

GENERAL ELECTRIC CO  
Form DEF 14A  
March 11, 2003  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**SCHEDULE 14A**

**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 Pursuant to §240.14a-12

**General Electric Company**

---

(Name of Registrant as Specified In Its Charter)

---

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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.

(1) Title of each class of securities to which transaction applies:

---

(2) Aggregate number of securities to which transaction applies:

---

(3) Per unit price or other underlying value of 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 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 2003  
Annual Meeting  
*and*  
Proxy Statement**

**Table of Contents**

*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 on*

*the back cover of this proxy statement to  
obtain an*

*admission card.*



Table of Contents

---

*General Electric Company*

*3135 Easton Turnpike, Fairfield, CT  
06828*

*March 10, 2003*

*Dear Shareowner,*

*You are invited to attend the 2003 annual meeting to be held on Wednesday, April 23, in Charlotte, North Carolina.*

*The annual meeting will begin with a report on our operations, followed by discussion and voting on the matters set forth in the accompanying notice of annual meeting and proxy statement and discussion on other business matters properly brought before the meeting.*

*If you plan to attend the meeting, please follow the advance registration instructions on the back of this proxy statement. An admission card, which is required for admission to the meeting, will be mailed to you prior to the meeting.*

*Whether or not you plan to attend, you can be sure your shares are represented at the meeting by promptly voting and submitting your proxy by phone, by internet, or by completing, signing, dating and returning your proxy form in the enclosed envelope.*

*Cordially,*

*Jeffrey R. Immelt  
Chairman of the Board*

---

**Table of Contents**

---

CONTENTS

<u>Notice of 2003 Annual Meeting of Shareowners</u>	5
<u>Proxy Statement</u>	5
<u>Election of Directors</u>	6
<u>Information Relating to Directors, Nominees and Executive Officers</u>	12
<u>Compensation Committee Report</u>	19
<u>Stock Options and Stock Appreciation Rights</u>	24
<u>Summary Compensation Table</u>	26
<u>Contingent Long-Term Performance Incentive Awards</u>	28
<u>Five-Year Performance Graph</u>	30
<u>Retirement Benefits</u>	31
<u>Audit Committee Report</u>	32
<u>Independent Auditors</u>	33
<u>Appointment of Independent Auditors</u>	34
<u>Shareowner Proposals relating to:</u>	
<u>No. 1 Cumulative Voting</u>	35
<u>No. 2 Workplace Code of Conduct</u>	35
<u>No. 3 Global Warming</u>	37
<u>No. 4 Nuclear Reactor Risk Reduction</u>	38
<u>No. 5 Report on PCB Cleanup Costs</u>	40
<u>No. 6 Poison Pill</u>	41
<u>No. 7 Independent Directors</u>	43
<u>No. 8 Independent Board Chairman</u>	44
<u>No. 9 Director Election Process</u>	45
<u>No. 10 Performance-Based Stock Options</u>	47
<u>No. 11 Executive Severance Arrangements</u>	48
<u>No. 12 Pay Disparity</u>	50
<u>No. 13 Report on Iran</u>	51
<u>Additional Information</u>	53
To be voted on at the meeting	
<u>Appendix A: Corporate Governance Principles</u>	56
<u>Appendix B: Management Development and Compensation Committee Charter and Key Practices</u>	62
<u>Appendix C: Audit Committee Charter and Key Practices</u>	66

---

Every shareowner's vote is important. Please complete, sign,

date and return your proxy form, or submit your vote

and proxy by phone or by internet.

---

**Table of Contents**

**NOTICE OF 2003 ANNUAL MEETING  
OF SHAREOWNERS**

---

*10:00 a.m., April 23, 2003*

*Charlotte Convention Center*

*501 South College Street*

*Charlotte, North Carolina 28202*

March 10, 2003

To the Shareowners:

General Electric Company's 2003 Annual Meeting of Shareowners will be held at the Charlotte Convention Center, 501 South College Street, Charlotte, North Carolina 28202, on Wednesday, April 23, 2003, at 10:00 a.m., to address all matters that may properly come before the meeting. Following a report on our business operations, shareowners will vote on:

- (a) election of directors for the ensuing year;
- (b) approval of the appointment of independent auditors for 2003; and
- (c) 13 shareowner proposals set forth at pages 35 through 52 in the accompanying proxy statement.

