



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 for the company, and first quarter 2000 was a record quarter.

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

Three of GE's divisions are gaining momentum. General Electric Capital Services, Inc., a wholly owned subsidiary, offers a broad array of financial services, including Equipment Management, Consumer Services, Mid-Market Financing and Insurance. GE Medical Systems is a world leader in medical diagnostic-imaging technology and services and healthcare productivity. The division's products include computed tomography (CT) scanners, x-ray equipment, magnetic resonance imaging (MRI) systems, nuclear medicine cameras, ultrasound systems, monitoring devices and mammography systems. National Broadcasting Company (NBC) 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 were merged with Snap.com and XOOM.com to form NBCi, which will use Snap.com to integrate broadcast, portal and e-commerce services.

GE earns high marks for fully embracing the powers of eCommerce. The company recently announced that, enhanced by its upgraded GE CustomerNet business-to-business web site, its online volume approached the \$2 billion mark. November was a busy month for the company in the telemedicine area. 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 for healthcare systems.

GE's Chairman and CEO, John Welch, is strongly committed to technology and eCommerce initiatives. In January of this year, the company signed an agreement with Microsoft to develop technology to interconnect home appliances. The goal of this venture is to 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 businesses – GE Global Exchange Services and GE Systems Services. These units will provide comprehensive services for global, business-to-business, Internet commerce. Just last week, GE Global eXchange Services announced the formation of a partnership with Question.com, a leading eMarketplace relationship management company. The partnership offers electronic market participants an interactive, online service that connects buyers with suppliers and facilitates the exchange of information between them.

1999 was the best year in GE'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 to 25.2 %, up 130 basis points from 1998. The company appears somewhat over-leveraged at first glance; the debt to equity ratio was 168% at year-end 1999. Times interest earned, an indicator of debt service capacity, was a little over 2.5 in 1999. However, given GE's history of consistent, profitable growth, its strong cash flow generation and high ratings from the credit rating agencies, it is obvious the company can service its debt obligations. Furthermore, debt helps enforce the discipline to moderate expenses and maintain cash flows.

In the first quarter, revenues rose to a record \$30 billion, up 24% year-over-year, and net income increased 20% to \$2.592 billion, or \$0.78 per share. GE Medical Systems announced two new products – the GE Senographe 2000, the first fully digital, FDA-approved, mammography system; 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 health-care products and services. Also worth noting, GE's eBusiness unit launched the GE Financial Network.

The stock continues to do well for shareholders. With reported 1999 earnings per share of \$3.27 and dividends per share of \$1.46, the dividend payout ratio is a hefty 45%. In December, GE increased its dividend by 17%, and in April the company split its stock 3 for 1.