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IONICS INC
Form SC 13D
December 03, 2004

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 13D
Under the Securities Exchange Act of 1934

IONICS, INCORPORATED

(Name of Issuer)

COMMON STOCK, PAR VALUE \$1.00 PER SHARE 462218108

(Title of class of securities) (CUSIP number)

MICHAEL R. MCALEVEY
CHIEF CORPORATE AND SECURITIES COUNSEL
GENERAL ELECTRIC COMPANY
3135 EASTON TURNPIKE
FAIRFIELD, CT 06828
(203) 373-2967

WITH A COPY TO:
HOWARD CHATZINOFF
WEIL, GOTSHAL & MANGES LLP
767 FIFTH AVENUE
NEW YORK, NY 10153
(212) 310-8000

(Name, address and telephone number of person authorized to receive notices
and communications)

NOVEMBER 24, 2004

(Date of event which requires filing of this statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(b)(3) or (4), check the following box .

Note: When filing this statement in paper format, six copies of this statement, including exhibits, should be filed with the Commission. See Rule 13d-1(a) for other parties to whom copies are to be sent.

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall

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TYPE OF REPORTING PERSON:

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ITEM 1. SECURITY AND ISSUER

This statement on Schedule 13D relates to the common stock, par value \$1.00 per share ("Ionics Common Stock"), of Ionics, Incorporated, a Massachusetts corporation ("Ionics"). The address of Ionics' principal executive offices is 65 Grove Street, Watertown, Massachusetts 02472.

ITEM 2. IDENTITY AND BACKGROUND

This statement is filed by General Electric Company, a New York corporation ("GE"). The address of GE's principal office and principal place of business is 3135 Easton Turnpike, Fairfield, Connecticut 06828. GE is one of the largest and most diversified industrial corporations in the world. GE has engaged in developing, manufacturing and marketing a wide variety of products for the generation, transmission, distribution, control and utilization of electricity since its incorporation in 1892. Over the years, GE has developed or acquired new technologies and services that have broadened considerably the scope of its activities. GE's products include major appliances; lighting products; industrial automation products; medical diagnostic imaging equipment; electrical distribution and control equipment; locomotives; power generation and delivery products; nuclear power support services and fuel assemblies; commercial and military aircraft jet engines; engineered materials, such as plastics and silicones; and chemicals for treatment of water and process systems. GE's services include products services, electrical product supply houses; electrical apparatus installation and engineering, repair and rebuilding services and a wide variety of financial services.

For information with respect to the name, business address and present principal occupation (including the name and address of the corporation or organization in which such employment is conducted) of each executive officer and director of GE, see Schedule A attached hereto which is specifically incorporated herein by reference. All such persons are citizens of the United States unless otherwise noted on Schedule A.

Other than the SEC's Order Instituting Cease-and-Desist Proceedings, Making Findings, and Imposing a Cease-and-Desist Order Pursuant to Section 21C of the Act, SEC Release No. 34-50426 (September 23, 2004), neither GE nor, to the best of GE's knowledge, any of the persons listed on Schedule A hereto, during the last five years, has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors), or has been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction resulting in a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

ITEM 3. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION

The Voting Agreement described in Item 4 of this statement (the terms of which are hereby incorporated by reference) was entered into by GE and certain

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stockholders of Ionics (the "Stockholders") as an inducement to GE to enter into the Merger Agreement described in Item 4 (the terms of which are hereby incorporated by reference). GE did not pay additional consideration to the Stockholders in connection with the execution and delivery of the Voting Agreement. In addition, the Stockholders granted GE an irrevocable proxy for the purpose of voting the shares covered by the Voting Agreement. GE presently expects that the consideration paid by it to the holders of Ionics Common Stock following consummation of the Merger will be provided by GE from working capital.