Shareowners of record at the close of business on February 28, 2003 will be entitled to vote at the meeting and any adjournments.

Benjamin W. Heineman, Jr.

Secretary



## **PROXY STATEMENT**

General Electric Company, Fairfield, Connecticut 06828

This proxy statement is furnished in connection with the solicitation of proxies by General Electric Company on behalf of the board of directors for the 2003 annual meeting of shareowners. Distribution of this proxy statement and a proxy form to shareowners is scheduled to begin on or about March 10, 2003.

You can ensure that your shares are voted at the meeting by submitting your instructions by phone, by internet, or by completing, signing, dating and returning the enclosed proxy form in the envelope provided. Submitting your instructions by any of these methods will not affect your right to attend the meeting and vote. A shareowner who gives a proxy may revoke it at any time before it is exercised by voting in person at the annual meeting, by delivering a subsequent proxy, or by notifying the inspectors of election in writing of such revocation.

---

**Table of Contents**

---

**ELECTION OF DIRECTORS**

At the 2003 annual meeting, 17 directors are to be elected to hold office until the 2004 Annual Meeting and until their successors have been elected and have qualified. The 17 nominees for election at the annual meeting are listed on pages 6 to 11 with brief biographies. They are all now GE directors. Last year, Alan G. Lafley, Ralph S. Larsen and Robert J. Swieringa joined the board, and Paolo Fresco and Scott G. McNealy left the board. We don't know of any reason why any nominee would be unable to serve as a director. If any nominee is unable to serve, the shares represented by all valid proxies will be voted for the election of such other person as the board may recommend.

---

**James I. Cash, Jr., 55, James E. Robison Professor of Business Administration, Harvard Graduate School of Business, Boston, MA. Director since 1997.**

A graduate of Texas Christian University with MS and PhD degrees from Purdue University, Dr. Cash joined the faculty of Harvard Business School in 1976, where he served as chairman of the MBA program from 1992 to 1995, and is currently serving as chairman of HBS Publishing. Dr. Cash is also a director of The Chubb Corporation, Microsoft Corporation, and Scientific-Atlanta, Inc. He also serves as a trustee of Massachusetts General Hospital and Partners Healthcare and as an overseer for the Boston Museum of Science.

---

**Dennis D. Dammerman, 57, Vice Chairman of the Board and Executive Officer, General Electric Company, and Chairman, General Electric Capital Services, Inc. Director since 1994.**

Mr. Dammerman joined GE after graduating from the University of Dubuque in 1967. He had financial assignments in several GE businesses before being named vice president and comptroller of General Electric Credit Corporation (now GE Capital Corporation) in 1979. In 1981, he became vice president and general manager of GE Capital's Commercial Financial Services Department and, later that year, of GE Capital's Real Estate Financial Services Division. He was elected senior vice president for finance of GE in 1984, a director of GE in 1994 and, in 1998, was named vice chairman of the board and executive officer of GE and chairman and CEO of GE Capital Services, Inc.

**Table of Contents**

**Ann M. Fudge, 51, Former President, Kraft's Beverages, Desserts & Post Divisions and former Group Vice President, Kraft Foods, Inc., packaged foods, Tarrytown, NY. Director since 1999.**

After graduating from Simmons College in 1973, Ms. Fudge worked in human resources for GE until entering Harvard University, where she obtained an MBA in 1977. She then held marketing positions at General Mills until joining General Foods in 1986, where she was appointed executive vice president in 1991. In 1994, she was named president of Kraft General Foods' Maxwell House Coffee Company and from 2000 to 2001, she served as Group Vice President of Kraft Foods, Inc. and president of Kraft's Beverages, Desserts and Post Divisions. Ms. Fudge is a director of Honeywell International Inc. and Marriott International Inc.

---

**Claudio X. Gonzalez, 68, Chairman of the Board and Chief Executive Officer, Kimberly-Clark de Mexico, S.A. de C.V., Mexico City, and Director, Kimberly-Clark Corporation, consumer and paper products. Director since 1993.**

Mr. Gonzalez is a graduate of Stanford University. He was employed by Kimberly-Clark in 1956 and by Kimberly-Clark de Mexico, S.A. in 1957. He was elected vice president of operations of Kimberly-Clark de Mexico, S.A. in 1962 and executive vice president and managing director in 1966. He assumed his present position in 1973. Mr. Gonzalez is also a director of America Movil, Grupo Carso, Grupo ALFA, Grupo Mexico, Grupo Televisa, Home Depot, Inc., Kellogg Company, The Mexico Fund, Inc., and Investment Co. of America.

