

GENERAL ELECTRIC CO
Form 11-K
June 21, 2016
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

Annual Report Pursuant to Section 15(d) of the
Securities Exchange Act of 1934

(Mark One)

Annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934 (No Fee Required)
For the fiscal year ended December 31, 2015

OR

Transition report pursuant to Section 15(d) of the Securities Exchange Act of 1934 (No Fee Required)
For the transition period from ___ to ___

Commission file number 001-00035

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

GE RETIREMENT SAVINGS PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

General Electric Company
3135 Easton Turnpike
Fairfield, Connecticut 06828-0001

GE RETIREMENT SAVINGS PLAN

Financial Statements and Supplemental Schedule

December 31, 2015 and 2014

(With Report of Independent Registered Public Accounting Firm Thereon)

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Supplemental
Schedule: ⁽ⁱ⁾

Schedule H,
Line 4i –
Schedule of
Assets (Held
at End of 19 - 24
Year)
as of
December
31, 2015

Exhibits:
23 Consent
of
Independent
Registered
Public
Accounting
Firm

⁽ⁱ⁾ Schedules required by Form 5500 that are not applicable have not been included.

Report of Independent Registered Public Accounting Firm
General Electric Company, as Administrator
GE Retirement Savings Plan:

We have audited the accompanying statements of net assets available for plan benefits of the GE Retirement Savings Plan (the Plan) as of December 31, 2015 and 2014, and the related statements of changes in net assets available for plan benefits for each of the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of the Plan as of December 31, 2015 and 2014, and the changes in net assets available for plan benefits for the years then ended, in conformity with U.S. generally accepted accounting principles.

The supplemental information in the accompanying schedule H, line 4i – schedule of assets (held at end of year) as of December 31, 2015, has been subjected to audit procedures performed in conjunction with the audit of the Plan's 2015 financial statements. The supplemental information is presented for the purpose of additional analysis and is not a required part of the financial statements but include supplemental information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

The supplemental information is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information in the accompanying schedule H, line 4i – schedule of assets (held at end of year) as of December 31, 2015, is fairly stated in all material respects in relation to the 2015 financial statements as a whole.

/s/KPMG LLP
Albany, New York
June 15, 2016

GE RETIREMENT SAVINGS PLAN

Statements of Net Assets Available for Plan Benefits

December 31, 2015 and 2014

(in thousands)

| | 2015 | 2014 |
|---|--------------|--------------|
| Assets: | | |
| Investments at fair value (notes 3 and 4) | \$28,156,362 | \$26,517,822 |
| Notes receivable from participants | 435,736 | 434,171 |
| Employer contribution receivable | 7,549 | 3,432 |
| Accrued dividends and interest | 84,221 | 89,517 |
| Other assets | 32,669 | 54,343 |
| Total assets | 28,716,537 | 27,099,285 |
| Liabilities: | | |
| Other liabilities | 63,165 | 49,266 |
| Total liabilities | 63,165 | 49,266 |
| Net assets available for plan benefits | \$28,653,372 | \$27,050,019 |

See accompanying notes to financial statements.

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GE RETIREMENT SAVINGS PLAN

Statements of Changes in Net Assets Available for Plan Benefits
 Years Ended December 31, 2015 and 2014
 (in thousands)

| | 2015 | 2014 |
|--|--------------|--------------|
| Additions to net assets attributed to: | | |
| Investment income: | | |
| Net appreciation (depreciation) in fair value of investments | \$1,323,101 | \$(885,137) |
| Interest and dividend income: | | |
| Common stock | 337,538 | 349,480 |
| Registered investment companies | 617,406 | 756,497 |
| Other investments | 13,828 | 9,295 |
| | 2,291,873 | 230,135 |
| Interest on notes receivable from participants | 18,562 | 18,937 |
| Contributions: | | |
| Employee | 1,131,091 | 1,090,534 |
| Employer | 505,011 | 465,519 |
| | 1,636,102 | 1,556,053 |
| Total additions | 3,946,537 | 1,805,125 |
| Deductions from net assets attributed to: | | |
| Participant withdrawals | 2,343,184 | 2,135,958 |
| Net increase (decrease) | 1,603,353 | (330,833) |
| Net assets available for plan benefits at: | | |
| Beginning of year | 27,050,019 | 27,380,852 |
| End of year | \$28,653,372 | \$27,050,019 |

See accompanying notes to financial statements.

