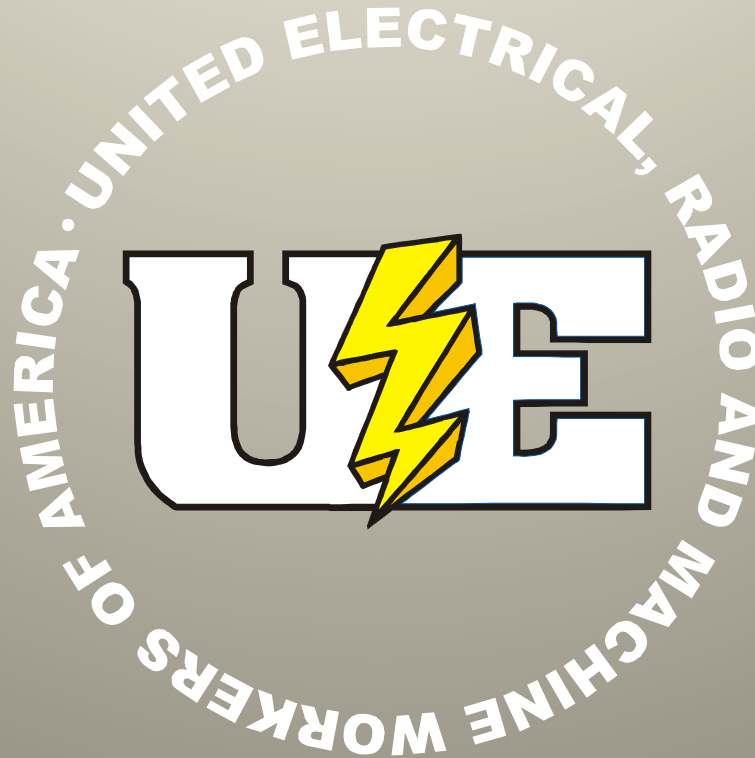


GE Pension And Retiree Insurance



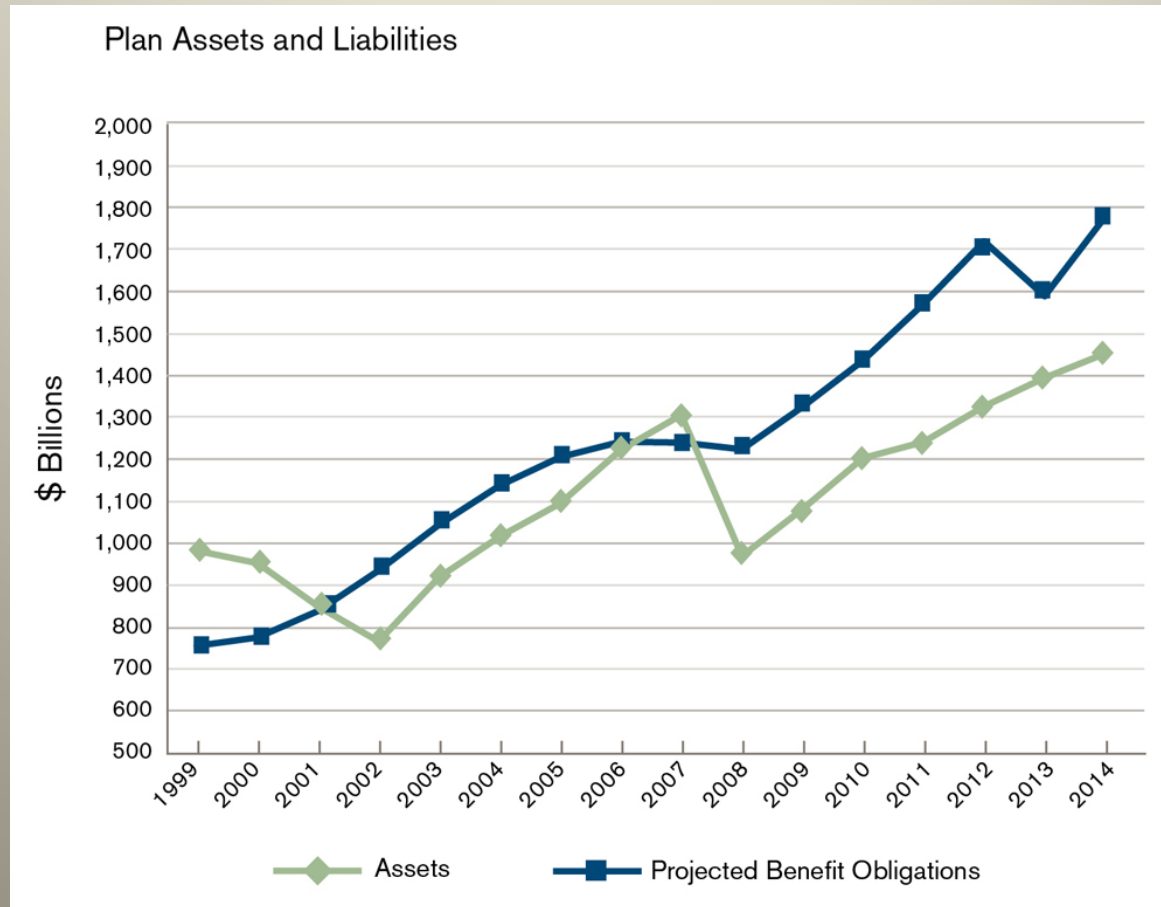
The National Landscape and GE's Funding In Perspective

Corporate Pension Earnings Trending Upward Since 2010

- Pension plan's returns on investments were above expected rates of return every year since 2010
- However plans' "discount rates" dropped, since under the Pension Protection Act it was based upon corporate bond rates, which have remained at historically low levels
- As a result, pension plan's liabilities – on paper – rose faster than the return on investments



Behavior of Top 100 U.S. Private Pensions Shows Upward Trend



Source: Milliman 2015 Pension Funding Study



Government Worked To Address Discount Rates

- In 2012, Congress enacted MAP-21, which allowed companies to use 25-year averages to calculate discount rates through 2014
- New extensions attached to Highway and Transportation Funding Act of 2014 (HAFTA) extend these rules through 2017
- Pension costs are currently scheduled to rise again after 2017 – but interest rates could recover, or Congress could choose to pass another extension – in the meantime.



GE Pension Plan Assets Have Been Stable

Fair Market Value of Assets (Billions – USD)



GE Pension Plan Assets Per Participant Rising

Market Value of Assets Per Participant
(Thousands)



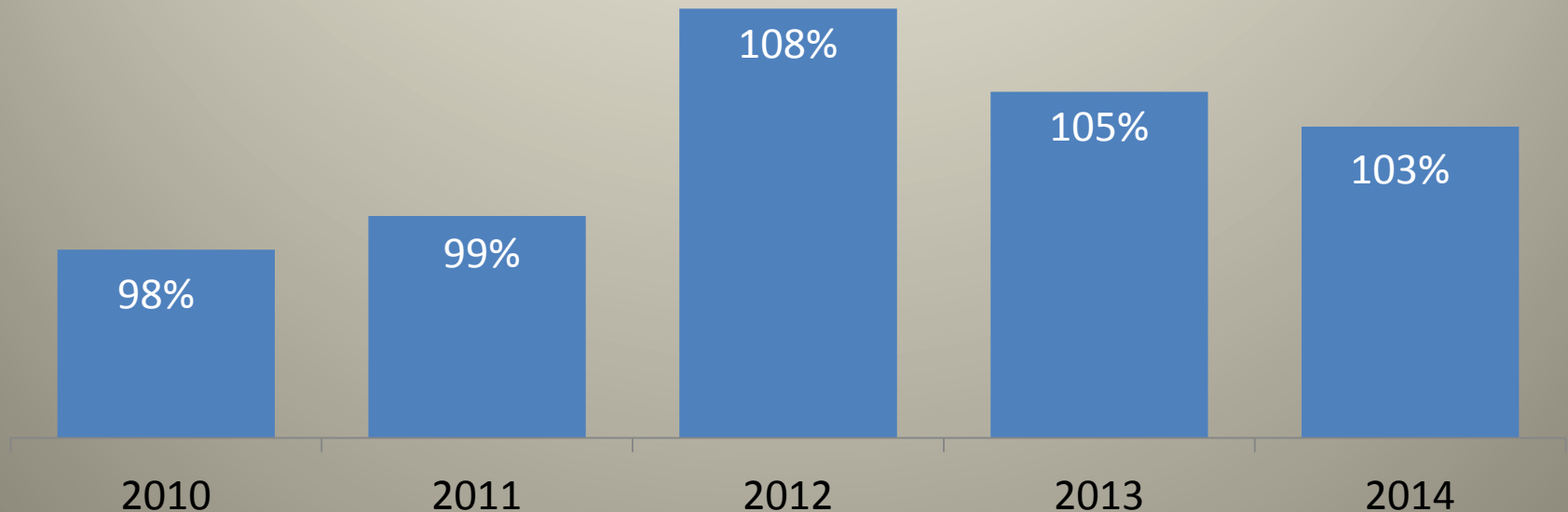
GE Pension Plan Earnings Recovered After Great Recession

| Year | Actual Return on Investments |
|------|------------------------------|
| 2001 | (\$2,876,000,000) |
| 2002 | (\$5,251,000,000) |
| 2003 | \$8,203,000,000 |
| 2004 | \$4,888,000,000 |
| 2005 | \$4,558,000,000 |
| 2006 | \$7,851,000,000 |
| 2007 | \$7,188,000,000 |
| 2008 | (\$16,659,000,000) |
| 2009 | \$3,859,000,000 |
| 2010 | \$5,304,000,000 |
| 2011 | \$112,000,000 |
| 2012 | \$4,917,000,000 |
| 2013 | \$6,393,000,000 |