ITEM 4. PURPOSE OF TRANSACTION

- (a)-(b) On November 24, 2004, GE, Triton Acquisition Corp., a Massachusetts corporation and a wholly owned subsidiary of GE ("Sub"), and Ionics entered into an Agreement and Plan of Merger (the "Merger Agreement") providing for the merger of Sub with and into Ionics (the "Merger"), with Ionics surviving the Merger as a wholly owned subsidiary of GE (the "Surviving Corporation"), upon the terms and subject to the conditions set forth in the Merger Agreement. Pursuant to the Merger Agreement, as of the Effective Time (as defined in the Merger Agreement), each issued and outstanding share of Ionics Common Stock (including each associated right to purchase Ionics Common Stock) (other than Ionics Common Stock held in treasury or owned by GE) will be converted into the right to receive \$44.00 in cash in accordance with the terms and conditions of the Merger Agreement. A copy of the Merger Agreement is included as Exhibit 1 hereto and the description of the Merger Agreement contained herein is qualified in its entirety by reference to Exhibit 1, which is incorporated herein by reference.

In connection with the execution of the Merger Agreement, in order to induce GE to enter into the Merger Agreement, GE and the Stockholders entered into a Voting Agreement, dated as of November 24, 2004 (the "Voting Agreement"). Pursuant to the Voting Agreement, the Stockholders have agreed, among other things, (a) to vote all the shares of Ionics Common Stock owned by them (i) in favor of the adoption of the Merger Agreement and the approval of the Transactions (as defined in the Merger Agreement), (ii) against any action or agreement that would result in a breach of any representation, warranty, covenant, agreement or other obligation of Ionics in the Merger Agreement, (iii) against any merger agreement or merger (other than the Merger Agreement and the Merger), consolidation, combination, sale of substantial assets, reorganization, recapitalization, dissolution, liquidation or winding up of or by Ionics or any other Takeover Proposal (as defined in the Merger Agreement) and (iv) against any agreement, amendment of Ionics' Articles of Organization and Bylaws or other action that is intended or could reasonably be expected to prevent, impede, interfere with, delay, postpone or discourage the consummation of the Merger; (b) during the period from the date of the Voting Agreement until any termination of the Voting Agreement in accordance with its terms, not to (except as contemplated by the Voting Agreement) (i) other

than pursuant to the Merger, sell, transfer (including by operation of law), give, pledge, encumber, assign or otherwise dispose of, or enter into any Contract (as defined in the Voting Agreement), option or other arrangement (including any profit sharing arrangement) or understanding with respect to the Transfer (as defined in the Voting Agreement) of, any Stockholder Shares (as defined in the Voting Agreement) owned by such Stockholders (or any interest therein), (ii) deposit any Stockholder Shares owned by such Stockholders into a voting trust or grant any proxies or enter into a voting agreement power of attorney or voting trust with respect to any Stockholder Shares, (iii) commit to do any of the foregoing or (iv) take any action that would make any representation or warranty of such Stockholders set forth in the Voting Agreement untrue or incorrect in any material respect or have the effect of preventing, disabling or delaying such Stockholders from performing any of its obligations under the Voting Agreement; and (c) not to as stockholders (either individually or through any representatives or agents) (i) solicit, initiate or knowingly facilitate or encourage (including by way of furnishing information) any inquiries or proposals that constitute, or may reasonably be expected to lead to, any Takeover Proposal, (ii) participate in any discussions or negotiations with any third party regarding any Takeover Proposal or (iii) enter into any agreement related to any Takeover Proposal. The Voting Agreement terminates upon the earlier to occur of (i) the Effective Time and (ii) the termination of the Merger Agreement in accordance with its terms. The name of each Stockholder and the number of shares of Ionics Common Stock held by such Stockholder and subject to the Voting Agreement as of November 24, 2004 are set forth on Schedule A thereto. A copy of the Voting Agreement is included as Exhibit 2 hereto and the description of the Voting Agreement contained herein is qualified in its entirety by reference to Exhibit 2, which is incorporated herein by reference.

- (c) Not applicable.
- (d) Upon consummation of the Merger, the directors of the Surviving Corporation shall be the existing directors of Sub, until the earlier of their resignation or removal or until their respective successors are duly elected (as the case may be) and qualified.
- (e)-(f) Not applicable.
- (g) Pursuant to the Merger Agreement, upon consummation of the Merger, the Articles of Organization and Bylaws of Ionics will be changed.
- (h)-(i) Upon consummation of the Merger, Ionics Common Stock will be delisted from the New York Stock Exchange and will become eligible for termination of registration pursuant to Section 12(g)(4) of the Securities Exchange Act of 1934, as amended.
- (j) Other than as described above, GE currently has no plans

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or proposals which relate to, or may result in, any of the matters listed in Items 4(a)-(i) of Schedule 13D (although GE reserves the right to develop such plans).