GE RETIREMENT SAVINGS PLAN

Notes to Financial Statements

December 31, 2015 and 2014

(1) Description of the Plan

The GE Retirement Savings Plan (the "Plan") is a defined contribution plan sponsored by General Electric Company ("the Company").

The Plan is subject to applicable provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). The assets of the Plan are held in and invested through the GE Retirement Savings Trust (the "Trust"). Fidelity Investments is the Plan's recordkeeper. The Plan Trustees (all of whom are officers of GE Asset Management Incorporated ("GEAM"), a wholly owned subsidiary of the Company) have appointed Fidelity Management Trust Company ("FMTC") as the directed Trustee of the Trust.

GEAM is the investment adviser to six of the Plan's investment options, which include actively managed funds in equity and fixed income asset classes. BlackRock Institutional Trust Company, N.A. ("BlackRock") is the investment adviser to six of the Plan's investment options, which include passively managed funds in equity and fixed income classes (collectively referred to herein as the "Index Funds"). AllianceBernstein, L.P. ("AllianceBernstein") is the investment adviser to the Plan's suite of thirteen Target Retirement Date Funds. Evercore Trust Company, N.A. ("Evercore") is the independent fiduciary and investment manager for the Synchrony Stock Fund. Effective July 15, 2014, State Street Global Advisors, a division of State Street Bank and Trust Company ("SSgA") became the investment manager for the GE RSP Government Money Market Fund, replacing GEAM. State Street Bank and Trust Company is the custodian of all Plan assets except for the GE Stock Fund, the Synchrony Stock Fund, the Index Funds and the U.S. Bond Fund (as defined below). FMTC is the custodian of the GE Stock Fund and the Synchrony Stock Fund. Blackrock is the custodian of the Index Funds. The Federal Reserve Bank is the custodian of the United States Savings Bonds in the U.S. Bond Fund.

The following description of the Plan is provided for general information purposes only. The complete terms of the Plan are provided in the GE Retirement Savings Plan document (the "Plan Document"). Additional Plan information including benefits, investment options, vesting provisions and effects of plan termination is included in Plan handbooks and other material distributed to participants.

Employee Contributions and Investment Options

Eligible employees of the Company and participating affiliates may participate in the Plan by investing up to 30% of their eligible earnings in one or more of the following investment options:

General Electric Common Stock Fund (the "GE Stock Fund") – The GE Stock Fund invests at least 98% of its assets (a) in GE common stock, with the remainder held in cash or cash equivalents to provide for the GE Stock Fund's estimated liquidity needs.

GE RSP Income Fund (the "Income Fund") – The Income Fund managed by GEAM seeks a high interest rate of (b) return over a long-term period consistent with the preservation of capital by investing at least 80% of its net assets in debt securities.

GE RSP U.S. Equity Fund (the "U.S. Equity Fund") – The U.S. Equity Fund managed by GEAM seeks long-term (c) growth of capital and income by investing at least 80% of its net assets in equity securities of U.S. companies, such as common and preferred stocks.

GE Institutional International Equity Fund (the "International Fund") – The International Fund managed by GEAM (d) seeks long-term growth of capital by investing at least 80% of its net assets in equity securities, such as common and preferred stocks. The International Fund invests primarily in companies in both developed and emerging market countries outside the United States.

GE RETIREMENT SAVINGS PLAN

Notes to Financial Statements

December 31, 2015 and 2014

GE Institutional Small-Cap Equity Fund (the "Small-Cap Fund") – The Small-Cap Fund managed by GEAM seeks (e) long-term growth of capital by investing at least 80% of its net assets in equity securities of smaller companies, such as common and preferred stocks.

GE Institutional Strategic Investment Fund (the "Strategic Investment Fund") – The Strategic Investment Fund (f) managed by GEAM seeks maximum total return (total return includes both income and capital appreciation) by investing primarily in a combination of U.S. and Non-U.S. equity and debt securities and cash.