GE Pension Is Again Overfunded

GE Pension Plan Funding Percentage

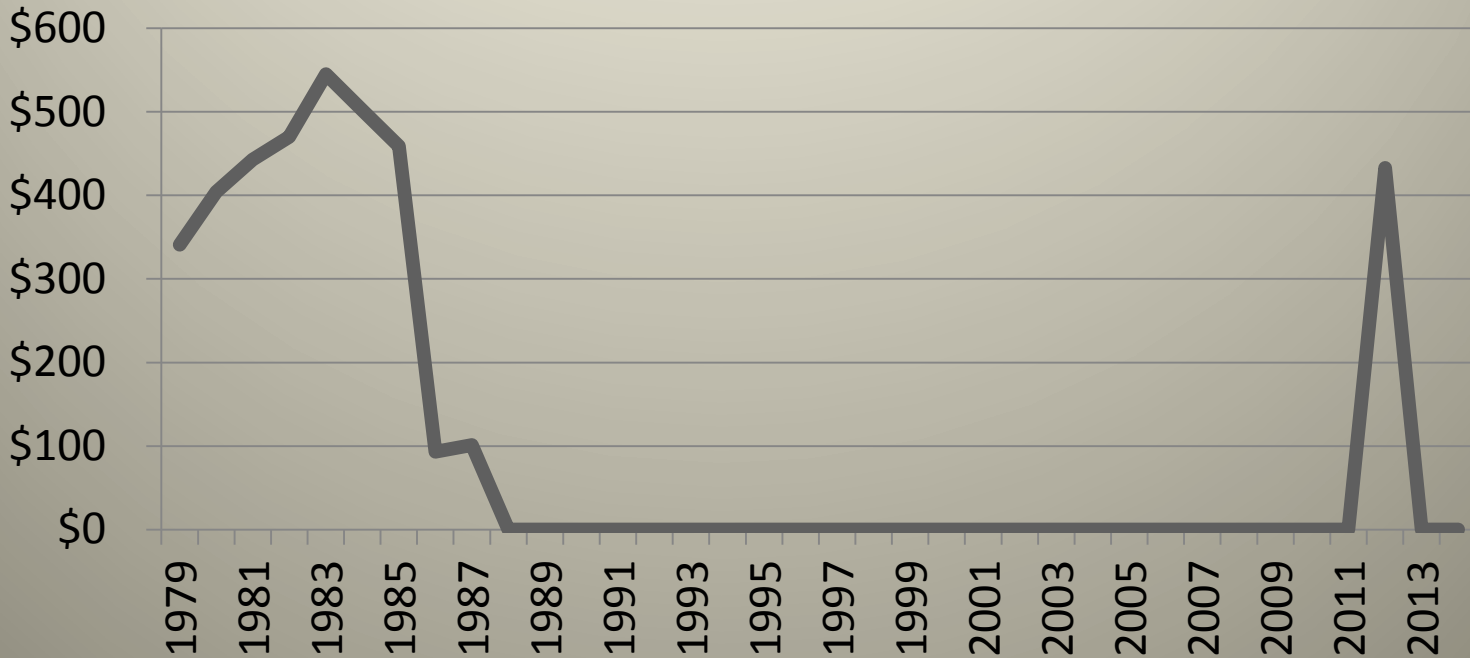


GE Pension Projected 104% Funded 1/1/2015
No Company Contributions Expected for 2015/2016



GE Contributed Nothing To Pension For 25 Years

Annual Employer Contribution to GE Pension
(Millions) 1979-2014



GE's Pension Contributions Very Small Compared To Average Large Employer

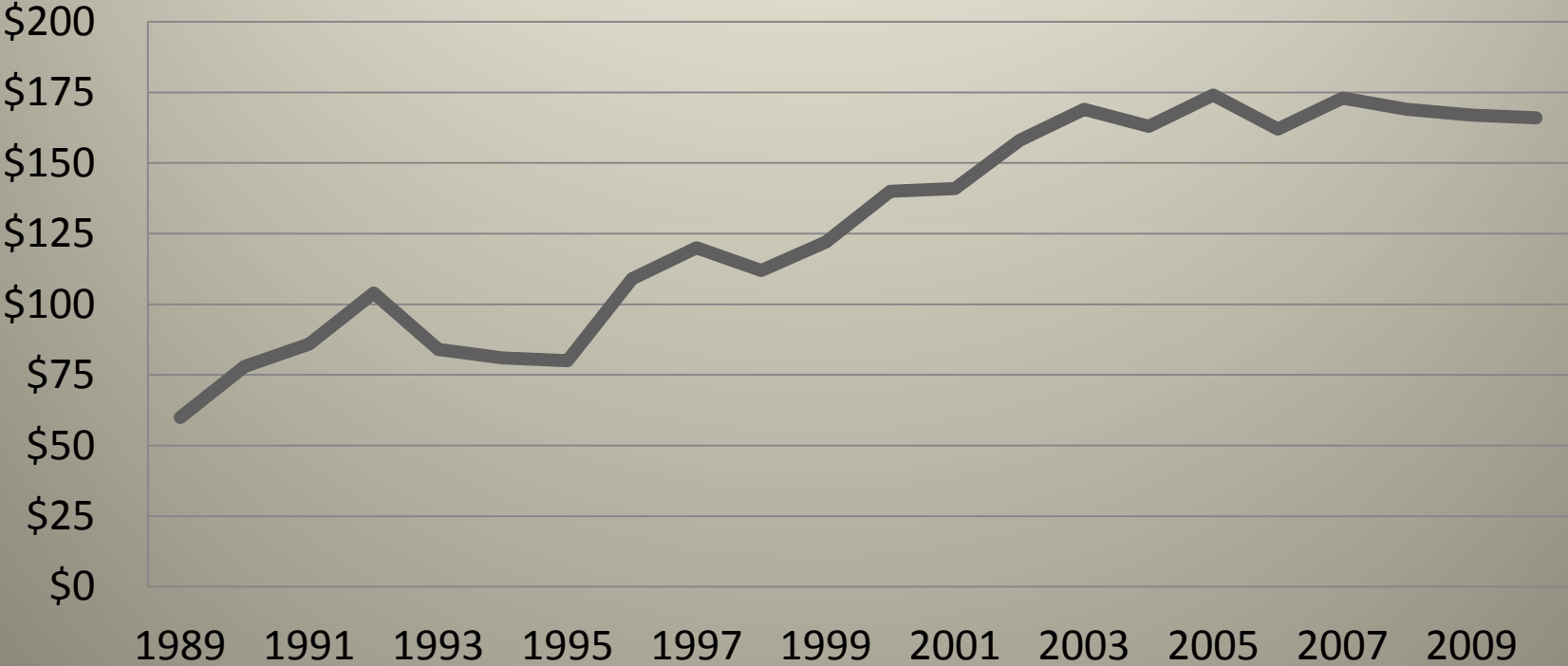
| (Totals in millions) | GE | Avg. Large Employer |
|---------------------------------|----------------|---------------------|
| Total Pension Costs – 2000-2014 | \$433 million | \$6,124 million |
| Average Annual Pension Costs | \$28.8 million | \$408 million |

Source: Milliman 2015 Pension Funding Study, GE annual reports



Employees Contribute \$633 Million in Last Four Years: \$3.5 Billion Since 1989

Annual Employee Contributions (Millions USD) To GE Pension Since 1989



Putting GE Pension Costs In Perspective

| | |
|---|----------------------|
| Total Pension Contributions – 1988-2014 | \$433,000,000 |
| Total Participants in GE's Pension: 2013 | 500,588 |
| Average Cost Per Participant | \$865 |
| Average Cost Per Participant Over 28 Years | \$31.00 |
| Average Annual Cost For GE Pension – 1979-1985* | \$957,000,000 |

* Adjusting for inflation from 1985 to 2015



Highly Paid Executive Pension Increased 26% Since 2011

GE contributes to “supplemental plan” for highly-paid executives

Plan has only approximately 3,500 eligibles, with a projected benefit obligation of \$5.1 billion

That’s an average obligation per participant of about \$1.45 million

Jeff Immelt’s supplementary pension alone is worth \$70.3 million. That’s on top of a \$1.8 million “regular” pension!

GE Contributions

| | |
|-------|--------|
| 2002 | \$95M |
| 2003 | \$105M |
| 2004 | \$102M |
| 2005 | \$106M |
| 2006 | \$121M |
| 2007 | \$136M |
| 2008 | \$153M |
| 2009 | \$168M |
| 2010 | \$183M |
| 2011 | \$210M |
| 2012 | \$230M |
| 2013 | \$244M |
| 2014 | \$236M |
| 2015* | \$265M |

Source: GE Annual Reports.

*2015 projection from 2014 GE Annual Report



GE Contributes More To Executive Plans, Acquired Company Plans

- 40 plans
- \$3.2 billion underfunded
- Cover 112,000 retirees, vestees, actives in U.S. and elsewhere
- Pension shortfalls do not stop GE acquisitions**

