

Introducing

Permissive Time Off for U.S. GE Exempt Employees

Transforming paid time off to meet YOUR needs

What is the permissive approach?

The permissive approach is a new method for paid time off that has replaced our traditional method. Under the new approach, we have eliminated Company-defined vacation, personal illness and personal business benefit plans. Instead, you take the time you need.

The permissive approach is another step in the simplification of our culture. It is in alignment with our efforts to foster an environment that allows you to balance work and personal commitments. Senior Professional Band and above employees transitioned to the permissive approach in 2015. All other exempt employees will transition effective April 1, 2016.

Why did GE make this change?

We believe GE is most successful when we empower and trust our employees. The permissive approach to paid time off allows us to act on GE's Beliefs, specifically to empower and inspire each other. The permissive approach empowers you to take the time you need.



Please print and keep this notice with Your Benefits Handbook for future reference.

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How does the permissive approach work?

Under the permissive approach to paid time off, you will take and be paid for the time off you require. We want and expect you to take the time you need, including time to relax and rejuvenate. As always, we ask that you coordinate all time off with your manager, continue to meet your goals and maintain satisfactory performance.

Questions?

Please refer to the enclosed permissive approach FAQs.

The Permissive Approach to Paid Time Off for U.S. Exempt employees

Transforming paid time off to meet YOUR needs

March 2016

Frequently asked questions and answers for *Exempt employees*

The permissive approach - An overview

Q1: What is the permissive approach to paid time off?

A1: This is an approach that empowers our employees to take the time off they need. This approach supports the significant cultural transformation we are undertaking within GE. It is a change that is tied directly to our GE Beliefs, specifically, *to empower and inspire each other*. The permissive approach to paid time off replaced the prior vacation, personal illness and personal business plans in 2015 for Senior Professional Band and above employees and is now being extended to all eligible exempt employees, adding Lead Professional Band, Professional Band and Lead Training Band employees, effective April 1, 2016.

Under the permissive approach to paid time off, you will take and are paid for the time off you require. We want and expect you to take the time you need, including time to relax and rejuvenate. As always, we ask that you coordinate all time off with your manager and continue to maintain satisfactory performance and meet your goals.

As was the case under the vacation plan, it is important to note that due to customer needs and important business deliverables, your manager may be unable to accommodate your request for time off on a specific date. However, under the permissive approach, you can expect your manager to discuss these constraints with you and explore options, if possible.

Q2: Why is the permissive approach to paid time off being extended to Lead Professional Band, Professional Band and Lead Training Band employees?

A2: The permissive approach brings our paid time off in line with the culture we are striving to achieve. It is in alignment with our efforts to foster an environment that allows you to integrate career, family and community commitments. Extending the permissive approach to paid time off to Lead Professional Band, Professional Band and Lead Training Band employees aligns all eligible exempt employees to a common approach for paid time off. This was an important objective to drive further paid time-off simplification.

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Q3: Does this mean vacation, personal illness and personal business time has been taken away from exempt GE employees?

A3: No, not at all. The three separate plans are going away, and this new approach allows you to take the time you need — whether for incidental illness, relaxing or taking care of personal needs. GE **supports** and **encourages** you to take the time you need, including time to relax and rejuvenate.

Q4. Is the permissive approach to paid time off the same thing as a Paid Time Off (PTO) program or plan?

A4. The permissive approach to paid time off is not a PTO program or plan. The permissive approach to paid time off provides flexibility so you may take the time that you need without the requirement to meet certain service requirements or accrue/earn time. A PTO plan, on the other hand, is a defined plan in which employees earn paid time off based on their years of service. The amount earned is accumulated in one “bucket” that typically covers paid time off for vacation, personal illness and personal business.

Q5. How are Holidays handled under the permissive approach?

A5. Designated holidays are treated separately from the permissive approach. You will continue to receive pay for absences on company designated holidays as you have in the past. Floating Holidays are considered part of the permissive approach.

Taking paid time off under the permissive approach – The basics

Q6. Can I take paid time off whenever I want?

A6. Under the permissive approach to paid time off, you coordinate your time off with your manager to take the time that you need and that your Business can support.

As was the case under the vacation plan, it is important to note that due to customer needs and important business deliverables, your manager may be unable to accommodate your request for time off on a specific date. However, under the permissive approach, you can expect your manager to discuss these constraints with you and explore options, if possible.