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ITEM 5. INTEREST IN SECURITIES OF THE ISSUER

- (a)-(b) As of November 24, 2004, the shares of common stock subject to the Voting Agreement consisted of 4,402,646 shares of Ionics Common Stock and represented approximately 19.3% of the issued and outstanding shares of Ionics Common Stock as of November 22, 2004, based on Ionics' representation in the Merger Agreement that there were 22,787,807 shares of Ionics Common Stock outstanding as of that date. By virtue of the Voting Agreement, GE may be deemed to share with the Stockholders the power to vote or, with certain exceptions, dispose of shares of Ionics Common stock subject to the Voting Agreement. However, GE is not entitled to any rights as a stockholder of Ionics as to the shares of Ionics Common Stock covered by the Voting Agreement. As a result of the Voting Agreement, GE may be deemed to be the beneficial owner of 4,402,646 shares, or approximately 19.3%, of Ionics Common Stock.

Pursuant to Rule 13d-4 under the Act, GE hereby states that this Schedule 13D shall not be deemed an admission that GE is, or for purposes of Section 13(d) of the Act, the beneficial owner of any of the equity securities of Ionics that are subject to the Voting Agreement. Except as set forth in this Item 5, neither GE nor, to the best of GE's knowledge, any person identified on Schedule A hereto, beneficially owns any shares of Ionics Common Stock.

- (c) Except as described in this Schedule 13D, there have been no transactions in the shares of Ionics Common Stock effected by GE or, to the best of GE's knowledge, any person identified on Schedule A hereto, during the last 60 days.
- (d)-(e) Not applicable.

This statement is being filed while GE is in the process of verifying information required in this Item 5 from its directors and executive officers. If GE obtains information concerning such individuals which would cause a change in the disclosure contained herein, an amendment to this statement will be filed that will disclose such change.

ITEM 6. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO SECURITIES OF THE ISSUER

The information set forth under Items 3, 4 and 5 and the agreements set forth on the Exhibits attached hereto are incorporated herein by reference. As described in Item 4, GE anticipates it will acquire the entire equity interest in Ionics pursuant to the Merger Agreement. Other than the Merger Agreement and the Voting Agreement described in Item 4, there are no contracts, arrangements, understandings or relationships (legal or otherwise) among GE or, to the best of GE's knowledge, any person listed on Schedule A hereto, and any person with respect to Ionics Common Stock.

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ITEM 7. MATERIAL TO BE FILED AS EXHIBITS

Exhibit 1. Agreement and Plan of Merger, dated as of November 24, 2004 among GE, Sub and Ionics (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K of Ionics filed on November 30, 2004).

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Exhibit 2. Voting Agreement, dated as of November 24, 2004 among GE and the Stockholders (incorporated by reference to Exhibit 99.1 to the Current Report on Form 8-K of Ionics filed on November 30, 2004).

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SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.
Date: December 3, 2004

GENERAL ELECTRIC COMPANY

By: /s/ Michael R. McAlevey

Name: Michael R. McAlevey

Title: Chief Corporate and Securities Counsel

EXHIBIT INDEX

- EXHIBIT 1. Agreement and Plan of Merger, dated as of November 24, 2004 among GE, Sub and Ionics (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K of Ionics filed on November 30, 2004).
- EXHIBIT 2. Voting Agreement, dated as of November 24, 2004 among GE and the Stockholders (incorporated by reference to Exhibit 99.1 to the Current Report on Form 8-K of Ionics filed on November 30, 2004).