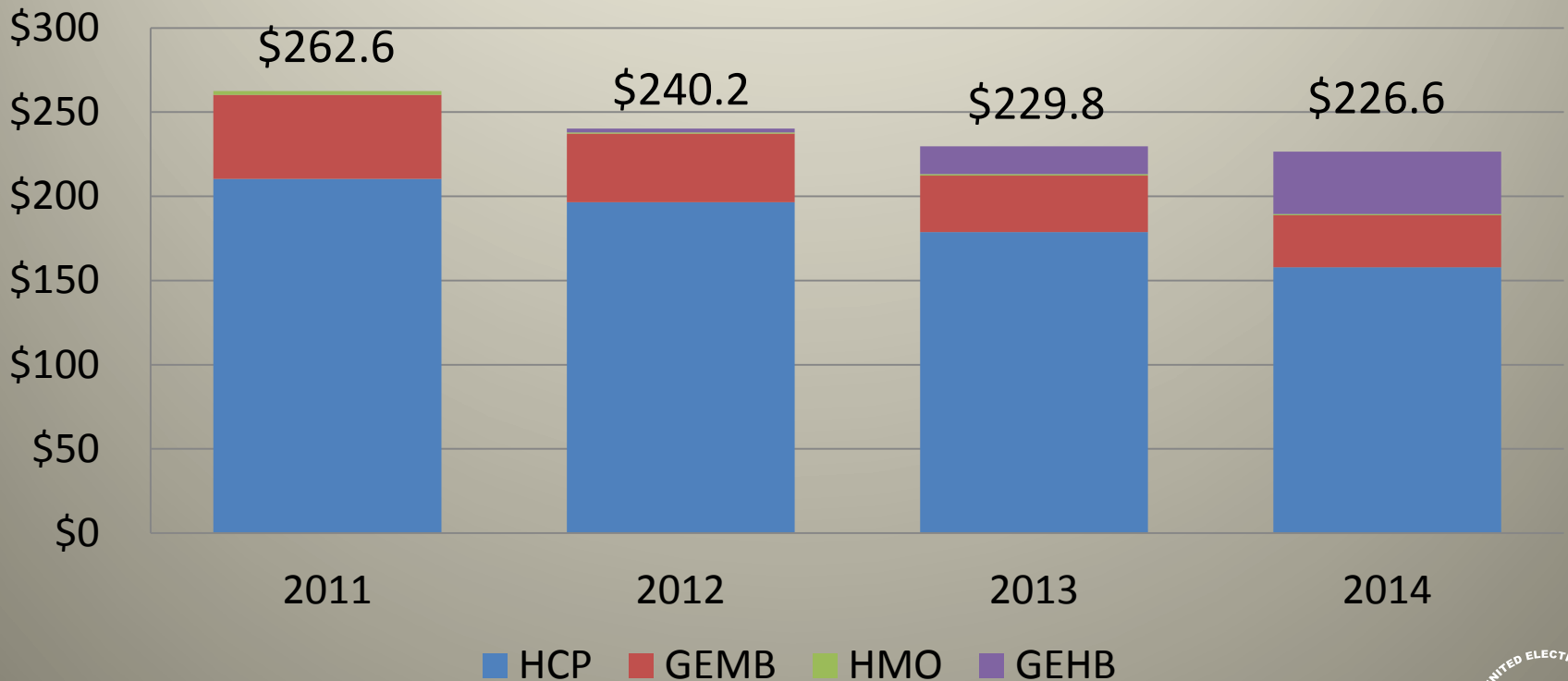
GE Contributions “Other” Plans

| | |
|------|--------|
| 2011 | \$378M |
| 2012 | \$568M |
| 2013 | \$645M |
| 2014 | \$412M |



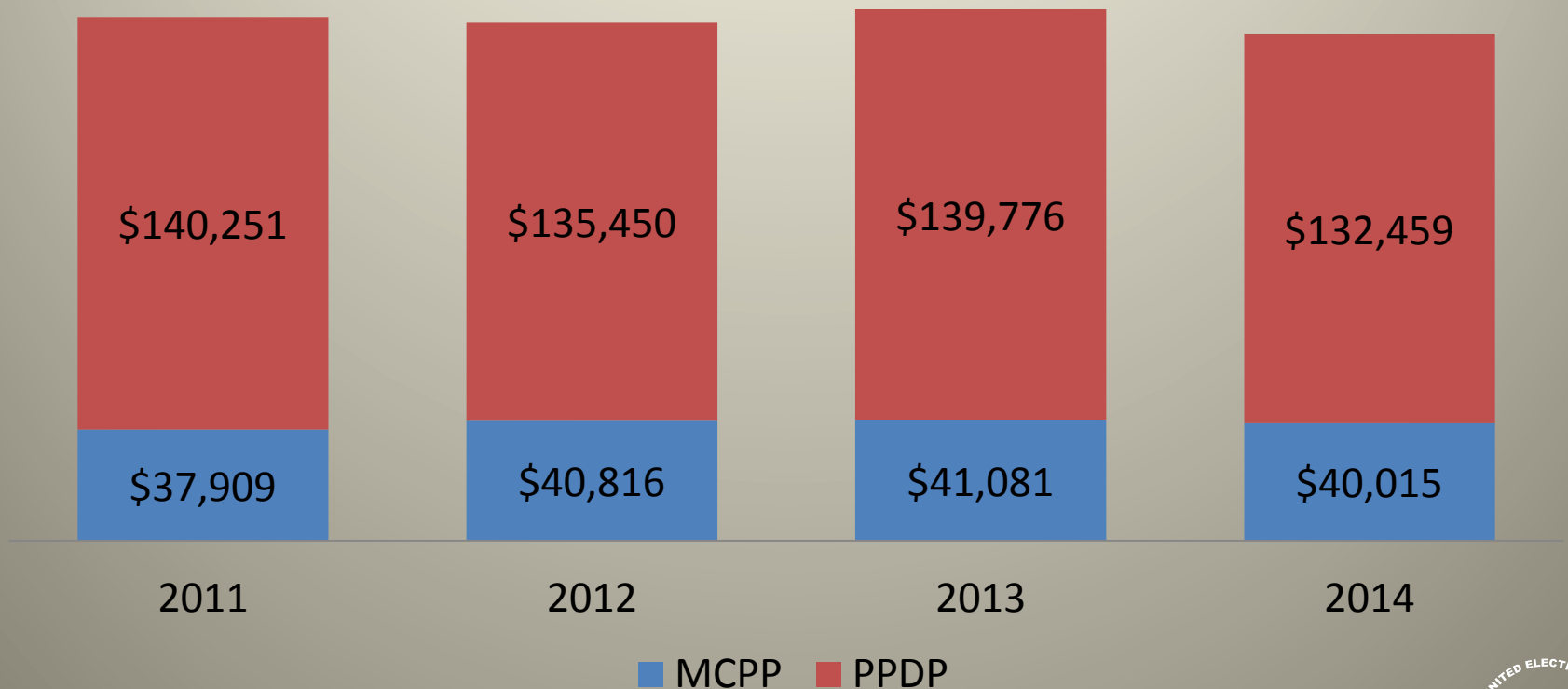
GE's Pre-65 Healthcare Costs Down 13.7% In Four Years

**GE Total Claims Less Contributions –
Production Pre-65 Retirees (Millions)**



GE Cost For Post-65 Healthcare Coverage 3.1% Lower Than 2011

MCPP & PPDP Costs For Post-65 Coverage (Thousands)

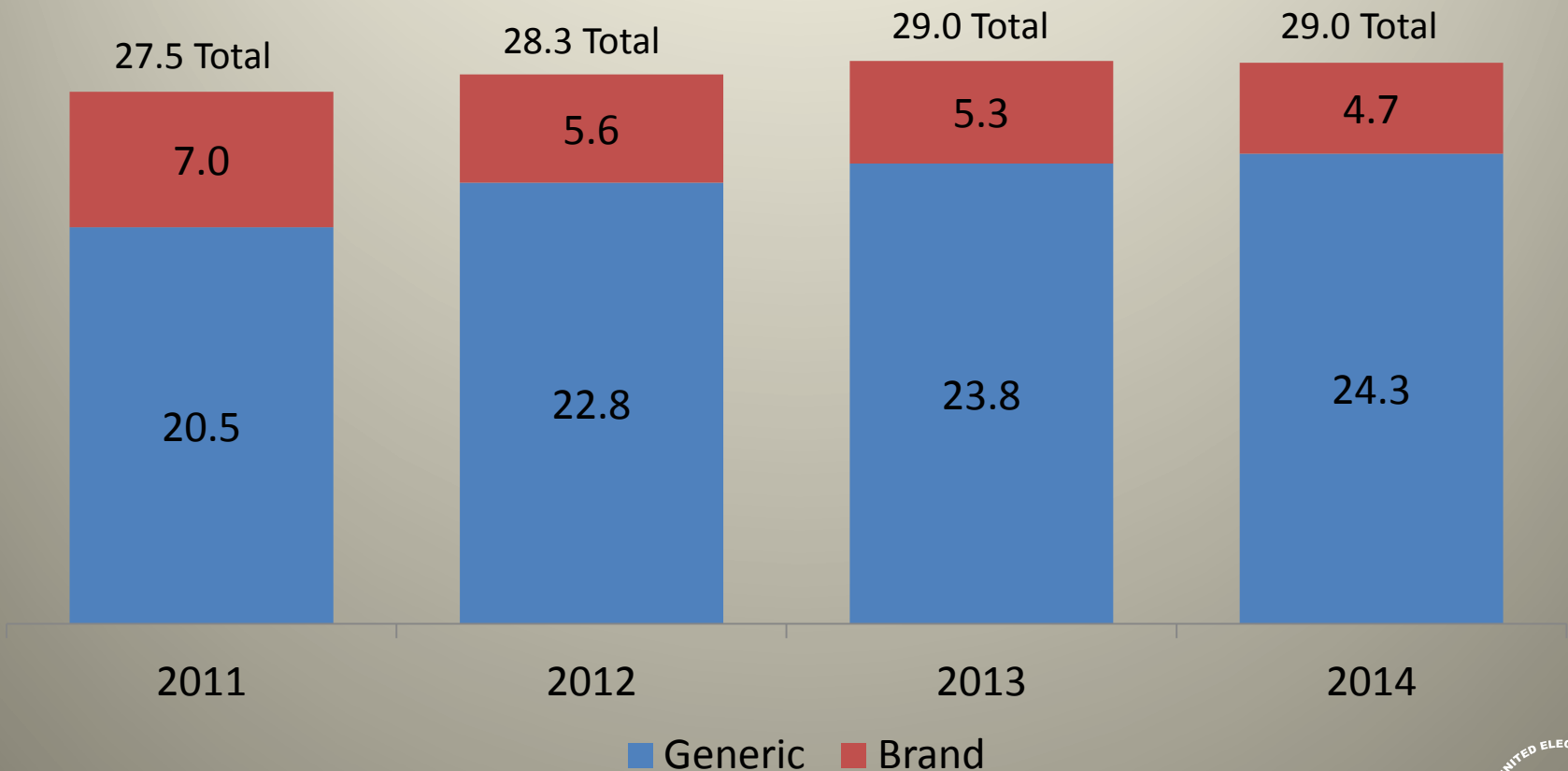


Prescription Drug (PPDP) costs fell 0.34% over three years



Shift to Generics Stabilized Post-65 Pharmacy Costs

(Prescriptions Per Retiree)