As a dedicated GE employee, we know you will also ensure your absence does not impact satisfactory performance. If your time off is eligible for approval under GE’s Salary Continuance Program (SCP) for disability, GE Parental Leave, the Family and Medical Leave Act (FMLA) or other state or local leave laws, you are still required to contact GE’s administrators for those benefits to initiate leave requests. More information about this process can be found in these FAQs as well as in *Your Benefit Handbook – Other Insurance and Disability and Vacation and Other Time Off* sections.

Q7. When should I use paid time off under the permissive approach?

A7. You should use paid time off under the permissive approach to take time off that you need after coordinating with your manager. Paid time off under the permissive approach should be used for absences that you would have historically utilized vacation, floating holiday or personal business time to be paid. Additionally, paid time off under the permissive approach can be used for incidental personal illness (meaning a periodic sick day when you do not expect to be absent for your own serious health condition for more than seven consecutive calendar days).

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Q8. Is there a maximum number of consecutive days that an employee can take under the permissive approach to paid time off?

A8. The amount of paid time off taken under the permissive approach should always be discussed with your manager. Under the permissive approach to paid time off, you coordinate your time off with your manager to take the time that you need and that your Business can support. As a dedicated GE employee, we know you will also ensure your absence does not impact satisfactory performance. If your time off is eligible for approval under GE's Salary Continuance Program (SCP) for disability, GE Parental Leave, the Family and Medical Leave Act (FMLA) or other state or local leave laws, you are still required to contact GE's administrators for those benefits to initiate leave requests.

Q9. Can the permissive approach to paid time off be used to create alternative work schedules?

A9. No, the permissive approach to paid time off cannot be used to create an alternative work schedule. If you need an alternative work schedule, please discuss this need with your manager and your Human Resources Manager to understand what options may be available to you in your Business.

Q10. Is there any guidance on reporting paid time off under the permissive approach?

A10. Under the permissive approach to paid time off, you coordinate your time off with your manager to take the time that you need and that your Business can support. As a dedicated GE employee, we know you will also ensure your absence does not impact satisfactory performance. Although there is no general absence reporting requirement for the permissive approach, reporting requirements for other plans and processes will remain unchanged - please see the Q&As #12 and #13 for more information. If your Business requires you to report your absences for project or product vouchering purposes, continue to follow your normal business practice.

Q11. If I am required to report my time off for project, product or accounting purposes, will I still be required to do so?

A11. Yes, if your Business requires you to report your absences for project, product or accounting vouchering purposes, you must continue to follow your normal business practice.

Q12. Am I still required to call the GE Disability Benefits and Leave Center (DBLC) when I will be absent for a reason covered by GE's Salary Continuance Program (SCP) for disability, GE Parental Leave or when I need to be absent for a reason covered under the FMLA or other leave law? (Please also refer to the section, *Taking time off for disability and other absences covered under the FMLA*)

A12. Yes, the requirement to contact the GE Disability Benefits & Leave Center (DBLC) as described below, remains unchanged. GE has record keeping requirements under the FMLA and other laws, and, in order for you to benefit from any job protection provided under those laws, or GE Parental Leave, you are required to follow these guidelines.

As soon as you expect to be absent for your own serious health condition lasting, or expecting to last, more than seven consecutive calendar days, you are required to call 1-800-392-0789, option 1. You will have seven calendar days after discharge from an emergency hospitalization to make this call, if applicable.

If you require an intermittent or reduced schedule leave or you need to take a continuous leave of fewer than

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seven calendar days under the FMLA or other leave laws for your own serious health condition, an ill or injured family member, or for GE Parental Leave you are required to call 1-800-392-0789, option 2. Foreseeable absences should be reported to this number at least 30 days in advance of the need for leave. If the absence is unforeseeable, you must contact the GE DBLC at this number as soon as practicable, generally the same or next business day from when you learn of the need for leave.

Q13. Can I use paid time off under the permissive approach while on an FMLA leave?

A13. When you are on an approved FMLA leave (or leave under other local leave law) and are not receiving disability SCP payments or GE Paid Parental Leave (PPL) benefits, then you will receive pay under the permissive approach to paid time off.

Q14. Am I required to give advance notice prior to being absent?

A14. You should continue to follow your Business' notice procedures and protocols with your manager as you did in the past. Occasionally, an emergency or illness may arise that prevents you from providing advanced notice of an absence. In all other situations, you are expected to give advance notice and coordinate time off with your manager to ensure that business needs can be met.

Q15. Do I earn or accrue time under the permissive approach to paid time off?

A15. No, no time is earned or accrued. Employees take the time off that they need.

Pregnancy/adoption and baby bonding

Q16. Will implementation of the permissive approach change any provisions of GE's parental leave benefit?