Non-U.S. Equity Index Fund – A collective investment trust maintained and managed by BlackRock that seeks investment results that correspond generally to the investment performance of the Morgan Stanley Capital (g) International All Country World Index (MSCI ACWI) ex-U.S. Net Dividend Return Index by investing in a portfolio of international equity securities to approximate, as closely as practicable, the capitalization weighted total rates of return of the markets in certain countries for publicly traded equity securities.

U.S. Aggregate Bond Index Fund – A collective investment trust maintained and managed by BlackRock that seeks (h) investment results that correspond generally to the investment performance of the Barclays U.S. Aggregate Bond Index by investing in a representative sample of securities that collectively has an investment profile similar to the index.

U.S. Large-Cap Equity Index Fund – A collective investment trust maintained and managed by BlackRock that seeks (i) investment results that correspond generally to the investment performance of the S&P 500 Index by investing in large companies within the United States.

U.S. Mid-Cap Equity Index Fund – A collective investment trust maintained and managed by BlackRock that seeks (j) investment results that correspond generally to the investment performance of the S&P Mid-Cap 400 Index by investing in medium-sized companies within the United States.

U.S. Small-Cap Equity Index Fund – A collective investment trust maintained and managed by BlackRock that (k) seeks investment results that correspond generally to the investment performance of the Russell 2000 Index by investing in smaller companies within the United States.

U.S. Treasury Inflation-Protected Securities Index Fund (the "U.S. TIPS Index Fund") – A collective investment (l) trust maintained and managed by BlackRock that seeks investment results that correspond generally to the investment performance of the Barclays U.S. Treasury Inflation-Protected Securities Index by investing in substantially all of the securities that make up the index.

GE RSP Short-Term Interest Fund (the "ST Interest Fund") – The ST Interest Fund managed by GEAM seeks to (m) preserve principal and achieve a market-related interest rate of return by investing primarily in a variety of investment-grade debt securities, such as U.S. government securities, asset-backed securities, corporate bonds and money market instruments.

GE RSP Government Money Market Fund (the "Money Market Fund"), formerly GE RSP Money Market Fund – (n) The Money Market Fund managed by SSgA seeks a high level of current income consistent with the preservation of capital and maintenance of liquidity by investing at least 99.5% of its net assets in short-term U.S. government securities, cash and/or repurchase agreements that are collateralized by cash or U.S. government securities.

United States Savings Bonds (the "U.S. Bond Fund") – The Savings Bonds available under this option are Series (o) "EE" Savings Bonds issued by the U.S. Treasury. The Savings Bonds mature 30 years after their issue date and earn interest based on market yields for Treasury securities. Each May 1 and November 1, the U.S. Government sets the rates for the Savings Bonds that apply for the next six months. Principal and accrued interest are credited when the Savings Bond is redeemed or on its maturity date. Until a Plan participant has accumulated sufficient funds to purchase a Savings Bond, the amounts in the participant's account are invested in money market instruments and other short-term debt securities. Effective September 8, 2014, this option was closed to new investments.

GE RETIREMENT SAVINGS PLAN
 Notes to Financial Statements
 December 31, 2015 and 2014

Target Retirement Date Funds (the "TRD Funds") – The TRD Funds are daily valued separate accounts managed by AllianceBernstein. The investment objective of each TRD Fund is to seek the highest total return (total return includes capital appreciation and income) over time consistent with an appropriate degree of risk, and a specified allocation among various types of assets. To achieve its investment objective, each TRD Fund invests in a combination of underlying investment funds representing a variety of asset classes (the "Underlying Funds"). A (p) TRD Fund's asset allocation changes over time and is expected to gradually shift from a combination of Underlying Funds that emphasizes investment in stocks to a combination of Underlying Funds that is more conservative and invests in bonds, stocks, and short-term investments. Approximately 15 years after the target retirement date, the target asset allocation is expected to reach a "landing point" and become static. The suite of Target Retirement Date Funds includes the following:

| | | |
|----------------------------------|----------------------------------|----------------------------------|
| Target Retirement Income Fund | 2025 Target Retirement Date Fund | 2050 Target Retirement Date Fund |
| 2005 Target Retirement Date Fund | 2030 Target Retirement Date Fund | 2055 Target Retirement Date Fund |
| 2010 Target Retirement Date Fund | 2035 Target Retirement Date Fund | 2060 Target Retirement Date Fund |
| 2015 Target Retirement Date Fund | 2040 Target Retirement Date Fund | |
| 2020 Target Retirement Date Fund | 2045 Target Retirement Date Fund | |