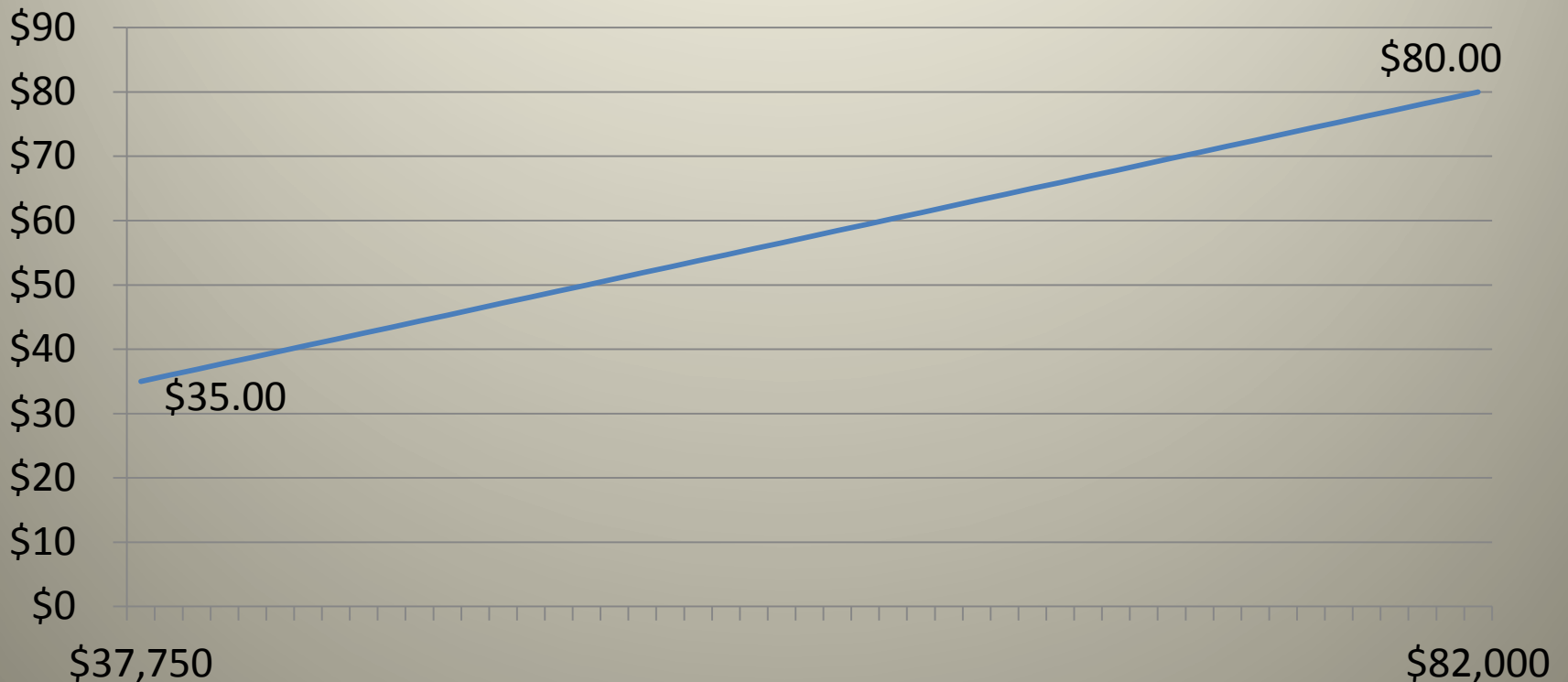
GE's PPDP costs per retiree down 1.4% since 2011



Problems With The GE Retirement System

Guaranteed Formula Provides 1.11%-1.17% Earnings Replacement Per Year of PBS

Guaranteed Minimum Monthly Pension by Income Level



Company-wide hourly 2011-2015: 5,415 retirees
Average Multiplier of \$69.71



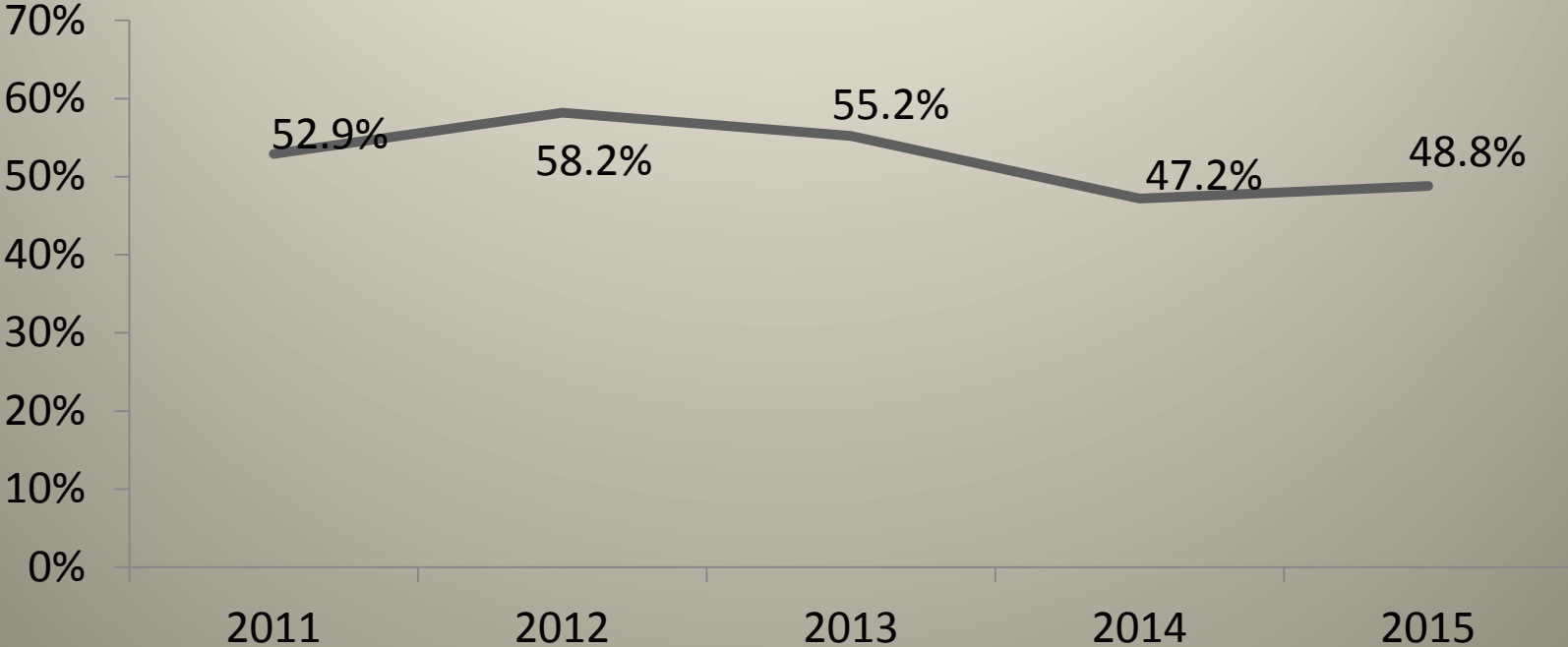
Guaranteed Pension Comes Up Short

- Joe retires with 30 years and a final “high 3” average of \$65,000
 - Multiplier $\$63 * 30 = \$1,890$ month
 - $\$1,890 * 12 = \$22,680$ annually
 - $\$22,680 / \$65,000 = 34.9\%$ replacement rate
 - Replacement rate per year $(34.9\% / 30) = 1.16\%$
- GE supplemental plan = 1.75% annual replacement rate (60% maximum)



Half Still Retire on Minimum Pension

Percent of GE Hourly Employees Retiring On Guaranteed Minimums



UE Retirees: 7/1/10-3/1/15

| | Average PBS at Retirement | Basic Pension Amount | Average Multiplier | Number of Retirees |
|--------------------------|---------------------------|----------------------|--------------------|--------------------|
| Optional | 30.614 | \$2,375.60 | \$77.60 | 329 |
| SERO | 34.115 | \$2,908.86 | \$85.27 | 17 |
| Disability | 30.986 | \$2,172.94 | \$70.13 | 26 |
| Normal | 25.012 | \$1,979.72 | \$79.15 | 8 |
| Window | 38.753 | \$2,938.56 | \$75.83 | 99 |
| Post-65 | 23.607 | \$1,711.33 | \$72.79 | 48 |
| Total Retirements | | | | 527 |

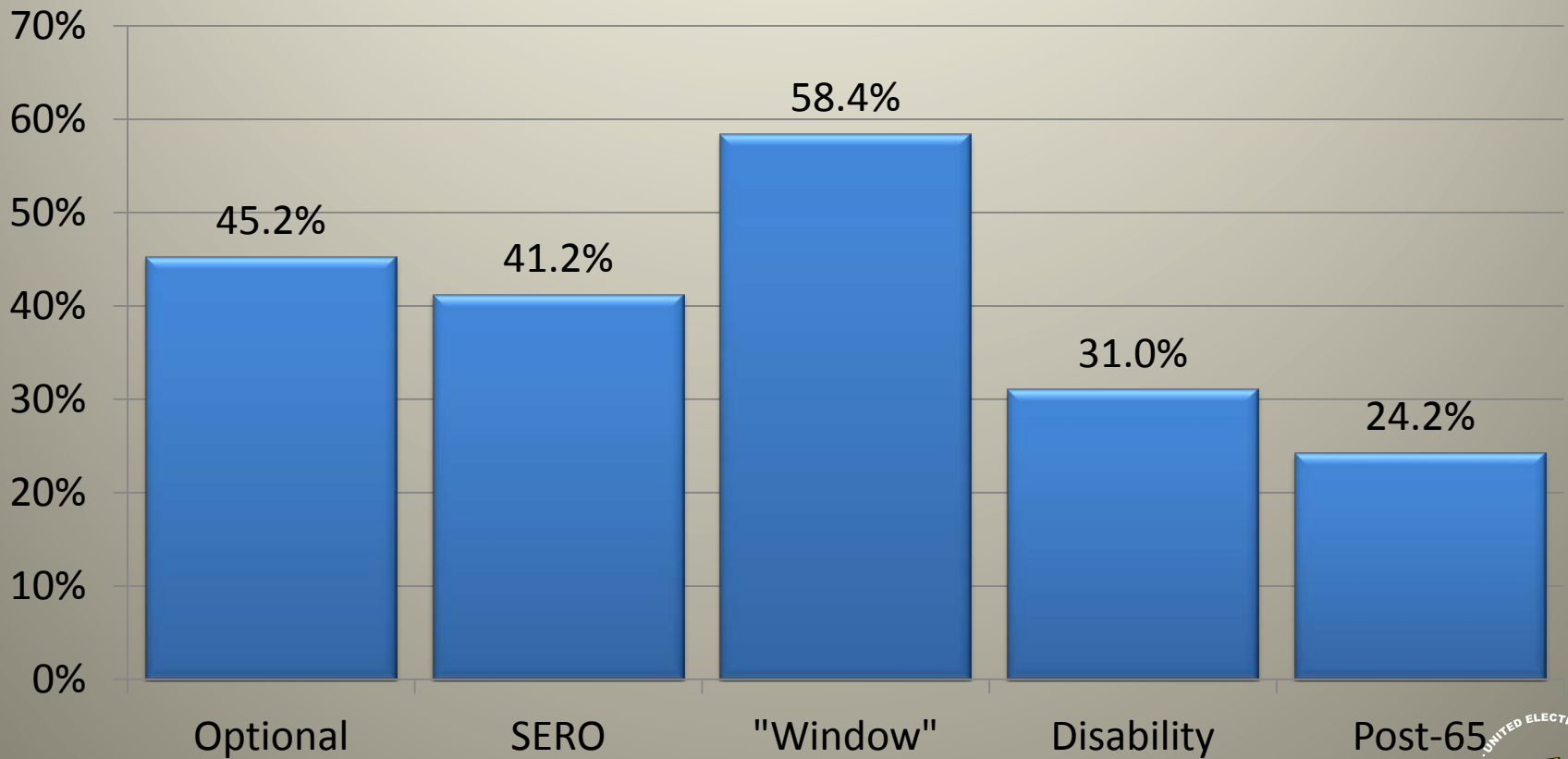
Average multiplier 5,415 hourly retirees (2011-2015): \$69.71