A16. Under GE's parental leave benefit, GE provides 4 weeks of Extended Parental Leave (EPL) after 6 weeks of Paid Parental Leave (PPL). EPL is an unpaid leave. However, employees covered under the permissive approach will receive pay under the permissive approach to paid time off while on approved EPL.

Q17. What if an employee needs to take additional permissive time beyond the approved period for maternity, paternity or adoption?

A17. In general all employees are expected to return to work at the end of the parental leave period. This is also the point where any job protections end (absent any protections under leave laws). GE's enhanced parental leave policy provides a generous amount of paid time off for employees under the permissive approach. If an employee needs additional time off, he or she should request an unpaid leave of absence.

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Taking time off for disability/ other absences covered under FMLA or other leave laws

Q18. What action must I take if I have a serious health condition and expect to be out of the office for more than seven (7) consecutive days?

A18. You are required to contact the GE DBLC at 1-800-392-0789, option 1, as soon you expect to be absent for your own serious health condition for more than seven (7) consecutive calendar days or within seven calendar days after discharge from an emergency hospitalization. You will be paid under the permissive approach for the first seven calendar days of the disability qualifying absence. After seven days of disability absence disability (SCP) payments begin, and continue for the remainder of the time you are approved for benefits under the SCP plan. Note that business specific requirements regarding service tenure and performance will continue to determine whether your Business will approve SCP income replacement of 100 % of your pay.

Q19. What do I do when I have a serious health condition and expect to be absent for fewer than seven (7) consecutive days, require an intermittent or reduced-schedule leave or need to take time off under the FMLA or other leave laws?

A19. You may take paid time off under the permissive approach for incidental personal illnesses (meaning a periodic sick day when you do not expect to be absent for your own serious health condition for more than seven consecutive calendar days). However, you must contact the GE DBLC at 1-800-392-0789, option 2, if you require an intermittent or reduced schedule leave or if you need to take a continuous leave of fewer than seven calendar days under the FMLA or other leave laws for your own serious health condition.

Q20. What if I need time off to care for a family member or for another reason to which I am entitled under the FMLA or other leave laws?

A20. Assuming you are qualified under the law and you initiate and are approved for the leave, you may take that time off and will receive pay under the permissive approach for the approved period. All paid time off under the permissive approach utilized in this scenario will run concurrent with FMLA and/or other leave law under which you are taking your leave. Employees are required to contact the GE DBLC at 1-800-392-0789, option 2, to request leave under the FMLA or other leave laws to care for an ill or injured family member or for other reasons covered by these leave laws. It is important to report these types of leave to the GE DBLC so that you may benefit from the job protection provisions of those leave laws, if applicable.

Q21. If I take time off under the permissive approach, am I "guaranteed" a job when I return?

A21. Job protection is a component of the FMLA and many state and local leave laws. If you qualify for leave under the FMLA or other state or local leave laws, the paid time off that you take under the permissive approach runs concurrent with these laws. When you return to work directly from an FMLA leave of absence, you are normally entitled to your own job or a job of equal pay, benefits and working conditions. Under certain circumstances, such as a reduction in force affecting your job while you are out on the FMLA leave, you are not entitled to reinstatement, and may be placed on layoff at the conclusion of your leave. Other time off taken under the permissive approach, with the exception of time off for approved GE Parental Leave, is not job protected. Job protection under GE Parental Leave is similar to the protections described for FMLA leave above where certain circumstances could still impact your right to return. This is consistent with the historical treatment under the previous vacation, personal illness and personal business plans.

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Other leaves of absence

Q22. When should I use paid time off under the permissive approach instead of a personal leave of absence?

A22. If you are temporarily leaving your job to focus full-time on any non-work related pursuits, you should not use paid time off under the permissive approach. You should consider requesting a personal leave of absence. Generally, you should use permissive time for those absences that you would have historically utilized vacation or personal business time to be paid. Additionally, paid time off under the permissive approach can be used for incidental personal illnesses (meaning a periodic sick day when you do not expect to be absent for your own serious health condition for more than seven consecutive calendar days).

Q23. Can I use paid time off under the permissive approach for an educational leave of absence?

A23: No, if you are leaving your job to focus full-time on your education, you are not eligible for paid time off under the permissive approach. Time off in this situation is covered by GE's Educational Leave of Absence policy.

Q24. Am I still eligible for GE military differential pay?

