



The Silver Word

General Electric Company

General Electric *does* bring good things to life – for its employees and for its shareholders. 1999 was a record year and first quarter 2000 was a record quarter for the company.

Named the most admired company by Fortune magazine, General Electric (GE) is one of the largest and most diversified industrial corporations in the world. Products range from household appliances, lighting, aircraft engines and plastics. In addition, GE also provides television, cable, Internet, distribution, engineering and financial services. The company employs 340,000 people and is located in 100 countries.

Three divisions of the company are gaining momentum. Through General Electric Capital Services, Inc., a wholly owned subsidiary, GE offers a broad array of financial services in sectors such as Equipment Management, Consumer Services, Mid-Market Financing, and Insurance. GE Medical Systems is a world leader in medical diagnostic imaging technology, services and healthcare productivity. Products include computed tomography (CT) scanners, x-ray equipment magnetic resonance imaging (MRI) systems, nuclear medicine cameras, ultrasound systems, monitoring devices and mammography systems. Through the National Broadcasting Company (NBC), GE delivers network television and provides cable, Internet and multimedia programming. The company owns MSNBC in partnership with Microsoft and maintains equity interests in Arts and Entertainment and The History Channel. GE also owns and operates CNBC and holds equity stakes in CNET, iVillage, Telescan, Talk City, Hoover's and 24/7 Media. NBC's Internet assets have merged with Snap.com and XOOM.com to form NBCi and will use Snap.com to integrate its broadcast, portal, and e-commerce services.

GE earns high marks for fully embracing the powers of eCommerce: it was recently announced that GE's online volume approached the two-billion dollar mark enhanced by the addition of its new upgraded GE CustomerNet business-to-business web site. November was a busy month for the company in the area of telemedicine. GE Medical Systems completed its merger with OEC Medical Systems, an innovator in fluoroscopic and surgical x-ray imaging and signed an agreement to acquire MECON, a leading provider of Internet-based benchmarking and cost management solutions of healthcare systems.

Chairman and CEO John Welch is strongly committed to technology and eCommerce initiatives. Just in January of this year, the company signed an agreement with Microsoft to develop technology solutions that will interconnect home appliances. This agreement will enable a broad array of consumer devices to become part of a wireless network, giving consumers access to their appliances at the touch of a button. In March, GE

Information Services announced the creation of two new companies – GE Global Exchange Services and GE Systems Services. Backed by GE Electric, these companies will provide comprehensive services for global business-to-business Internet commerce. And just this week, GE Global eXchange Services announced a new partnership with Question.com, a leading eMarketplace relationship management company. The partnership offers electronic market participants an interactive online service that allows buyers to find answers to industry-related questions and suppliers to advise, educate and recommend solutions.

1999 was the best year in the company's 122-year history. Revenues reached an all time high of \$112 billion, up 11% from 1998 and earnings rose 15% to \$10.7 billion, or \$3.27 per share. Return on equity increased 130 basis points to 25.2 % from 1998. The company is over leveraged however: the debt to equity ratio was 168% in 1999. Times interest earned, an indicator of solvency, was a little over 2.5 in 1999. It is obvious the company can pay its debts. If revenues, net income and earnings were not as strong, this could be a red flag but the company has operated at these levels for quite some time. Furthermore, high debt levels can show that a company is, first off, qualified for the debt and, as GE has proven, has the confidence and ability to repay it. Furthermore, debt provides the discipline to moderate expenses and maintain cash flows.

In the first quarter, revenues rose to a record \$30 billion, up 24% over last year's quarter and net income increased 20% to \$2.592 billion, or \$0.78 per share. GE Medical Systems announced two new revolutionary products – the GE Senographe 2000, the first fully digital and FDA-approved mammography systems and Innova 2000, the first digital cardiovascular x-ray system. GE Medical Systems also formed an Internet-based partnership, Global Healthcare Exchange that offers one-stop shopping for the purchase of health-care products and services. Also worth noting, GE's eBusiness activity launched the GE Financial Network (www.gefn.com).

The stock continues to bode well for shareholders. GE granted a 3-for-1 stock split in April and increased its dividend 17% to \$0.41 per share. Based on 1999 earnings of \$3.27 and dividends per share of \$1.46, the dividend payout ratio in 1999 was a hefty one at 45%.

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