SCHEDULE A

GENERAL ELECTRIC COMPANY

DIRECTORS

NAME -----	PRESENT BUSINESS ADDRESS -----	PRESENT PRINCIPAL OCCUPATION -----
J.I. Cash, Jr.	The Cash Concours 321 Arsenal Street Watertown, MA 02472	Retired Professor of Business Administration-Graduate School of Administration, Harvard University

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W. Castell	General Electric Company 3135 Easton Turnpike Fairfield, CT 06828	Vice Chairman of the Board and Executive Officer, General Electric Company; President and Chief Executive Officer, Healthcare
D.D. Dammerman	General Electric Company 3135 Easton Turnpike Fairfield, CT 06828	Vice Chairman of the Board and Executive Officer, General Electric Company; Chairman, General Electric Capital Services, Inc.
A. M. Fudge	Young & Rubicam, Inc. 285 Madison Avenue New York, NY 10017	Chairman and Chief Executive Officer, Young & Rubicam, Inc.
C.X. Gonzalez	Kimberly-Clark de Mexico, S.A. de C.V. Jose Luis Lagrange 103, Tercero Piso Colonia Los Morales Mexico, D.F. 11510, Mexico	Chairman of the Board and Chief Executive Officer, Kimberly-Clark de Mexico, S.A. de C.V.
J.R. Immelt	General Electric Company 3135 Easton Turnpike Fairfield, CT 06828	Chairman of the Board and Chief Executive Officer, General Electric Company
A. Jung	Avon Products, Inc. 1345 Avenue of the Americas New York, NY 10105	Chairman of the Board and Chief Executive Officer, Avon Products, Inc.

NAME -----	PRESENT BUSINESS ADDRESS -----	PRESENT PRINCIPAL OCCUPATION -----
A.G. Lafley	The Procter & Gamble Company 1 Procter & Gamble Plaza Cincinnati, OH 45202-3315	Chairman of the Board, President and Chief Executive, The Procter & Gamble Company
K.G. Langone	Invemed Associates, Inc. 375 Park Avenue New York, NY 10152	Chairman, President and Chief Executive Officer, Invemed Associates, Inc.
R.S. Larsen	Johnson & Johnson 100 Albany Street; Suite 200 New Brunswick, NJ 08901	Former Chairman of the Board and Chief Executive Officer, Johnson & Johnson
R.B. Lazarus	Ogilvy & Mather Worldwide 309 West 49th Street New York, NY 10019-7316	Chairman and Chief Executive Officer, Ogilvy & Mather Worldwide
S. Nunn	King & Spalding 191 Peachtree Street, N.E. Atlanta, Georgia 30303	Retired Partner, King & Spalding
R.S. Penske	Penske Corporation 2555 Telegraph Road Bloomfield Hills, MI 48302-0954	Chairman of the Board and President, Penske Corporation
R.J. Swieringa	S.C. Johnson Graduate School Cornell University 207 Sage Hall Ithaca, NY	Dean and Professor of Accounting, Johnson Graduate School of Management, Cornell University

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D.A. Warner III	J.P. Morgan Chase & Co., The Chase Manhattan Bank and Morgan Guaranty Trust Co. of New York 345 Park Avenue New York, NY 10154	Former Chairman of the Board, J.P. Chase & Co., The Chase Manhattan B Morgan Guaranty Trust Company of N
R. C. Wright	NBC Universal, Inc. 30 Rockefeller Plaza New York, NY 10112	Vice Chairman of the Board and Executive Officer, General Electric Company; Chairman and Chief Executive Officer, NBC Universal, Inc.

Citizenship

W. Castell	UK
C. X. Gonzalez	Mexico
A. Jung	Canada
All Others	U.S.A.

EXECUTIVE OFFICERS

NAME -----	PRESENT BUSINESS ADDRESS -----	PRESENT PRINCIPAL OCCUPATION -----
J.R. Immelt	General Electric Company 3135 Easton Turnpike Fairfield, CT 06828	Chairman of the Board and Chief E Officer
P.D. Ameen	General Electric Company 3135 Easton Turnpike Fairfield, CT 06828	Vice President and Comptroller
F. Beccalli	General Electric Company 3135 Easton Turnpike Fairfield, CT 06828	President and Chief Executive Off GE Europe
C.T. Begley	General Electric Company 2901 East Lake Road Erie, PA 16531	President and Chief Executive Off
D.L. Calhoun	General Electric Company 1 Neumann Way Cincinnati, OH 05215	Senior Vice President - GE Trans
J.P. Campbell	General Electric Company Appliance Park Louisville, KY 40225	Senior Vice President - Consumer - Americas
W.H. Cary	General Electric Company 3135 Easton Turnpike Fairfield, CT 06828	Vice President, Corporate Investo
K.A. Cassidy	General Electric Company 201 High Ridge Road Stamford, CT 06905-3417	Vice President and Treasurer