---

**Jeffrey R. Immelt, 47, Chairman of the Board and Chief Executive Officer, General Electric Company. Director since 2000.**

Mr. Immelt joined GE in corporate marketing in 1982 after receiving a degree in applied mathematics from Dartmouth College and an MBA from Harvard University. He then held a series of leadership positions with GE Plastics in sales, marketing and global product development. He became a vice president of GE in 1989, responsible for consumer service for GE Appliances. He then became vice president of worldwide marketing and product management for GE Appliances in 1991, vice president and general manager of GE Plastics Americas commercial division in 1992, and vice president and general manager of GE Plastics Americas in 1993. He became senior vice president of GE and president and chief executive officer of GE Medical Systems in 1996. Mr. Immelt became GE's president and chairman-elect in 2000, and chairman and chief executive officer in 2001. He is also a director of Catalyst.

**Table of Contents**

**Andrea Jung, 44, Chairman of the Board and Chief Executive Officer, Avon Products, Inc., cosmetics, New York, NY. Director since 1998.**

Ms. Jung, a graduate of Princeton University, joined Avon Products, Inc., a multinational cosmetics company, in 1994 as president, product marketing for Avon U.S. She was elected president, global marketing, in 1996, an executive vice president in 1997, president and a director of the company in 1998, chief executive officer in 1999 and chairman of the board in 2001. Previously, she was executive vice president, Neiman Marcus and a senior vice president for I. Magnin. Ms. Jung is also a member of the Princeton University Board of Trustees and is a director of Catalyst and Chairman of the Cosmetic, Toiletry and Fragrance Association.

---

**Alan G. (A.G.) Lafley, 55, Chairman of the Board, President and Chief Executive, Procter & Gamble, personal and household products, Cincinnati, OH. Director since 2002.**

Mr. Lafley received a BA degree from Hamilton College in 1969 and an MBA from Harvard University in 1977 at which time he joined Procter & Gamble. He was named a group vice president in 1992, an executive vice president in 1995, and, in 1999, president of global beauty care and North America. He was elected president and chief executive officer in 2000 and chairman of the board in 2002. Mr. Lafley is also a director of General Motors Corporation. In addition, he serves on the Board of Trustees of Hamilton College, as a member of the Lauder Institute Board of Governors (Wharton School of Arts & Sciences) and as a member of the Business Roundtable and Business Council.

---

**Kenneth G. Langone, 67, Chairman, President and Chief Executive Officer, Invemed Associates, LLC, investment banking and brokerage, New York, NY. Director since 1999.**

Mr. Langone received a BA from Bucknell University and an MBA from New York University's Stern School of Business. He is the founder of Invemed Associates, LLC, and a co-founder, director and member of the executive committee of Home Depot, Inc. He is also a director of ChoicePoint, Inc., YUM! Brands, Inc. and Unifi, Inc., as well as the New York Stock Exchange. In addition to serving as a director of numerous charitable organizations, Mr. Langone is chairman of the NYU School of Medicine and serves on the Board of Trustees of New York University and the Board of Overseers of its Stern School of Business.

**Table of Contents**

**Ralph S. Larsen, 64, Former Chairman of the Board and Chief Executive Officer, Johnson & Johnson, pharmaceutical, medical and consumer products, New Brunswick, NJ. Director since 2002.**

After graduating with a BBA from Hofstra University, Mr. Larsen joined Johnson & Johnson in 1962. In 1981, he left Johnson & Johnson to serve as president of Becton Dickinson's consumer products division and returned to Johnson & Johnson in 1983 as president of its Chicopee subsidiary. In 1986, Mr. Larsen was named a company group chairman and later that year became vice chairman of the executive committee and chairman of the consumer sector. He was elected a director in 1987 and served as chairman of the board and chief executive officer from 1989 to 2002. Mr. Larsen is a director of Xerox Corporation and AT&T Wireless. He is also a trustee of the Robert Wood Johnson Foundation and a member of the Business Council.

