

GE CEO Turns Down Bonus For Second Straight Year

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General Electric Co. said Friday that Chief Executive Jeffrey Immelt did not receive 2009 bonus, the second straight year he gave up extra pay as the industrial and financial conglomerate struggled with one of its worst years on record.

GE's board of directors agreed to Immelt's request not to grant him a bonus even though it concluded he had performed well during a brutal year for the company, according a company filing with the Securities and Exchange Commission. Immelt's last bonus was in 2007 and amounted to \$5.8 million.

Last year was painful for GE, which makes everything from kitchen appliances to power plant turbines.

The company's shares fell 80 percent early in 2009 before recovering somewhat. GE lost its top credit rating due to the struggles of its GE Capital lending unit. Immelt and the GE board cut GE's dividend by 68 percent to conserve cash and decided to take part in a federally backed program to raise debt when credit dried up.

"Jeff recognizes that it was a challenging year in which he had to make some difficult decisions that he is convinced were in the best interests of GE but that can only be assessed over a period longer than the last 18 months," GE spokeswoman Anne Eisele said, explaining Immelt's decision not to take a bonus.

However, GE did not leave Immelt empty-handed. He was paid a \$3.3 million salary, the same as a year ago, and granted him 150,000 performance share units worth \$1.8 million that will convert to GE stock if the company meets certain financial goals. GE also gave Immelt 2 million in stock options Thursday worth between \$7 million and \$8 million, though those options do not appear on his 2009 pay package.

Overall, Immelt's 2009 pay fell slightly to about \$5.6 million, from \$5.7 million in 2008. It also fell below the compensation of the four other top GE executives listed on GE's proxy, who all received bonuses.

In a letter to GE shareholders, Immelt said that the "world has been reset" by the sharp economic decline over the past two years. GE is in the process of cutting down the size of GE Capital, which once made up half of the company's overall profits but is still saddled by a big number of bad loans.

GE, which is based in Fairfield, Conn., has turned to its industrial divisions, which

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Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

make jet engines, oil and gas drilling equipment and power plant turbines to lead it out of the recession. It has also reached a deal with cable operator Comcast to eventually sell its majority stake in NBC Universal, which includes the NBC network.

"GE must be an industrial company first," Immelt wrote.

GE expects that 2010 profits will be roughly flat with the \$11 billion it earned in 2009, which was down 37 percent from 2008.

The company forecasts a growth in earnings beginning in 2011.

The AP's calculations of total pay includes salary, bonus, incentives, perks, above-market returns on deferred compensation and the estimated value of stock options and awards granted during the year. The calculations exclude changes in the present value of pension benefits, and they sometimes differ from totals companies list in the summary compensation table of proxy statements filed with the SEC. during the year. The calculations exclude changes in the present value of pension benefits, and they sometimes differ from totals companies list in the summary compensation table of proxy statements filed with the SEC.

Source URL (retrieved on 04/25/2015 - 6:01pm):

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