEO, Generation Capital & former CEO, The Woodbridge Company <i>Boards: Maple Leaf Foods, Royal Bank of Canada, Acasta Enterprises</i>					C
 <b>Brennan</b> 	61	2012		Chair Emeritus & Senior Advisor, The Vanguard Group <i>Boards: LPL Financial Holdings</i>				C	
 <b>D'Souza</b> 	47	2013		CEO, Cognizant Technology Solutions <i>Boards: Cognizant</i>	F				
 <b>Dekkers</b> 	58	2012		Chair of the Board of Management, Bayer* <i>Boards: Unilever*</i>					
<b>NEW</b>  <b>Henry</b> 	46	Nominee		Dean & Professor of Economics & Finance, NYU's Stern School of Business <i>Boards: Citigroup</i>					
 <b>Hockfield</b> 	64	2006		President Emerita & Professor of Neuroscience, MIT					C
 <b>Immelt</b> 	60	2000		Chair & CEO, General Electric					
 <b>Jung</b> 	57	1998		President & CEO, Grameen America & former Chair/CEO, Avon <i>Boards: Apple, Daimler</i>					
 <b>Lane</b> 	66	2005		Former Chair & CEO, Deere <i>Boards: BMW</i>	F				
 <b>Lazarus</b> 	68	2000		Chair Emeritus & former CEO, Ogilvy & Mather <i>Boards: Blackstone, Merck</i>				C	
<b>NEW</b>  <b>McAdam</b> 	61	Nominee		Chair & CEO, Verizon Communications <i>Boards: Verizon</i>					
 <b>Mulva</b> 	69	2008		Former Chair & CEO, ConocoPhillips <i>Boards: General Motors</i>	F				
 <b>Rohr</b> 	67	2013		Former Chair & CEO, PNC Financial Services Group <i>Boards: Allegheny Technologies, EQT, Marathon Petroleum</i>					
 <b>Schapiro</b> 	60	2013		Vice Chair of Advisory Board, Promontory & former Chair, SEC <i>Boards: London Stock Exchange</i>					
 <b>Tisch</b> 	63	2010		President & CEO, Loews <i>Boards: Loews and its consolidated subsidiaries</i>					

**Independence.** All director nominees other than the CEO are independent.

**Attendance.** All director nominees attended at least 75% of the meetings of the Board and committees on which they served in 2015.

### Qualifications

-  Leadership
-  Investor
-  Global
-  Technology
-  Industry
-  Risk Management
-  Finance
-  Government
-  Talent Development
-  Marketing

- A Audit
- M Management Development & Compensation
- T Technology & Industrial Risk
- G Governance & Public Affairs
- GEC GE Capital
- C Chair
- F Financial expert

\*Mr. Dekkers is expected to retire from Bayer in April 2016 and become Chairman of the Board, Unilever.

\*\*Ms. Schapiro will become the Audit Committee chair following the annual meeting.

## Board & Committees

### FULL BOARD



**Chair**  
Jeff Immelt



**Lead Director**  
Jack Brennan

#### 2015 meetings

13, including 3 formal meetings of independent directors

#### Board Rhythm

**8X/year**

Regular meetings

**1X/year**

Strategy session

**Calls between meetings as appropriate**

**1X/year**

Governance & investor feedback review

**2X+/year**

Business visits for each director

**1X/year**

Board self-evaluation

#### Recent Focus Areas

**Portfolio changes:** Alstom acquisition, GE Capital exit, Appliances sale

**Capital allocation**

**Significant initiatives:** Digital Industrial, Simplification, Product Costs

A Typical GE Board Meeting ... 2 days, 8X/year

#### BEFORE THE MEETING

**Board committee chairs:** "prep meetings" with management & outside advisors (e.g., KPMG)

**Management:** internal "prep meetings"



#### THURSDAY (DAY 1)

**Daytime:** Board committee meetings

**Evening:** business presentations & dinner (Board interacts directly with senior business managers)



#### FRIDAY (DAY 2)

**Early morning:** independent directors' breakfast session

**Late morning:** full Board meeting (including reports from each committee chair)



#### AFTER THE MEETING

**Management:** follow-up sessions to discuss & respond to Board requests

### COMMITTEES



#### Audit

**Chair:** Sandy Warner

**2015 meetings:** 16

**Members:** D'Souza, Lane, Mulva, Swieringa, Warner

**Oversees:** KPMG, financial reporting, internal audit, compliance, cybersecurity

#### Recent focus areas

Accounting, controls & disclosure for GE Capital exit plan  
Alstom integration, including compliance  
New revenue recognition standard



#### Governance & Public Affairs

**Chair:** Shelly Lazarus

**2015 meetings:** 4

**Members:** Brennan, Hockfield, Jung, Lazarus, Tisch, Warner

**Oversees:** director recruitment, corporate governance, sustainability, political spending

#### Recent focus areas

Board refreshment & recruiting new directors  
New director term limit policy  
Implementation of proxy access