---

**Rochelle B. Lazarus, 55, Chairman and Chief Executive Officer, Ogilvy & Mather Worldwide, advertising, New York, NY. Director since 2000.**

A graduate of Smith College, Ms. Lazarus holds an MBA from Columbia University. She joined Ogilvy & Mather Worldwide, a multinational advertising agency, in 1971, becoming president of its U.S. direct marketing business in 1989. She then became president of Ogilvy & Mather New York, and president of Ogilvy & Mather North America before becoming president and chief operating officer of the worldwide agency in 1995, chief executive officer in 1996, and chairman in 1997. Ms. Lazarus also serves as a director of Ann Taylor Stores and New York Presbyterian Hospital. She is chairman of the Board of Trustees of Smith College, and a member of the Board of Overseers of Columbia Business School.

---

**Sam Nunn, 64, Partner, King & Spalding, law firm, Atlanta, GA. Director since 1997.**

After attending Georgia Institute of Technology and serving in the U.S. Coast Guard, Mr. Nunn received an AB degree from Emory University in 1960 and an LLB degree from Emory Law School in 1962. He then practiced law and served in the Georgia House of Representatives before being elected to the United States Senate in 1972, where he served as the chairman and ranking member on both the Senate Armed Services Committee and the Senate Permanent Subcommittee on Investigations before retiring in 1997. Mr. Nunn is also a director of ChevronTexaco Corporation, The Coca-Cola Company, Dell Computer Corporation, Internet Security Systems, Inc., and Scientific-Atlanta, Inc. Mr. Nunn is also co-chairman and chief executive officer of the Nuclear Threat Initiative, a Washington-based charitable organization working to reduce the global threats from nuclear, biological and chemical weapons of mass destruction.



**Table of Contents**

**Roger S. Penske, 66, Chairman of the Board, Penske Corporation, Penske Truck Leasing Corporation, and United Auto Group, Inc., transportation and automotive services, Detroit, MI. Director since 1994.**

After attending Lehigh (Pa.) University, Mr. Penske founded Penske Corporation in 1969. He became chairman of the board of Penske Truck Leasing Corporation in 1982 and chairman of the board of United Auto Group, Inc. in 1999. Mr. Penske is also a director of Delphi Corporation and Home Depot, Inc. He is a director of Detroit Renaissance and is a member of The Business Council.

---

**Gary L. Rogers, 58, Vice Chairman of the Board and Executive Officer, General Electric Company. Director since 2001.**

Mr. Rogers joined GE's financial management program in 1966 after graduating from Florida State University. He joined the Corporate Audit Staff in 1969, advancing through financial management positions until he became general manager of the Lamp Glass and Components Department in 1980. He became general manager of the General Purpose Control Department in 1981, and vice president and general manager of the Lamp Products Division in 1982. In 1986, he was named CEO of GE Electrical Distribution and Control and senior vice president of General Electric. In 1990, he was named CEO of GE Appliances, and, in 1992, CEO of GE Plastics. In 2001, he was elected vice chairman of the board and an executive officer of GE.

---

**Andrew C. Sigler, 71, Retired Chairman of the Board and Chief Executive Officer, Champion International Corporation, paper and forest products, Stamford, CT. Director since 1984.**

A graduate of Dartmouth College with an MBA degree from its Amos Tuck School of Business Administration, Mr. Sigler joined Champion Papers Inc., a predecessor of Champion International, in 1956. He served as chief executive officer of Champion International from 1974 until his retirement in 1996, and as chairman of its board of directors from 1979 until his retirement.

**Table of Contents**

**Robert J. Swieringa, 61, Dean and Professor of Accounting, Johnson Graduate School of Management, Cornell University, Ithaca, NY. Director since 2002.**

Dr. Swieringa received a BA degree from Augustana College in 1964, an MBA in accounting and economics from the University of Denver in 1965 and a PhD in accounting and complex organizations from the University of Illinois in 1969. He taught accounting at Stanford's Graduate School of Business and at the Johnson Graduate School of Management at Cornell University before serving as a member of the Financial Accounting Standards Board from 1986 to 1996. He was then a professor in the practice of accounting at Yale's School of Management before becoming the ninth dean of the Johnson School in 1997. Dr. Swieringa is currently a member of the American Accounting Association, and is a past president of its Financial Accounting and Reporting Section.