Synchrony Stock Fund – The Synchrony Stock Fund was established on November 23, 2015 as a temporary investment option in connection with the Company's one-time offer in 2015 to exchange shares of Synchrony Financial common stock for shares of GE common stock. The Synchrony Stock Fund is expected to invest at least (q)95% of its assets in Synchrony Financial common stock, with the remainder held in cash or cash equivalents to provide for the Synchrony Stock Fund's estimated liquidity needs. This fund is closed to new investments and the terms of the Plan require that the Synchrony Stock Fund be liquidated as soon as reasonably practicable following the one-year anniversary of its establishment. Upon liquidation, the Synchrony Stock Fund will be eliminated.

The GE Stock Fund, Income Fund, U.S Equity Fund, International Fund, Small-Cap Fund, Strategic Investment Fund, Index Funds, ST Interest Fund, Money Market Fund, U.S. Bond Fund, the TRD Funds and the Synchrony Stock Fund are collectively referred to herein as the "Funds".

The Income Fund, U.S. Equity Fund, International Fund, Small-Cap Fund and Strategic Investment Fund are registered investment companies subject to specific disclosure and other requirements. The following Plan information is available to participants and eligible employees upon request or may be obtained online at the Plan's website: audited financial statements and prospectuses or other disclosure documents of the registered investment companies; fund profiles for the GE Stock Fund, ST Interest Fund, Money Market Fund, U.S. Bond Fund, Index Funds, TRD Funds and the Synchrony Stock Fund; and the GE Retirement Savings Plan Supplemental Information document containing certain information regarding all Funds. Certain of the above documents comprising this Plan information are also affirmatively provided to participants and eligible employees in compliance with the requirements of the Department of Labor.

The Plan permits participants to invest compensation on which income taxes have and have not been paid ("after-tax" and "pre-tax", respectively). The United States Internal Revenue Code ("IRC") limits the amount of pre-tax contributions that can be made each year. The limit for participants under age 50 was generally \$18,000 and \$17,500 in 2015 and 2014, respectively. For participants who were at least age 50 during the year, the limit was generally \$24,000 and \$23,000 in 2015 and 2014, respectively. The Plan also permits participants to make Roth contributions, which are combined with pre-tax contributions for purposes of these limits.

Participants may switch their investment balances (including rebalancing) up to 12 times each quarter. Restrictions on such switches include a prohibition against switching balances into the U.S. Bond Fund and the Synchrony Stock Fund and certain restrictions on a participant's ability to engage in frequent trading in response to Securities and Exchange Commission requirements governing mutual funds.

GE RETIREMENT SAVINGS PLAN

Notes to Financial Statements

December 31, 2015 and 2014

Employer Contributions

The Plan generally provides for employer matching contributions of 50% of employees' contributions of up to 7% of their earnings, that is, a 3.5% maximum matching contribution. For certain eligible employees, whose first day of work was on or after January 1, 2005, such matching contributions are generally 50% of employees' contributions of up to 8% of earnings, that is, a 4% maximum matching contribution.

Certain eligible salaried employees (whose first day of work is on or after January 1, 2011) and certain eligible production employees (whose first day of work is on or after January 1, 2012) also receive a Company Retirement Contribution generally equal to 3% of their earnings, irrespective of any employee contributions. Those production employees may also be eligible for an Additional Company Retirement Contribution ("ACRC") equal to \$600 per year credited in the following January and a one-time additional \$300 for a total of \$900 credited in January 2016.

Hereinafter, the Company Retirement Contribution and the ACRC shall be referred to collectively as "Company Retirement Contributions" ("CRCs"). The CRCs are in addition to the employer matching contribution. A participant who does not have a regular investment election on file will be electing to invest the CRCs in the TRD Fund consistent with the participant's age.