Average PBS for all GE hourly varied between 29.489 and 23.172 depending upon year



Earnings Replacement

Replacement Rates for UE Retirees (2011-2015)



Career Earnings Formula Favors Higher Paid

| | Annual Earnings | 0.85% of first \$45,000 | Amount Above \$45,000 | 1.45% above \$45,001 | Pension Per Year |
|-------|-----------------|-------------------------|-----------------------|----------------------|------------------|
| Scott | \$55,000 | \$382.50 | \$10,000 | \$145 | \$527.50 |
| Sue | \$110,000 | \$382.50 | \$65,000 | \$942.50 | \$1,325 |
| Bill | \$165,000 | \$382.50 | \$120,000 | \$1,740 | \$2,122.50 |

- Sue accumulates 151% more than Scott annually
- Bill accumulates 302% more than Scott annually



Career Earnings 15 Years Later

| | Annual Earnings | Pension Per Year | Times 15 Years Svc |
|-------|-----------------|------------------|--------------------|
| Scott | \$55,000 | \$527.50 | \$7,912.50 |
| Sue | \$110,000 | \$1,325 | \$19,875 |
| Bill | \$165,000 | \$2,122.50 | \$31,837.50 |

- Scott will have to work 23 additional years to receive Sue's pension
- Scott will have to work 43 additional years to receive Bill's pension



(Assumes no pay raises and no inflation)

Double Standard

- *“The GE Supplementary Pension Plan, which increases retirement benefits above amounts available under the GE Pension Plan...is a strong retention tool that significantly reduces departures of high-performing executives and greatly enhances the caliber of the company’s executive workforce.”*
– GE 2015 Proxy Statement



The Pension Plan – In GE's Words

- *GE Pension Plan*
 - *Provides a secure and **dependable** level of income upon retirement*
 - *With Social Security and personal savings, such as S&SP, helps provide an excellent level of **replacement income** for the eligible full-career employee*
 - *Provides **lifetime income** for long-service employees (and surviving spouses) impacted by unplanned events (e.g., death, disability)*
 - General Electric – 2011 Pension Presentation



401(k)s – Workers Don't Save Enough

- Average 401(k) balance surpassed \$100,000 by the end of 2013*
 - Averages offset by very high earners – median balance was only \$31,000
 - Even if median was \$100,000, this is nowhere near enough to retire on – most people need at least \$300,000-\$400,000 saved to meet minimum post-retirement needs
- 1/4 of employees don't even contribute enough to their 401(k) to get full matching contributions**

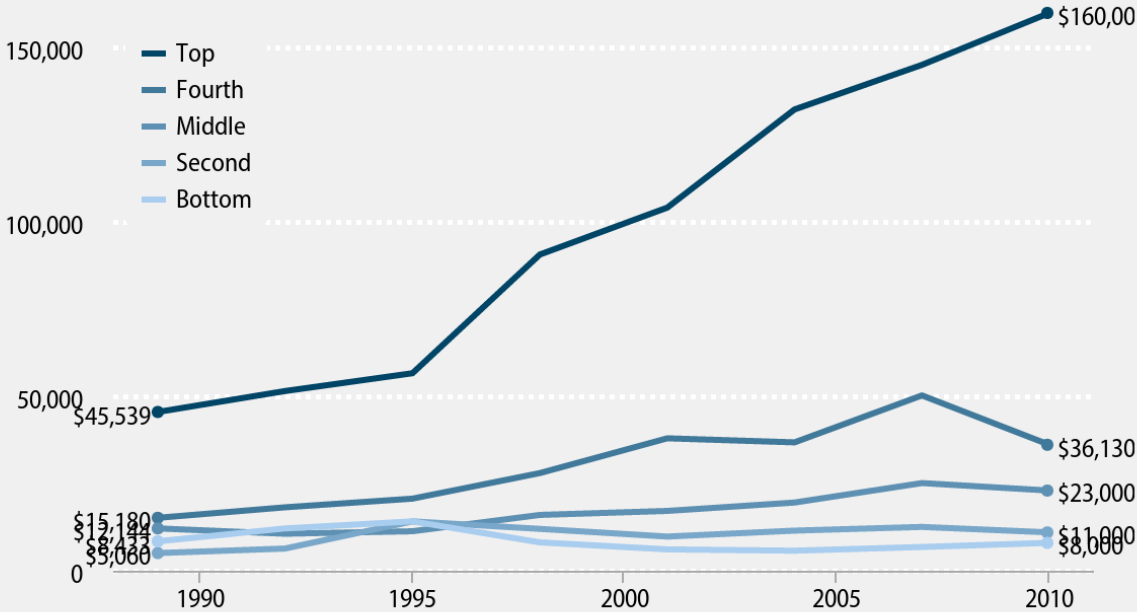
* Vanguard Study Finds (Mostly) Good News: 401(k) Balances Hit Record Highs June 9th, 2014

** One in Four Workers Lose Out On Free Money, Wall Street Journal, May 12, 2015



The Gross Inequality of 401(k)s

Median retirement account savings of households age 26–79*, by income fifth, 1989–2010 (2010 dollars)



*Median balances are for households with positive savings in these accounts.

Note: Retirement account savings include savings in 401(k) and other defined-contribution plans, IRAs (including employer-sponsored SEP IRAs and SIMPLE IRAs) and Keogh plans for small businesses.

Source: Authors' analysis of Survey of Consumer Finance microdata



401(k)s – Workers Cash Out

- *The seemingly attractive portability feature of 401(k) plans can become counterproductive for retirement savings, because...workers participating...cash them out when they change jobs. In such instances, 401(k) plans may actually serve as severance plans that help alleviate the costs associated with being out of work and changing jobs*
 - Theresa Ghilarducci – The End of Retirement
- *According to stats from Fidelity, about a third of 401k participants in plans managed by the financial services company cashed out in 2013 when moving to a new job.*
 - Selena Maranjian – 11/29/2014



401(k)s – Returns Unimpressive

- Towers Watson has found continually since 1995 defined-benefit pensions have higher rates of return than defined-contribution plans
 - DB plans have average 0.76% higher annualized rate of return
 - In 2011, pensions had investment returns of 2.74%, while defined-contribution plans lost 0.22%
- Major reason for difference is 401(k) reliance on mutual funds, which comprised nearly half of 401(k)-type plan money, versus 14% for pension plans
 - Mutual funds can eat up over 1/3 of returns when compared to passively investing the same money in an "index fund." – an option available to many pensions but relatively few 401(k) enrollees



Shift to RSP For New Hires

Huge Loss in Value

- IAM study of RSP benefit levels suggests
 - Annuity purchased with 401(K) balance is between 74% and 29% lower in value than GE guaranteed pension, depending upon years of service
 - Would need additional annual GE contribution of 6.3%-17.4% to avoid lost value
 - Between 81%-47% reduction from Regular Pension benefit
 - Would need additional contribution of 8.6% to 23.4% to avoid lost value
- Estimates based upon 7% rate of return, which may be over-optimistic – UE models more typically based upon 5% rate of return



