ercised the remainder of this option and sold all 40,000 shares at a price no higher than that which prevailed on this date,[6] Blough would net $1,846,500, giving him an average annual gain for the period since the grant of about $230,813. He would have to earn almost $2 million a year in salaries and bonuses in order to end up with an after tax income of $230,813.

[6] Actually Blough sold 7,000 shares at lower prices and donated another 1,700. But even at the lower prices, he received approximately three times as much for each of the 7,000 shares as he paid for them.

GENERAL ELECTRIC COMPANY

General Electric executives have held options on GE stock since 1953. In 1958, during negotiations on the question of employment security, GE offered its lower echelon employees an opportunity to purchase stock also. There were some differences however in the terms of the two offers.

Under the regular employees' program, GE workers would commit themselves to the regular purchase of GE stock at the full market price. Their purchases would be financed by their own savings plus a contribution which the company agreed to make *if the workers relinquished their right to part of an already negotiated wage increase.* The risk-free ride, the chance to wait and see which way stock values were moving and then buy at a bargain price, was missing from the 1958 offer.

While denying workers the special privileges granted to executives, the 1958 plan would have enhanced the value of executive stock options. Company officials estimated that as much as a million shares would have been purchased under the plan each year. This would have exerted an upward pressure on the price of GE stock and hence upon the value of the executive stock options.

Even though the plan was rejected by virtually all of the unions involved, GE executives have been doing quite well. The over-all figures

VALUE OF GENERAL ELECTRIC STOCK OPTIONS
(Based on May 8, 1959 Prices and Adjusted for Stock Splits)

Options Exercised, 1954-1958:		
Value as of May 8, 1959	$92,634,840	
Option Price	30,249,101	
Difference		$62,385,739
Options Outstanding, December 31, 1958: [7]		
Value as of May 8, 1959	$201,193,956	
Option Price	99,630,664	
Difference		$101,563,292
Total Increase in Value Over Option Price		$163,949,031

[7] Includes options granted but not exercisable as yet; they will become exercisable in installments during the next few years.