#### Management Development & Compensation

**Chair:** Jack Brennan

**2015 meetings:** 10

**Members:** Brennan, Cash, Dekkers, Jung, Lane, Rohr, Warner

**Oversees:** succession planning, CEO & senior executive performance evaluations & compensation

#### Recent focus areas

Operation of new annual cash incentive program for 2015  
Implementation of new long-term equity incentive program for senior executives  
Impact of GE Capital exit plan on compensation



#### GE Capital

**Chair:** Geoff Beattie

**2015 meetings:** 21

**Members:** Beattie, Brennan, Rohr, Schapiro

**Oversees:** GE Capital, risk management & governance frameworks, risk appetite

#### Recent focus areas

Risk oversight of execution of GE Capital exit plan, Synchrony exchange offer & GE Capital reorganization  
Capital planning & liquidity



#### Technology & Industrial Risk

**Chair:** Susan Hockfield

**2015 meetings:** 4

**Members:** Cash, D'Souza, Dekkers, Hockfield, Jung, Mulva

**Oversees:** technology, software & innovation strategies & investments/initiatives, R&D

#### Recent focus areas

R&D funding  
Launch of GE Digital  
Product management & technology

## Compensation Profile

### PAY CONSIDERATIONS

**Performance:** emphasize overall GE results & consistent, relative & sustainable performance

**Balance:** formulaic comp. vs. Compensation Committee judgment; future vs. current pay; mix of performance measures

**Risk:** performance metrics include specific risk-focused goals

### ✔ WHAT WE DO

**Shareowner approval** for severance & death benefits

**Clawback of incentive compensation** when warranted

**Significant share ownership requirements** & holding period for option shares

**Limited perquisites** including transportation, life insurance, home security

### ✘ WHAT WE DON'T DO

No individual severance or change-of-control agreements

No gross-ups on excise taxes

No dividend equivalents on unearned RSUs/PSUs

No hedging or pledging of GE stock

No lump sum payout of pension

### PRIMARY EXECUTIVE COMPENSATION ELEMENTS FOR 2015

	Salary	Bonus	LTPAs	PSUs	Options	RSUs
Who receives	All named executives →					All named executives except CEO
When granted	Reviewed every 18 months	Annually in February for prior year	Generally every 3 years	Annually →		
Form of delivery	Cash →			Equity →		
Type of performance	Short-term emphasis →		Long-term emphasis →			
Performance period	Ongoing	1 year	3 years →		5-year vesting period	
How payout determined	Committee judgment	Formulaic & committee judgment	Formulaic; committee verifies performance		Formulaic; depends on stock price on exercise/vest date	
Most recent performance measures	N/A	4 financial metrics + strategic goals	4 financial metrics	2 financial metrics + relative TSR modifier	Stock price appreciation	

## Aligning Pay With Performance

### 2015 ANNUAL BONUSES (CASH)

Threshold	Target	Max	Weight	Performance Metric	Alignment With Our Investor Frameworks	
					Annual	Long-Term
\$1.28	\$1.33	\$1.38	18.75%	2015 Industrial Operating + Verticals EPS GE Goal: attractive earnings profile	✓	
\$15.7B	\$16.5B	\$17.3B	18.75%	2015 Industrial Operating Profits (ex. Alstom) GE Goal: valuable portfolio	✓	✓
16.1%	16.5%	16.9%	18.75%	2015 Operating Profit Margin (ex. Alstom) GE Goal: strong industrial segment execution	✓	✓
\$9B	\$10B	\$11B	18.75%	2015 Free Cash Flow GE Goal: high cash flows	✓	
95%	100%		25%	Strategic Metrics GE Goal: execute portfolio transformation, improve returns, create Digital Industrial company, lead in growth markets, accelerate simplification, execute on new product introductions & manage enterprise risk	✓	✓

**Result:** Overall bonus pool funded at 103% of target

### 2013–2015 LONG-TERM PERFORMANCE AWARDS (CASH)

Threshold	Target	Max	Weight	Performance Metric	Annual	Long-Term
\$4.60	\$5.30	\$5.52	25%	2013–2015 Operating EPS GE Goal: attractive earnings profile	✓	✓
\$55B	\$64B	\$73B	25%	2013–2015 Total Cash GE Goal: high cash flows	✓	✓
60%	62%	65%	25%	2015 Industrial Earnings as % of Earnings GE Goal: valuable portfolio		✓
16%	17%	18%	25%	2015 Industrial Return on Total Capital GE Goal: leading returns		✓

**Result:** LTPAs for named executives paid out at 90% of target

### 2011–2015 PERFORMANCE SHARE UNITS (EQUITY)

Target	Weight	Performance Metric	Annual	Long-Term
\$56B	50%	2011–2015 Industrial Cash From Operating Activities GE Goal: high cash flows	✓	✓
101%	50%	2011–2015 TSR (outperform S&P 500) GE Goal: market-leading stock returns		✓

**Result:** CEO earned 50% of the PSUs because GE outperformed the S&P 500 on TSR; remaining 50% of the PSUs cancelled

➤ See "How Our Incentive Compensation Plans Paid Out for 2015" on GE 2016 Proxy page 30 for more information on how these plans work. For information on how these metrics are calculated, see "Explanation of Non-GAAP Financial Measures and Performance Metrics" on GE 2016 Proxy page 49.