---

**Douglas A. Warner III, 56, Former Chairman of the Board, J.P. Morgan Chase & Co., The Chase Manhattan Bank, and Morgan Guaranty Trust Company of New York, New York, NY. Director since 1992.**

Following graduation from Yale University in 1968, Mr. Warner joined Morgan Guaranty Trust Company of New York, a wholly owned subsidiary of J.P. Morgan Chase & Co. (formerly J.P. Morgan & Co. Incorporated). He was elected president and a director of the bank and its parent in 1990, serving as chairman and chief executive officer from 1995 to 2000, when he became chairman of the board of J.P. Morgan Chase & Co., The Chase Manhattan Bank, and Morgan Guaranty Trust Company until his retirement in 2001. Mr. Warner is also a director of Anheuser-Busch Companies, Inc., Motorola, Inc., chairman of the Board of Managers and the Board of Overseers of Memorial Sloan-Kettering Cancer Center, a member of The Business Council and a trustee of the Pierpont Morgan Library.

---

**Robert C. Wright, 59, Vice Chairman of the Board and Executive Officer, General Electric Company, and Chairman and Chief Executive Officer of National Broadcasting Company, Inc. Director since 2000.**

Mr. Wright graduated from the College of the Holy Cross and the University of Virginia School of Law. He joined GE in 1969 as a staff lawyer, leaving in 1970 for a judicial clerkship. He rejoined GE in 1973 as a lawyer for GE Plastics, subsequently serving in several management leadership positions with that business. In 1980, he became president of Cox Cable Communications, and rejoined GE in 1983 as vice president of the Housewares and Audio businesses. In 1984, he became president and chief executive officer of General Electric Financial Services, and in 1986 was elected president and chief executive officer of National Broadcasting Company, Inc. In 2000, he was also elected chairman and CEO of NBC and vice chairman of the board and executive officer of GE.





**Table of Contents****INFORMATION RELATING TO DIRECTORS, NOMINEES AND EXECUTIVE OFFICERS**

The following table includes all GE stock-based holdings, as of February 14, 2003, of our directors and five most highly paid executive officers. This table indicates the alignment of the named individuals' financial interests with the interests of our shareowners because the value of their total GE holdings will increase or decrease in line with the price of GE's stock.

**Common Stock and Total Stock-Based Holdings**

Name	Stock <sup>1</sup>	Total <sup>2</sup>	Name	Stock <sup>1</sup>	Total <sup>2</sup>
James I. Cash, Jr.	79,325	106,325	Ralph S. Larsen	14,645 <sup>3</sup>	19,686
Dennis D. Dammerman	1,978,587	6,028,747	Rochelle B. Lazarus	16,037 <sup>3</sup>	44,558
Ann M. Fudge	32,314	65,875	Sam Nunn	84,000	129,786
Claudio X. Gonzalez	208,152	296,130	Roger S. Penske	141,000	202,732
Benjamin W. Heineman, Jr.	1,792,473	2,984,043	Gary L. Rogers	2,541,596	4,627,953
Jeffrey R. Immelt	1,407,024	5,202,180	Andrew C. Sigler	127,325	154,325
Andrea Jung	52,483 <sup>3</sup>	87,935	Robert J. Swieringa	2,681	7,722
Alan G. Lafley	3,750	8,791	Douglas A. Warner III	184,925 <sup>3</sup>	211,925
Kenneth G. Langone	327,145	367,202	Robert C. Wright	2,995,967	6,592,726

Common stock holdings of all directors and all executive officers as a group were 21,209,940<sup>4</sup>

**Notes:**

<sup>1</sup>This column lists voting securities, including restricted stock held by the executive officers over which they have voting power but no investment power. Otherwise, each director or executive officer has sole voting and investment power over the shares reported, except as noted. In accordance with SEC rules, this column also includes shares that may be acquired pursuant to non-voting stock options that are or will become exercisable within 60 days as follows: 63,000 shares for Dr. Cash, 27,000 shares for Ms. Fudge and Mr. Langone, 135,000 shares for Mr. Gonzalez and Mr. Warner, 45,000 shares for Ms. Jung, 13,500 shares for Ms. Lazarus, 81,000 shares for Mr. Nunn, 85,500 shares for Mr. Penske, and 99,000 shares for Mr. Sigler, 1,632,499 shares for Mr. Dammerman, 1,335,000 shares for Mr. Heineman, 1,168,500 shares for Mr. Immelt, 1,890,000 shares for Mr. Rogers and 2,182,500 shares for Mr. Wright. No director or executive officer owns more than one-tenth of one percent of the total outstanding shares, nor do all directors and executive officers as a group own more than one percent of the total outstanding shares.