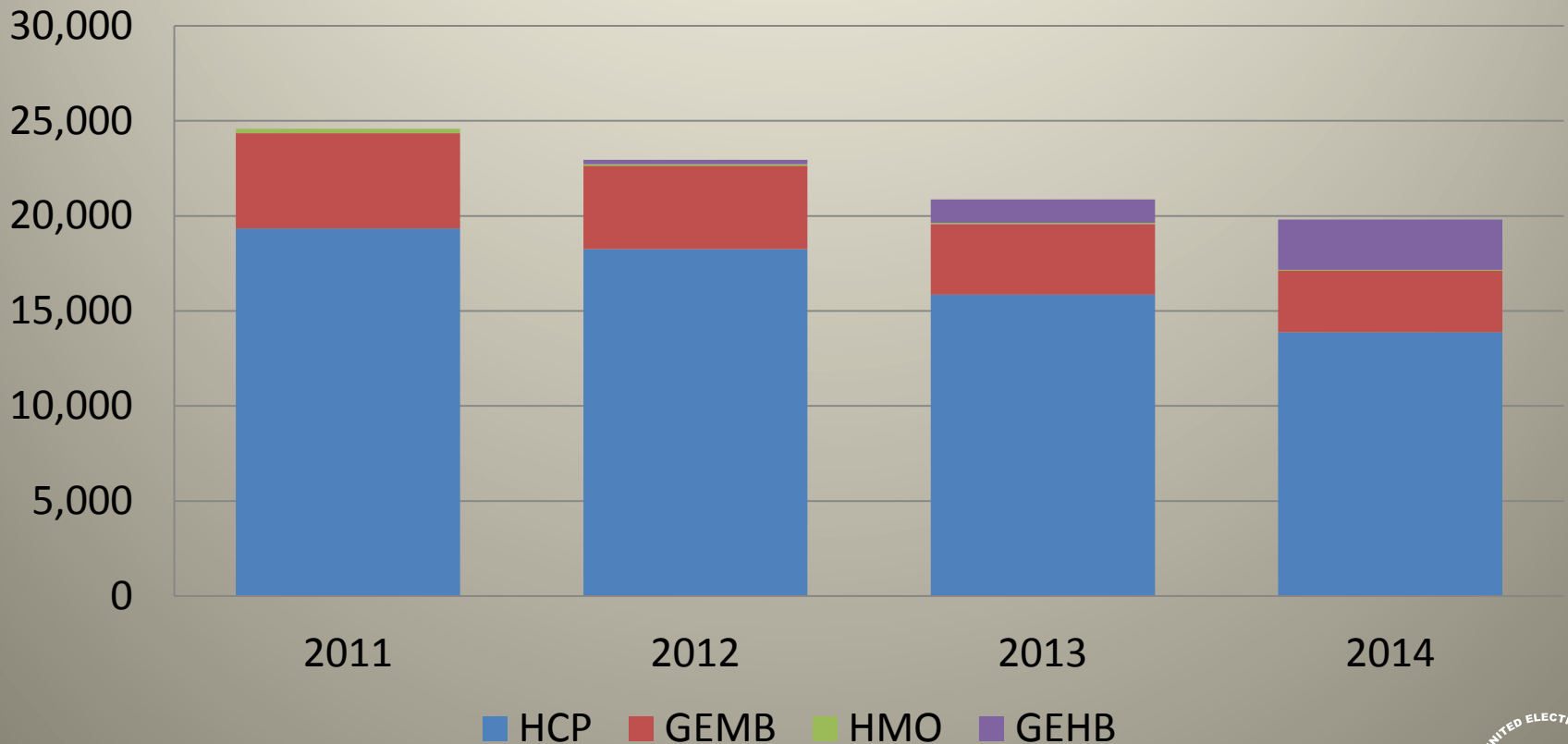
Contributions To 401(k) Per Person Falling

| | Total Employees | Total Contributions (Year of Hire) | Contributions Per Employee |
|---------------|-----------------|---------------------------------------|-------------------------------|
| Hired in 2012 | 7,359 | \$30,126,518 | \$4,095 |
| Hired in 2013 | 6,817 | \$22,935,836 | \$3,365 |
| Hired in 2014 | 13,334 | \$45,011,129 | \$3,140 |



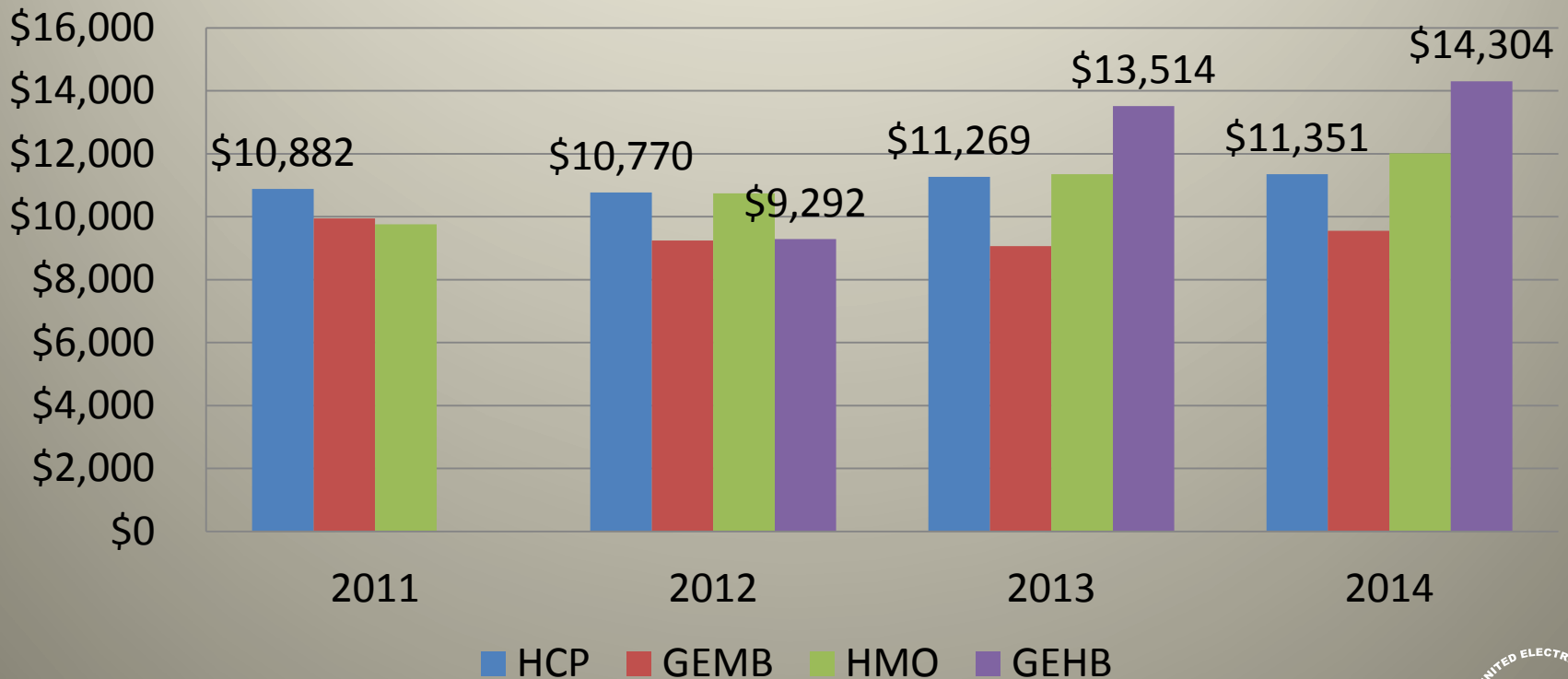
GEHB So Expensive Retirees Forgoing it

Total Enrolled Family Units – Pre-65 Retirees



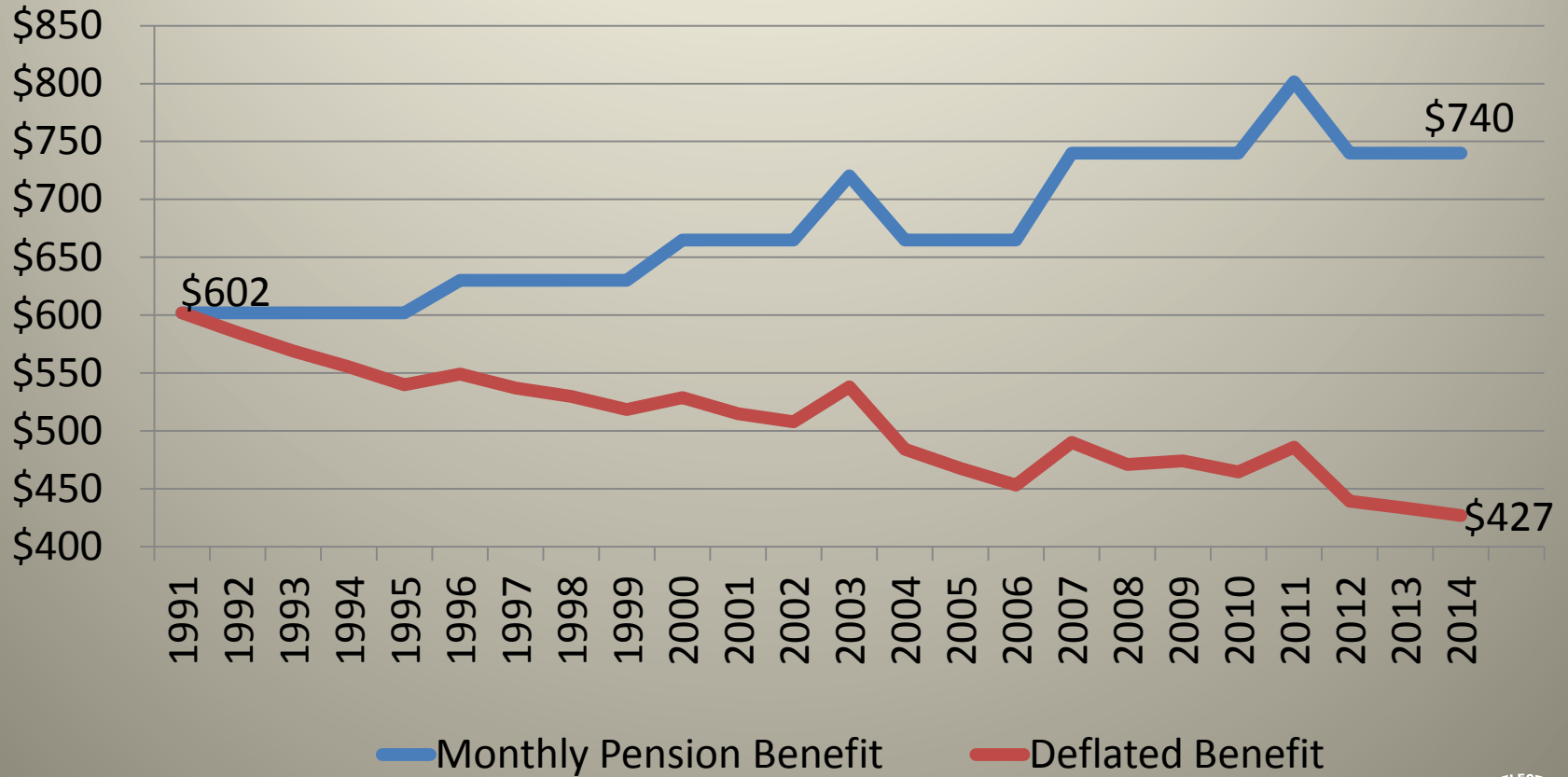
GEHB Claims For Pre-65 Higher Than Other Plans