## 2015 CEO Pay

### DECISIONS

**\$3.8M**

Base salary  
(same as 2014)

**\$5.4M**

Cash bonus  
(100% of target,  
same as 2014)

**200K**

PSUs (same as 2014)

**600K**

options (up from  
500K in 2014)

**\$12.5M**

LTPA payout  
(\$7.6M reported  
as 2015 SEC total  
compensation)

### TOTAL COMPENSATION ANALYSIS

**Year-over-year  
change**

**Main  
drivers**

**Realized  
compensation**



5%

2014 bonus increase from 2013  
(reflected in 2015 realized compensation)

**SEC total  
compensation**



11%

Lower increase in pension value offset  
by higher LTPA installment payment  
because 2015 was the final year of the  
performance period

**Adjusted  
SEC total**



14%

Stronger GE stock price performance  
(drove 70% higher accounting value for PSUs)

### ACCOUNTABILITY

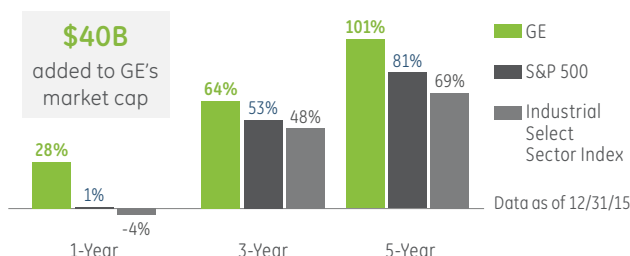
Significant portion of compensation tied to GE's operating and/  
or stock price performance **83%** of compensation at risk in 2015

Balanced approach to compensation CEO declined **\$11.7M**  
LTPA payout and **two** bonuses over the last 10 years

Substantial stock ownership **1.02M+** GE shares purchased  
since 2001

## Performance

### OUTPERFORMED ON TSR



### EXECUTED ON THE LARGEST-EVER CORPORATE RESTRUCTURING, DEBT EXCHANGE AND SPLIT-OFF

**~\$200B**

plan to sell GE Capital ENI.  
By end of 2015, signed deals  
for **\$157B**

**\$36B**

GE Capital debt exchange

**\$20B**

split-off of Synchrony Financial.  
**671M** GE shares retired

### RETURNED A GE-RECORD \$33 BILLION TO SHAREOWNERS

**\$9.3B**  
dividends  
(yield higher  
than peers)

**\$23.7B**  
share repurchases  
(including \$20.4B from the  
Synchrony split-off)

### SIGNIFICANTLY IMPROVED GE'S COMPETITIVENESS

**19%**  
growth in Industrial EPS

**290bps**  
increase in Industrial ROTC

**80bps**  
expansion in both industrial  
segment operating profit  
margins and gross margins  
(excluding Alstom)

## 2015 Summary & Realized Compensation (in thousands)

Name & Principal Position	Salary	Bonus	PSUs & RSUs <sup>1</sup>	Stock options	LTPAs <sup>2</sup>	Pension & deferred compensation <sup>3</sup>	All other comp.	SEC total	Adjusted SEC total <sup>4</sup>	Realized comp. (W-2) <sup>5</sup>
<b>Jeff Immelt</b> Chair & CEO	\$3,800	\$5,400	\$6,239	\$2,964	\$7,614	\$6,337	\$620	\$32,974	\$23,377	\$10,029
<b>Jeff Bornstein</b> SVP & CFO	\$1,600	\$2,500	\$2,747	\$1,087	\$3,351	\$1,815	\$161	\$13,261	\$9,955	\$5,266
<b>John Rice</b> Vice Chair	\$2,538	\$4,088	\$2,991	\$1,186	\$5,845	\$1,318	\$1,696	\$19,660	\$15,886	\$9,671
<b>Keith Sherin</b> Vice Chair	\$2,500	\$5,233	\$2,991	\$1,186	\$6,751	\$6,953	\$293	\$25,906	\$15,742	\$6,947
<b>Brackett Denniston</b> Former SVP	\$1,838	\$3,025	\$2,259	\$889	\$4,082	\$853	\$207	\$13,153	\$10,463	\$5,017

<sup>1</sup> Same as "Stock Awards" column in the Summary Compensation Table on GE 2016 Proxy page 36

<sup>2</sup> Same as "Non-Equity Incentive Plan Comp." column in the Summary Compensation Table on GE 2016 Proxy page 36

<sup>3</sup> Same as "Change in Pension Value & Nonqualified Deferred Comp. Earnings" column in the Summary Compensation Table on GE 2016 Proxy page 36

<sup>4</sup> Represents SEC total compensation minus change in pension value and adjusted to annualize the LTPA payout over the three years in the performance period (2013-2015)

<sup>5</sup> Represents the compensation our named executives actually realized, as reported on their IRS W-2 forms. See "Realized Compensation" on GE 2016 Proxy page 29