<sup>2</sup>This column shows the individual's total GE stock-based holdings, including the voting securities shown in the Stock column (as described in note 1), plus non-voting interests, including, as appropriate, the individual's holdings of stock appreciation rights, restricted stock units, deferred compensation accounted for as units of GE stock, and stock options which will not become exercisable within 60 days.

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

<sup>3</sup>Includes the following numbers of shares over which the identified director or executive officer has shared voting and investment power but as to which he or she disclaims beneficial interest: Ms. Jung (975 shares); Mr. Larsen (7,500 shares); Ms. Lazarus (1,300 shares); and Mr. Warner (3,600 shares).

<sup>4</sup>Includes 1,540,264 shares over which there are shared voting and investment powers.

---

**Table of Contents**

---

**Board of Directors and Committees**

Our board of directors currently consists of 17 directors, 11 of whom are independent directors under the requirements set forth in the proposed New York Stock Exchange listing rules. It is the board's objective that at least two-thirds of the board should consist of independent directors. Our board's governance principles, including its policies for determining director independence, are enclosed with this proxy statement in Appendix A at page 56. Any changes in these governance principles, or in other governance documents, will be reflected on the governance section of GE's website at [www.ge.com](http://www.ge.com).

The board held 13 meetings during 2002. The average attendance by directors at scheduled board and committee meetings was over 92%. The four standing committees of the board are a nominating and corporate governance committee, a management development and compensation committee, an audit committee and a public responsibilities committee. It is our board's policy that every member of the governance, compensation and audit committees should be an independent director. The charters and key practices of each of these committees are also available on the governance section of GE's website at [www.ge.com](http://www.ge.com).

Nominating and Corporate Governance Committee. Members of the nominating and corporate governance committee are directors Warner, who chairs the committee, Gonzalez, Jung, Lafley, Langone, Larsen, Lazarus and Sigler. This committee's responsibilities include the selection of potential candidates for the board and the development and annual review of our governance principles. It will also annually review director compensation and benefits, and oversee the annual self-evaluations of the board and its committees. The committee also makes recommendations to the board concerning the structure and membership of the other board committees. This committee held three meetings during 2002. This committee will consider shareowner recommendations for candidates for the board sent to the Nominating and Corporate Governance Committee, c/o Benjamin W. Heineman, Jr., Secretary, General Electric Company, Fairfield, CT 06828.

Management Development and Compensation Committee. Members of the management development and compensation committee are directors Sigler, who is chairman of the committee, Gonzalez, Jung, Langone and Warner. This committee has two primary responsibilities: (1) to monitor our management resources, structure, succession planning, development and selection process as well as the performance of key executives; and (2) to review and approve executive compensation. It also administers the GE 1990 Long-Term Incentive Plan and the Incentive Compensation Plan. This committee met nine times during 2002. The committee's responsibilities and policies are discussed more fully in its charter and key practices which are enclosed with this proxy statement in Appendix B at page 62, and discussed in its report to shareowners which begins on page 19.

Audit Committee. The audit committee is comprised of directors Gonzalez, who chairs the committee, Cash, Fudge, Langone, Sigler, Swieringa and

## Table of Contents

Warner. This committee is primarily concerned with the accuracy and effectiveness of the audits of our financial statements by our internal audit staff and by our independent auditors. Its duties include: (1) the selection of independent auditors; (2) reviewing the scope of the audit to be conducted by them, as well as the results of their audit; (3) approving non-audit services provided to the company by the independent auditor; (4) reviewing the organization and scope of our internal system of audit, financial and disclosure controls; (5) appraising our financial reporting activities, including our annual report, and the accounting standards and principles followed; and (6) conducting other reviews relating to compliance by employees with GE policies and applicable laws. There were seven meetings of the audit committee during 2002. The committee's responsibilities are stated more fully in its charter and key practices which are enclosed with this proxy statement in Appendix C at page 66. The committee's report required by SEC rules appears on page 32.