Effective January 1, 2014, the Plan was amended to automatically enroll current and newly hired non-union employees who are eligible for CRCs and who have not made an affirmative election regarding the amount (if any) of their own savings as electing to contribute 8% of eligible pay as pre-tax contributions. This election entitles these employees to the maximum 4% matching contribution. A participant who does not have a regular investment election on file will be electing to invest these contributions in the TRD Fund consistent with the participant's age. These elections can be changed at any time before or after the employee is automatically enrolled.

Rollovers and Transfers from Other Qualifying Plans

Subject to Company approval, participants may elect to rollover amounts from other qualifying plans or arrangements in accordance with the IRC. For the years ended December 31, 2015 and 2014, transfers from other qualifying plans or arrangements were \$85.7 million and \$81.6 million, respectively, and are included in employee contributions in the statements of changes in net assets available for plan benefits.

Withdrawals

Subject to certain limitations prescribed by the Plan and the IRC, terminated participants may elect retirement or other termination withdrawals in either lump sum or partial payments. Currently, employed participants may make up to seven withdrawals per year and certain hardship withdrawals from their participant accounts (except with respect to amounts attributable to any CRCs, which are not available for withdrawal during employment). Partial payments on termination are generally limited to four per year and a minimum of \$500.

Notes Receivable from Participants

The Plan permits participants, under certain circumstances, to borrow a minimum of \$500 from their participant accounts (except with respect to amounts attributable to any CRCs, which are not available for loans). Subject to certain IRC and Plan limits, a participant may not borrow more than the lesser of 50% of that participant's available account value, as defined in the Plan Document, or \$50,000, adjusted for prior loans. The term of any loan is up to 4.5 years unless the loan is used to acquire a principal residence for which a term of up to 15 years may be permissible. The interest rate applicable to participant loans is based on the monthly average of the composite yield on corporate bonds, published by Moody's Investors Service. Prior to December 2009, the interest rates of individual loans were fixed for the shorter of the term of the loan or five years. Effective December 2009, the interest rates for new loans are fixed for the term of the loan.

GE RETIREMENT SAVINGS PLAN

Notes to Financial Statements

December 31, 2015 and 2014

Loans are repaid with interest in equal payments over the term of the loan by payroll deductions, personal check, or other such methods as may be required. Participants may repay the entire principal amount with written notice and without penalty. Effective October 1, 2015, partial prepayments in amounts not less than the regular repayment amount are permissible without penalty and without re-amortization of the remaining principal amount. A participant may have no more than two outstanding loans from the Plan at any time.

In the event of a loan default, the amount of the outstanding balance will be reported to the Internal Revenue Service in the year of the default as ordinary income.

Participant Accounts

Each participant's account is credited with the participant's contributions and CRCs (as applicable) and allocation of (a) employer matching contributions and (b) investment results. The benefit to which a participant is entitled is the value of the participant's vested account.

Vesting

Participants are fully vested in their employee contributions, employer matching contributions and related investment results. Participants receiving CRCs and related earnings generally become vested in those amounts once the participant completes three years of service.

In connection with the Company's April 10, 2015 announcement of its plan to dispose of a predominant share of General Electric Capital Corporation and its subsidiaries, the Plan was amended to provide earlier vesting to certain participants who experience a layoff in connection with that plan.

Forfeitures

During 2015 and 2014, forfeitures of approximately \$10.0 million and \$8.3 million, respectively, were used to reduce employer contributions in accordance with the terms of the Plan.

Plan Termination and Amendment

Although the Company has not expressed any intent to do so, it has the right under the Plan, to the extent permitted by law, to discontinue its contributions and to terminate the Plan in accordance with the provisions of ERISA. If the Plan is terminated, each participant's interest will be payable in full according to the Plan provisions. The Company also has the right under the Plan, to the extent permitted by law, to amend or replace the Plan for any reason.

Administrative and Investment Advisory Costs

Administrative costs of the Plan and investment advisory costs for the GE Stock Fund, ST Interest Fund, the Money Market Fund and the Synchrony Stock Fund are generally borne by the Company. For the registered investment companies, the Index Funds, and the TRD Funds, investment advisers receive a management fee for providing investment advisory services. These management fees are reflected in interest and dividend income for the registered investment companies and in net appreciation in fair value of investments for the Index Funds and TRD Funds on the statements of changes in net assets available for plan benefits.