**Average Claims Less Contributions Per Covered Family
Unit – Pre-65 Retirees (Production)**

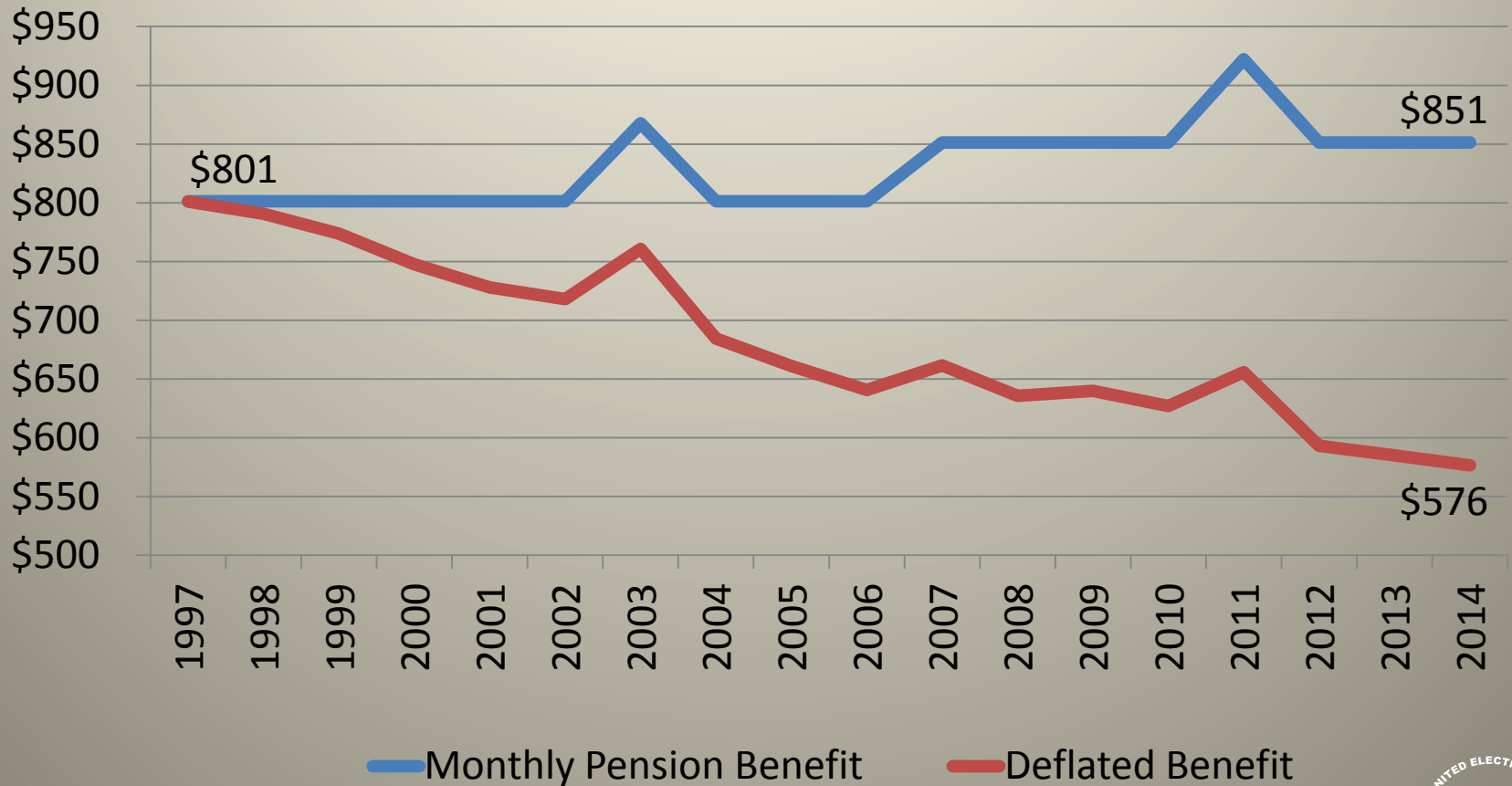


The Golden Years?

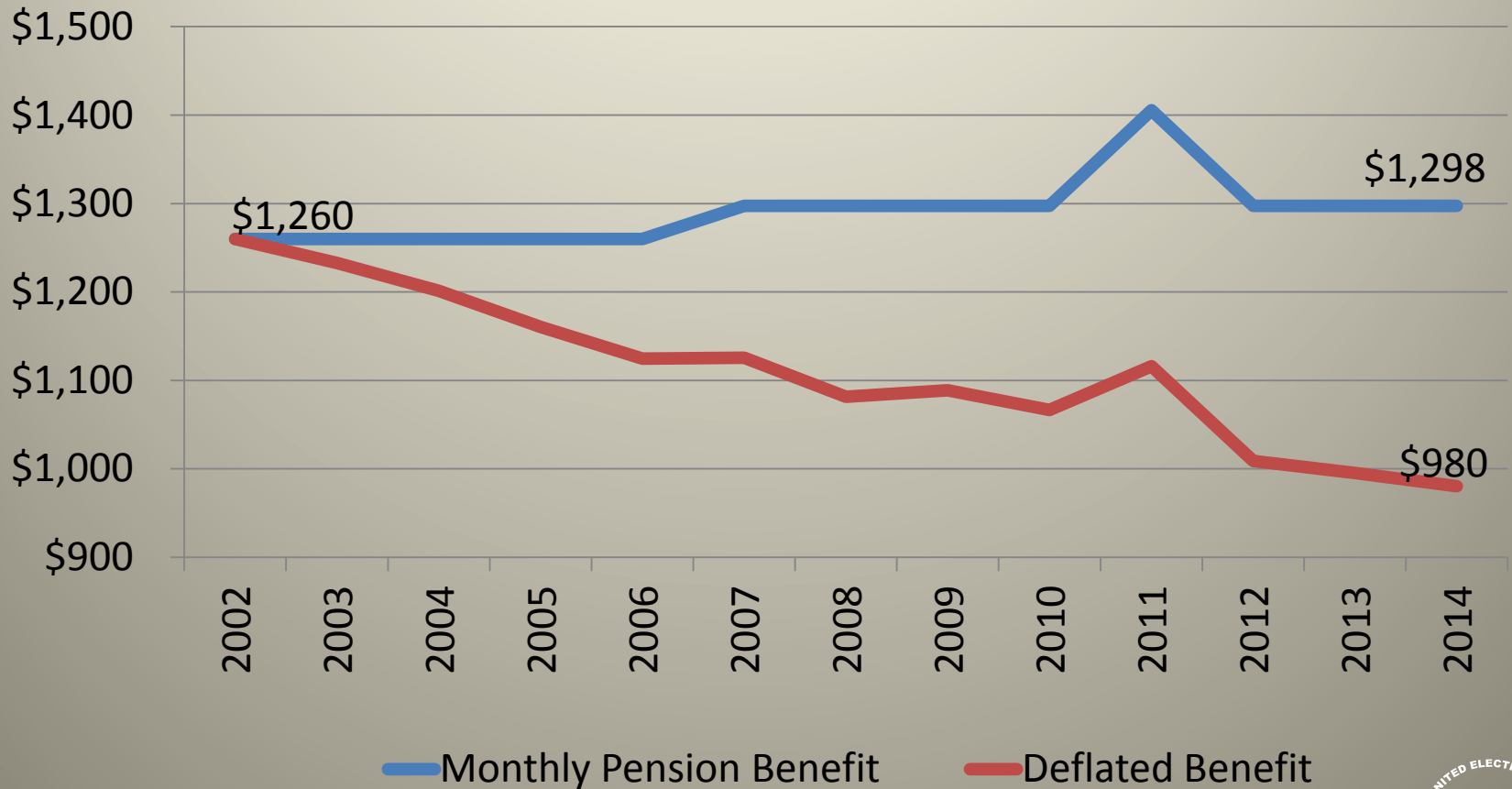
Inflationary Effect: 1991 Retiree



Inflationary Effect: 1997 Retiree



Inflationary Effect: 2002 Retiree



Post-65 Retirees Currently Spend 159% More On Their Premiums Than GE

| Insurance | Description | Enrollee Cost (Self 2014) | GE Cost (Family Unit 2014) |
|---------------------------|-------------------------|---------------------------|----------------------------|
| M CPP | Part A Wraparound (80%) | \$162 | \$299 |
| PHIP | Part A Wraparound (20%) | \$138 | \$0 |
| GEMIP | Part B Wraparound | \$1,344 | \$0 |
| PDPP | Prescription Coverage | \$621 | \$1,062 |
| Medicare Part B | Medicare Part B | \$1,259 | N/A |
| Total Premium Cost | | \$3,524 | \$1,361 |