Public Responsibilities Committee. The members of the public responsibilities committee are directors Nunn, who chairs the committee, Cash, Dammerman, Fudge, Immelt, Lazarus, Penske, Rogers and Wright. The purpose of the committee is to review and oversee our positions on corporate social responsibilities and public issues of significance which affect investors and other key GE stakeholders. The committee met once last year to review environmental compliance. Other issues within the jurisdiction of the committee, including the company's position on legislative and regulatory matters, were discussed at meetings of the full board.

### **Non-employee Directors Compensation and Benefit Program in 2002**

This section describes the compensation and benefit program in effect last year. Director compensation in 2002 consisted of an annual retainer of \$75,000, meeting fees of \$2,000 per meeting and 18,000 stock options which had an estimated value in December 2002 of about \$168,000. As discussed in the next section, the board significantly restructured and simplified this program, effective January 1, 2003. It replaced the retainer payment, meeting fees and stock option grants with a combination of cash and deferred stock units having a value of \$250,000, which is comparable to the director compensation in 2002.

Compensation. In 2002, non-employee directors were paid an annual retainer of \$75,000 plus a fee of \$2,000 for each board meeting and for each board committee meeting attended. Half of any portion of the annual retainer that a director had not elected to defer was paid in GE stock. Directors could elect to defer all or a portion of the annual retainer and fees. At the director's option, his or her account was credited with units accounted for as GE stock or the dollar amount of the deferral. Accounts were also credited with common stock dividend equivalents or interest equivalents based on the yield for long-term U.S. government bonds. Participants will receive payments from their account in cash, in either a lump sum or annual installments, after termination of board service. Non-employee directors were also paid a travel allowance for attendance at board meetings.

**Table of Contents**

To further align the non-employee directors' interests with the interests of the shareowners, the shareowners approved the 1996 Stock Option Plan for Non-Employee Directors in that year. The plan automatically provided yearly grants of options from 1997 through 2003 (with each grant becoming exercisable in four equal annual installments) to each non-employee director who was serving on the board at the time of such grant. Each annual grant was priced on the last trading day of January and permits the holder to purchase from GE up to 18,000 shares of GE's common stock at the fair market value of such shares on the date the option was granted. Under the terms of the plan, a grant was made on January 31, 2002, at an exercise price of \$37.15 per share. The options expire ten years after the date they were granted or at such earlier date as may be provided by the plan upon retirement, disability, death or other termination of service. In December 2002, each annual option grant from 1997 through 2002 had an estimated Black-Scholes value of about \$168,000.

**Retirement.** In 2001, the board of directors replaced the non-employee directors' retirement program with a contingent stock unit award for directors who joined the board after the 2001 Annual Meeting. All non-employee directors elected to the board at the 2001 Annual Meeting were grandfathered under the old program so that, if they retired directly from the board at age 65 or older after at least five years of service, they could elect to receive either: (1) an annual retirement benefit for the lives of the director and eligible surviving spouse in the amount of the retainer fee in effect at retirement; or (2) a life insurance benefit in the amount of \$450,000. All non-employee directors who were initially elected to the board after the 2001 Annual Meeting received a one-time contingent award of 5,000 GE restricted stock units, to be accounted for as GE stock including dividends, payable only if the director retires from the board at age 65 or older and after at least five years of service on the board.

**Charitable Award.** As part of our overall support for charitable institutions, and in order to preserve our ability to attract directors with outstanding experience and ability, GE maintains a plan that permits each director to recommend up to five charitable organizations that would share in a \$1 million contribution to be made by the company upon the director's retirement or death. The directors do not receive any financial benefit from this program since the charitable deductions accrue solely to the company. The overall program does not result in a material cost to the company.

**Matching Gifts.** To further GE's support for charities, non-employee directors are able to participate in GE's educational and more gifts-more givers programs on the same terms as GE's senior officers. Under those programs, GE will match up to \$100,000 a year in contributions by the director to an institution of higher education or other charity approved by the GE Fund.