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GE RETIREMENT SAVINGS PLAN

Notes to Financial Statements

December 31, 2015 and 2014

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

(b) Investments

Plan investments are reported at fair value. See notes 3 and 4 for additional information.

Investment transactions are recorded on a trade date basis. Dividends are recorded on the ex-dividend date. Interest income is earned from settlement date and recognized on the accrual basis. The net appreciation (depreciation) in the fair value of investments consists of the realized gains or losses on the sales of investments and the net unrealized appreciation (depreciation) of investments.

All portfolio securities of the Money Market Fund and any short-term money market instruments held by the ST Interest Fund with remaining maturities of sixty days or less at the time of purchase are valued on the basis of amortized cost, which approximates fair value.

More detailed information regarding these financial instruments, as well as the strategies and policies for their use, is contained in the documents described above under "Employee Contributions and Investment Options" in note 1.

(c) Fair Value Measurements

For financial assets and liabilities, fair value is the price the Plan would receive to sell an asset or pay to transfer a liability in an orderly transaction with a market participant at the measurement date. In the absence of active markets for the identical assets and liabilities, such measurements involve developing assumptions based on market observable data and, in the absence of such data, internal information that is consistent with what market participants would use in a hypothetical transaction that occurs at the measurement date.

Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect our market assumptions. Preference is given to observable inputs. These two types of inputs create the following fair value hierarchy:

Level 1 - Quoted prices for identical investments in active markets.

Level 2 - Quoted prices for similar investments in active markets; quoted prices for identical or similar investments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 - Significant inputs to the valuation model are unobservable.

The Company maintains policies and procedures to value investments using the best and most relevant data available. In addition, the Company retains independent pricing vendors to assist in valuing certain investments.

The following section describes the valuation methodologies used to measure investments at fair value.

When available, quoted market prices are used to determine the fair value of investment securities, and they are included in Level 1. Level 1 securities include GE common stock, Synchrony Financial common stock, registered investment companies, certain short-term money market instruments, and U.S. Savings Bonds.

GE RETIREMENT SAVINGS PLAN

Notes to Financial Statements

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The Plan's ownership in the collective funds is carried at fair value based on the investment's net asset value per unit and is included in Level 2.

When quoted market prices are unobservable, pricing information is obtained from an independent pricing vendor. The pricing vendor uses various pricing models for each asset class that are consistent with what other market participants would use. The inputs and assumptions to the model of the pricing vendor are derived from market observable sources including: benchmark yields, reported trades, broker/dealer quotes, issuer spreads, benchmark securities, bids, offers, and other market-related data. Since many fixed income securities do not trade on a daily basis, the methodology of the pricing vendor uses available information as applicable such as benchmark curves, benchmarking of like securities, sector groupings, and matrix pricing. The pricing vendor considers available market observable inputs in determining the evaluation for a security. Thus, certain securities may not be priced using quoted prices, but rather determined from market observable information. These investments are included in Level 2 and primarily comprise securities in the ST Interest Fund.

The Money Market Fund securities are typically valued on the basis of amortized cost which approximates fair value and these are included in Level 2. If it is determined that amortized cost does not approximate fair value, securities may be valued based on dealer supplied valuations or quotations. In these infrequent circumstances, the pricing service may provide the Plan with valuations that are based on significant unobservable inputs, and in those circumstances, the investment securities are classified in Level 3.

Plan securities that are valued using techniques other than market quotations, particularly securities that are "fair valued," are subject to valuation risk. The inputs or methodology used for valuing securities are not an indication of the risk associated with investing in those securities.

Annually, the Company conducts a review of the Plan's primary pricing vendor to validate that the inputs used in that vendor's pricing process are deemed to be market observable as defined in the standard. While the Company is not provided access to proprietary models of the vendor, the Company's review has included on-site walkthroughs of pricing processes, methodologies and control procedures for each asset class for which prices were provided. The Company's review also includes an examination of the underlying inputs and assumptions for a sample of individual securities across asset classes, credit rating levels and various durations. The Company believes that the prices received from the pricing vendor are representative of prices that would be received to sell the assets at the measurement date (exit price).