A24. Paid time off for military leaves of absence is covered by GE's military leave benefits and is separate from the permissive approach for paid time off. If you are absent for annual training (up to 21 calendar days annually), active duty or active duty training, you are eligible for GE military differential pay. If you are absent for 30 or more days for active duty and you are in the reserves or National Guard, you will be placed on a military leave of absence and will be eligible for a one-month lump sum pay allowance plus on-going GE military differential pay for up to the first 35 months of the leave. For absences of 30 or more days when you are newly enlisting in the Uniformed Services, you will be placed on a military leave of absence, and you will be eligible for a one-month lump sum allowance with one year of continuous service. Contact the GE Leave of Absence Helpline at 1-866-524-2273 for assistance prior to taking a military leave.

Leaving the Company

Q25. What if I resign directly from paid time off under the permissive approach?

A25. You should not take paid time off under the permissive approach if you do not intend to return to work. If you intend to return and something unexpected occurs that leads you to resign, you must inform your HRM immediately to terminate your employment with GE to ensure compliance with legal requirements, as applicable.

Q26. Can I use paid time off under the permissive approach to bridge to a separation event such as retirement or layoff?

A26. No, you cannot take paid time off under the permissive approach unless you are coming back to work to perform substantial services (e.g. coming back for a day or two to clean out your office or transition work to others would *not* be considered substantial services). When you intend to terminate or retire, you must do so from active employment.

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Q27. Can I take permissive paid time off and then immediately terminate service or retire?

A27. No, you cannot take permissive paid time unless you are coming back to work to perform substantial services (i.e., for a day or two to clean out your office or transition work to others would *not* be considered substantial services). When you intend to terminate or retire, you must do so from active employment.

Other topics

Q28. How is the permissive approach to paid time off a simplification opportunity for the Company?

A28. Historically, GE has had separate vacation, personal illness and personal business plans for salaried employees. The vacation plan was a calendar year plan. The personal illness and personal business plans were 365-day rolling plans. There were two ways to earn vacation, the Annual Allotment method and the *Earn As You Go* method. This variation caused confusion and resulted in many requests for clarification. The permissive approach to paid time off is a simple and consistent approach for all eligible employees.

Q29. How is the permissive approach to paid time off a simplification opportunity for me?

A29. In the past, employees had to understand the different types of time off that were covered by each plan. For example, employees who were taking a day off because they had a cold would have used personal illness time. However, if employees were taking a day off because their child had a cold, they used a vacation day. Personal illness time was used only for the employee's illness. To complicate matters further, employees and managers were sometimes unsure about what legitimate reasons applied to allow use of a personal business day. The permissive approach to paid time off is simpler. Employees take the time off they need in coordination with their managers. You no longer need to worry about classifying your time off.

Q30. If I believe that my manager is not applying the permissive approach to paid time off correctly or fairly, what do I do?

A30. You should discuss your concern with your Human Resources Manager or your one-over-one manager.

Q31. If I am unsure about the amount of time I should take under the permissive approach to relax and rejuvenate what should I do?

A31. We want and expect you to take the time you need, including time to relax and rejuvenate. Over time, we believe employees will become more comfortable with the flexibility of the permissive approach. However, if you are unsure about the amount of time you should take under the permissive approach to relax and rejuvenate, you can consider using the amount of time previously available to you under the vacation plan as a rough gauge.

Q32. Will the special provisions under the GE Vacation Plan for employees who work and report extended hours or who have a current rate of pay lower than the prior December 31 rate (often referred to as "vacation average hours" and "vacation rate of pay") continue to apply?

A32. The special provisions that applied under the GE Vacation Plan, which do not typically apply to exempt employees, will not apply under the permissive approach to paid time off. The amount of pay employees receive when they take time off under the permissive approach will be based on regularly scheduled hours and normal straight-time earnings for a regularly scheduled workweek (normally 40 hours)—at the time of an absence under the permissive approach. Normal straight-time earnings include the night-shift bonus for regular night-shift employees, and do not include overtime.

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Q33. Will the GE Your Benefits Handbook be updated to reflect the change to the permissive approach to time off?

A33. Yes, the benefits handbook will be updated to include information about the permissive approach to paid time off.

Q34. Will there be a payout under the former vacation plan for employees who work in CA, MT, or NE at the time of the transition to the permissive approach to paid time off?

A34. All active LBP, PB and LTB employees in CA, MT, and NE will receive a payout as of March 31, 2016, for one quarter of annual vacation eligibility less taken amounts as recorded in a time and attendance system.

For those employees on annual allotment who terminate in 2016 after March 31, another payout will be made upon separation equal to full year eligibility less any days taken as of March 31, as recorded in a time and attendance system and not previously paid out.

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