**Insurance.** GE has provided liability insurance for its directors and officers since 1968. ACE Insurance, XL Insurance and Berkshire Hathaway are the principal underwriters of the current coverage, which extends until June 11, 2003. The annual cost of this coverage is approximately \$22.1 million. GE also provided each non-employee director with group life and accidental death insurance in the aggregate amount of \$150,000.

**Table of Contents**

**Non-employee Directors Compensation and Benefit Program in 2003**

In December 2002, the nominating and corporate governance committee recommended, and the board approved, an entirely new compensation and benefit program for non-employee directors, which became effective January 1, 2003. In developing its recommendations, the committee was guided by the following goals: compensation should fairly pay directors for work required in a company of GE's size and scope; compensation should align directors' interests with the long-term interests of shareowners; and the structure of the compensation should be simple, transparent and easy for shareowners to understand.

**Compensation.** Under the new program, annual compensation of \$250,000 will be paid to each non-employee director in four installments following the end of each quarter of service, 40% (or \$100,000) in cash and 60% (or \$150,000) in deferred stock units (DSUs). This will replace, and be comparable in value to, the old program of a \$75,000 annual retainer, \$2,000 fee for each board and committee meeting attended, and an annual grant of 18,000 stock options, which had an estimated value of about \$168,000 when the board approved the new program. The board abolished meeting fees because attendance is expected at all scheduled board and committee meetings, absent exceptional cause. Each DSU will be equal in value to a share of GE stock, but will not have voting rights. DSUs will accumulate regular quarterly dividends which shall be reinvested in additional DSUs. The DSUs will be paid out in cash to non-employee directors beginning one year after they leave the board. Directors may elect to take their DSU payments as a lump sum or in equal payments spread out for up to ten years.

Additional compensation, equal to 10% of the \$250,000 annual compensation, will be paid to directors serving on the audit committee or the management development and compensation committee. Directors serving on both committees will receive additional compensation equal to 20% of annual compensation. These additional payments of \$25,000 for service on each committee are due to the workload and broad-based responsibilities of these two committees. These additional payments will be made in the same 40%-60% proportion between cash and DSUs, and will be payable in the same manner as the annual compensation. If they wish, non-employee directors may defer some or all of their cash payments in DSUs.

**Stock Options.** Although the board considers stock options to be one extremely important element of incentive and retention compensation for senior executives and other key employees as part of a multi-faceted, multi-purpose approach to employee compensation, the board has determined not to recommend renewal of a stock option plan for non-employee directors to simplify directors' compensation and because DSUs more closely align the directors' interests with the long-term interests of shareowners. Also, in view of the new compensation program discussed above, the non-employee directors waived their right to receive a final grant under the old plan that would otherwise have been made on January 31, 2003. The board also determined that

**Table of Contents**

options that were previously granted to non-employee directors and that are still outstanding will be subject to the same holding period requirements as options held by senior executives. Specifically, like the employee directors and other senior executives, the non-employee directors will be required to hold for at least one year the net shares obtained from exercising stock options after selling sufficient shares to cover the exercise price and taxes.

Retirement Program. As previously noted, the non-employee directors' retirement program was terminated prospectively by the board in 2001. Effective January 1, 2003, the board also terminated the plan retroactively by replacing the grandfathered actuarial values that directors have under the program with DSUs having an equivalent value. The board did this to remove any possibility that a director's conduct could appear to be influenced by a personal interest in remaining a director until retirement in order to qualify for retirement payments. Like the DSUs the directors receive as part of their annual compensation, these DSUs precisely track performance of GE stock, will accumulate dividends and will be payable beginning one year after the director leaves the board. The actuarial value of the grandfathered pension rights, as determined by an independent actuary, that were replaced with DSUs for the directors who had such rights, were: Cash (\$167,955); Fudge (\$147,095); Gonzalez (\$506,341); Jung (\$71,859); Langone (\$424,331); Lazarus (\$177,498); Nunn (\$313,769); Penske (\$446,817); Sigler (\$578,360); and Warner (\$178,056). For the same reason, the 5,000 restricted stock units granted to Messrs. Lafley, Larsen and Swieringa when they joined the board in 2002 have been converted to DSUs payable beginning one year after they leave the board.

Matching Gift and Charitable Award Programs. The non-employee directors will continue to