With Spouse Double Enrollee Cost to \$7,048



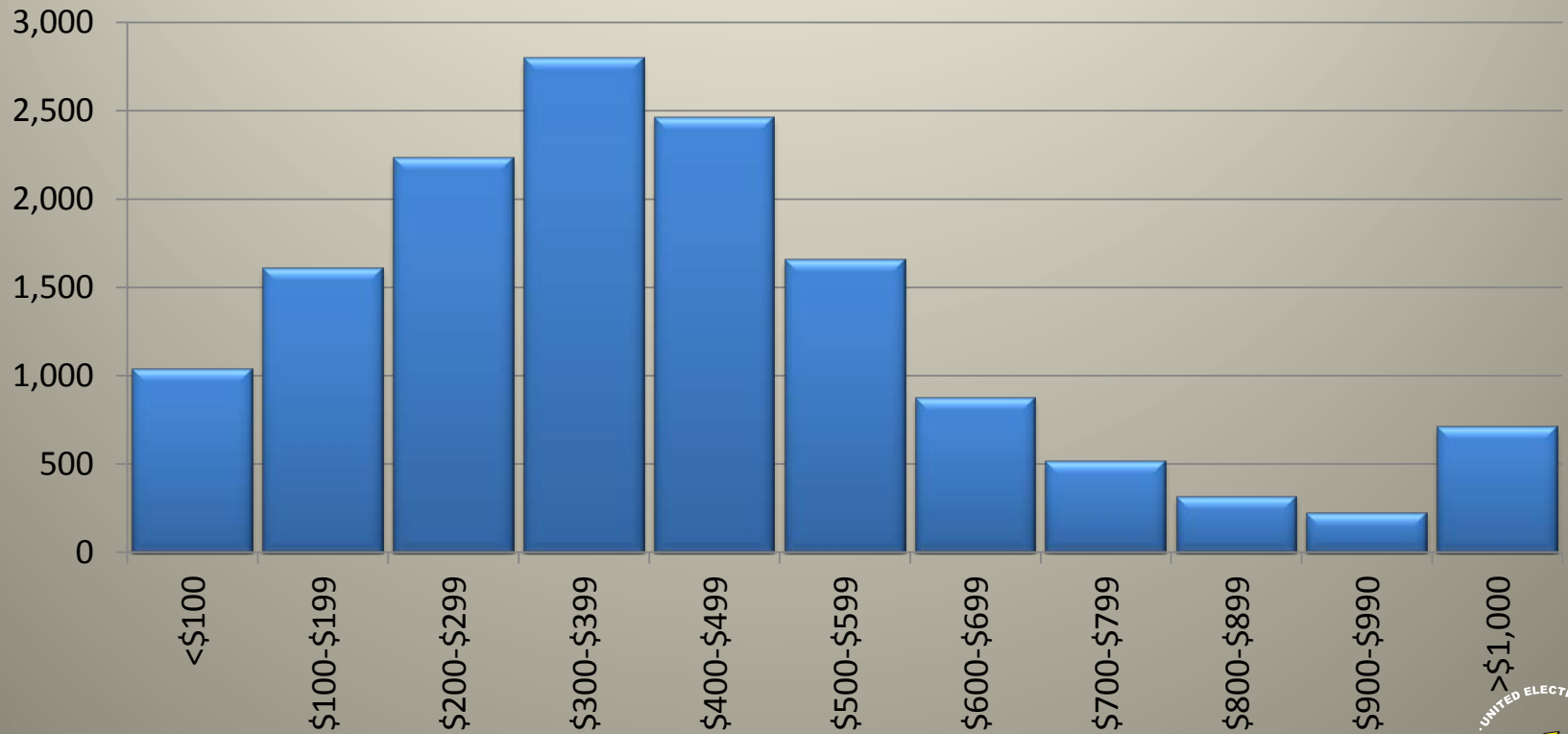
Average Monthly Social Security Benefits

| | 4/2015 |
|---------------------------------------|---------|
| Retired Workers | \$1,333 |
| Worker + Spouse | \$2,011 |
| Surviving Spouse | \$1,108 |
| Disabled With Spouse & Children | \$1,832 |
| Disabled Workers | \$1,165 |
| Maximum Amount At Full Retirement Age | \$2,663 |



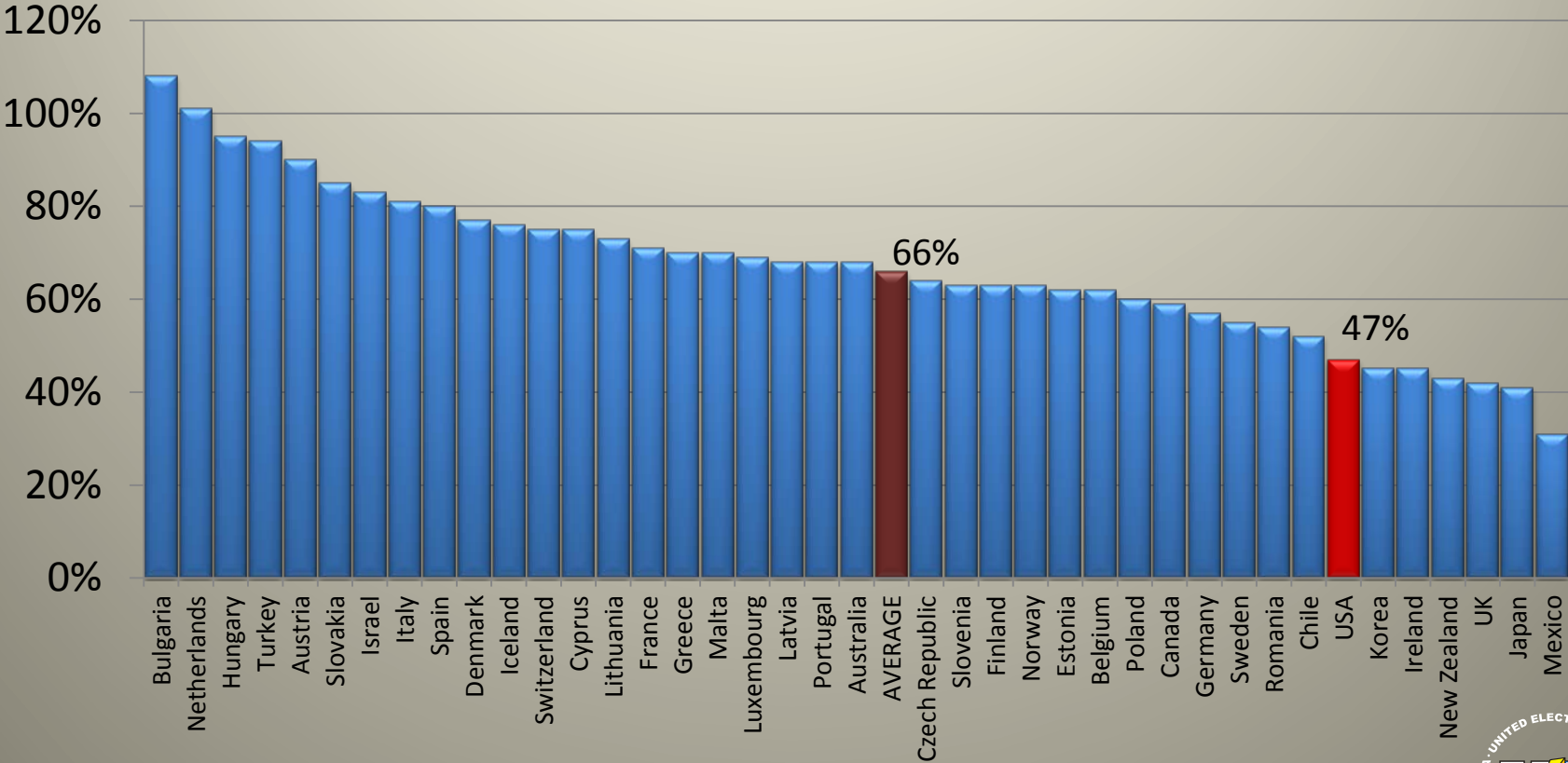
Barely Surviving

14,421 Current Surviving Spouses



Social Security Weak Compared to Other Developed Nations

Net Replacement Level of National Pension



Source: OECD Website – All Data 2012

Some Solutions

Accentuate the 2011 Positives

- Significant expansion of guaranteed minimum tables at top end
- Internal restructuring of guaranteed minimum tables
- Career earnings update
- Earnings threshold raised to \$80,000 before imposing mandatory contributions
- One SERO window
- A 13th pension check for retirees



Eliminate the 2011 Negatives

- Only a \$1.00 increase at the bottom of the guaranteed minimum tables
- No change in basic career accumulation formula
- Upward float of career formula break point for 2011
- More insurance cost-shifting to pre-65 and post-65 retirees



Revise Outmoded Assumptions

- Stop basing replacement ratios on 35-year career
- End discrimination against employees with fewer than 25 years
- Stop using personal pension accounts in the calculation of replacement ratios
- Start considering survivorship options in calculating replacement ratios
- Increasing expenses of retirees must be accounted for in calculating replacement ratios and establishing pension COLA
- Higher-paid employees have a “savings” advantage more significant than lower-paid employees supposed Social Security “advantage”
- Employee contributions are anachronistic and indefensible



Unfinished Business

- Guaranteed minimum tables, while improved, still need to be substantially increased
- Improvements to disability supplements are 30 years overdue
- No lowering of unreduced early retirement formula since 1979
- No change in basic career formula since its inception in 1989
- Career earnings “updates” continue to be skewed to higher paid
- Bring “transparency” to the pension table by guaranteeing independence and accountability of trustees
- Tie minimum multiplier for retirees to bottom of guaranteed tables and provide for pension COLA



UE Contract Proposals: Pensions

- Extend GE's commitment that it will not make proposals to freeze pension benefits during bargaining for a successor national agreement in 2019
- Provide pension benefits for all employees hired on or after January 1, 2012 with retroactive pension benefits applied to such employees' original date of hire
- Substantially increase benefits under both career earnings and guaranteed minimum formulas, and provide for a career earnings "update" of past service
- Eliminate mandatory pension contributions
- Base guaranteed minimum pensions on the highest three years of earnings, whether consecutive or non-consecutive, in last 10 years
- Provide for a full, unreduced pension after 30 years service regardless of age
- Substantially increase the regular early retirement supplement. Increase the disability supplements accordingly. Establish new supplement to ruin from age 65 to full S.S. benefit for employees retiring at age 65



UE Contract Proposals: Pensions (Cont)

- Retain and substantially increase the \$400 special supplement, and reduce eligibility for special supplement from 25 to 20 years
- Provide for pension “buy back” opportunity
- For pre 7/1/97 vestees and retirees, eliminate the reduction factor applied to guaranteed minimum pensions
- Reduce eligibility requirement for disability to ten years
- Provide for automatic COL increases for present and future retirees
- Recognize Union as representative of retirees. Substantially increase retirees’ pensions
- Add pre-1989 contributions to employees’ Personal Pension Accounts



UE Contract Proposals: Retiree Health Care

- For pre-65 retirees, contributions shall be based on pension income, instead of pre-retirement earnings
- Add dental and vision care for retirees and spouses
- Substantially increase benefits under MCPP
- Provide that drugs and diabetic supplies covered under Medicare Part B be covered at the levels in the PPDP plan. Add coverage for syringes and other supplies for diabetics, as well as CPAP/BIPAP equipment and supplies
- Under PPDP, discontinue the practice of requiring employees/retirees to substitute “generic alternatives” for the prescription written by their physician
- Introduce Company contribution toward GE Medicare Insurance Plan and Long Term Care Plan
- Provide for open enrollment in GEMIP, PHIP, and Long Term Care Plans