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W. Castell	General Electric Company 3135 Easton Turnpike Fairfield, CT 06828	Vice Chairman of the Board and Executive Officer, General Electric Company and Chief Executive Officer, GE Healthcare
W.J. Conaty	General Electric Company 3135 Easton Turnpike Fairfield, CT 06828	Senior Vice President - Human Resources

NAME -----	PRESENT BUSINESS ADDRESS -----	PRESENT PRINCIPAL OCCUPATION -----
P. Daley	General Electric Company 3135 Easton Turnpike Fairfield, CT 06828	Vice President - Corporate Business Development
D.D. Dammerman	General Electric Company 3135 Easton Turnpike Fairfield, CT 06828	Vice Chairman of the Board and Executive Officer, General Electric Company; Chairman, General Electric Capital Services, Inc.
B. B. Denniston	General Electric Company 3135 Easton Turnpike Fairfield, CT 06828	Vice President and General Counsel
S.C. Donnelly	General Electric Company One Research Circle Niskayuna, NY 12309	Senior Vice President - GE Global Research
S. Fitzsimons	General Electric Company 3135 Easton Turnpike Fairfield, CT 06828	Vice President, Financial Planning Analysis
Y. Fujimori	General Electric Company 21 Mita 1-chome Meguro-Ku 3d Floor Alto Tokyo, Japan 153-0062	Senior Vice President - GE Asia
A.H. Harper	General Electric Company 260 Long Ridge Road Stamford, CT 06927	Senior Vice President - GE Equipment Services
B.W. Heineman, Jr.	General Electric Company 3135 Easton Turnpike Fairfield, CT 06828	Senior Vice President - Law and Public Affairs and Secretariat
J.M. Hogan	General Electric Company P.O. Box 414 Milwaukee, WI 53201	Senior Vice President - GE Healthcare Technologies
J. Krenicki, Jr.	General Electric Company 1 Plastics Avenue Pittsfield, MA 01201	Senior Vice President - GE Advanced Materials

NAME -----	PRESENT BUSINESS ADDRESS -----	PRESENT PRINCIPAL OCCUPATION -----
M.A. Neal	General Electric Company	Senior Vice President -

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	260 Long Ridge Road Stamford, CT 06927	GE Commercial Finance
D.R. Nissen	General Electric Company 201 High Ridge Road Stamford, CT 06905-3417	Senior Vice President - GE Consumer Finance
J.A. Parke	General Electric Company 260 Long Ridge Road Stamford, CT 06927	Senior Vice President and Chief Financial Officer - GE Capital Se
R.R. Pressman	General Electric Company 5200 Metcalf Avenue Overland Park, KS 66501	Senior Vice President - GE Insurance
G.M. Reiner	General Electric Company 3135 Easton Turnpike Fairfield, CT 06828	Senior Vice President - Chief Information Officer
J. G. Rice	General Electric Company 4200 Wildwood Parkway Atlanta, GA 30339	Senior Vice President - GE Energy
K.S. Sherin	General Electric Company 3135 Easton Turnpike Fairfield, CT 06828	Senior Vice President - Finance and Chief Financial Offic
L.G. Trotter	General Electric Company 41 Woodford Avenue Plainville, CT 06062	Senior Vice President - GE Consumer & Industrial
W. A. Woodburn	General Electric Company 187 Danbury Road Wilton, CT 06897	Senior Vice President - GE Infrastructure
R. C. Wright	NBC Universal, Inc. 30 Rockefeller Plaza New York, NY 10112	Vice Chairman of the Board and Executive Officer, General Electr Company; Chairman and Chief Execu Officer, NBC Universal, Inc.

Citizenship

F. Beccalli	Italy
W. Castell	UK
S. Fitzsimmons	Ireland
Y. Fujimori	Japan
All Others	U.S.A.