

Businesses are changing . . . to meet the challenges of the new global economy

You read about it every day: "U. S. Air plans to buy Piedmont Airlines" . . . "General Motors restructuring for the future". . . "Greyhound goes out of the passenger-carrying bus business." Businesses seem to be changing constantly to meet the challenges of the new global economy.

"Change isn't always easy," says MCB General Manager Jim McNerney. "Sometimes it causes a great deal of stress. When one company buys another, or makes a dramatic change within its own structure, there's a lot of concern about how the changes will affect the people who make up the business.

"Without changes -- even if they're only small changes -- improvements in our personal lives and in the health of the business are impossible," Jim adds. "Even if

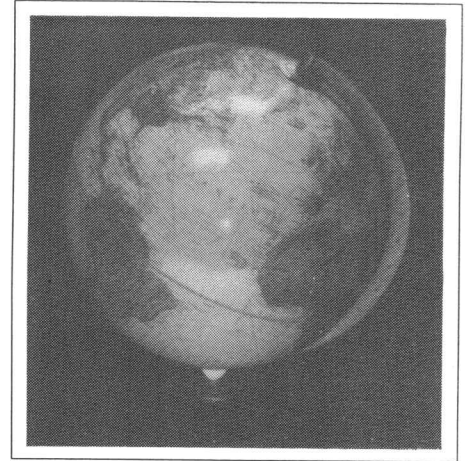
this were not so, actions by competitors, changing customer demands, economic conditions, and new technologies frequently make change imperative.

"The failure to make needed changes has often had disastrous results for both employees and the business."

Here are some changes businesses other than GE have recently made or are in the process of making. Some of these changes would have been undreamed of a few years or even a few months ago. For example:

SOURCING . . . GUESS WHO'S DOING IT!

Would you believe . . . the Japanese have adopted the practice of "sourcing"? A Japanese news service has reported that "NEC

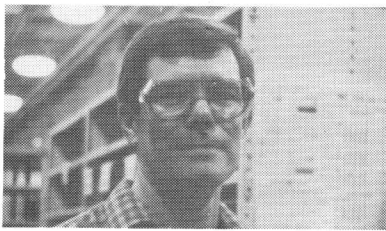


Corp., a major Japanese electronics manufacturer, plans to commission South Korean and Taiwanese companies to produce televisions and other inexpensive consumer goods for export to the U.S., Europe, and Australia."

NEC is said to be trying to combat the effect of the high yen (Japan's currency), which has been damaging to Japanese manufacturing companies by making their products more expensive overseas.

In Tokyo, Toshiba Corp., the
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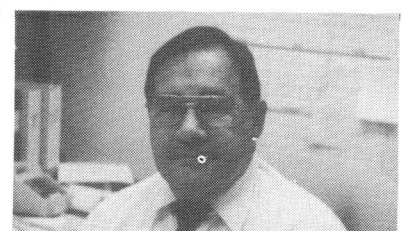
IN YOUR OPINION . . . why do you think businesses have to change? (any business -- not just Mobile Communications)



TOM CLEMENTS, Stock Accumulator: "Businesses have to think of new ideas to meet customer needs."



DELLA WILSON, General Clerk: "Businesses need to change and be on top of current trends to compete with foreign as well as other domestic companies."



JOHN BERTI, Manager of Systems Support for Public Service Trunking: "Unless businesses can keep up with the competition they will stagnate."

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giant Japanese electronics manufacturer, is increasing its overseas production to expand its markets abroad and offset losses resulting from the high value of the yen.

Toshiba will begin production of radio-cassette players in South Korea for export to the U.S., and color television sets in Singapore for sale in the Middle East. It will also expand its production of air-conditioners and radio-cassette players in Taiwan.

Also in Tokyo, Sumitomo Heavy Industries has developed a plan to eliminate 1700 full-time jobs in Japan this month -- a 22% reduction of its workforce.

The Japanese company reported a net loss equivalent to \$24 million for the first half of its current fiscal year. It said the impact of the strong yen has been more severe than it had anticipated.

Sumitomo recently moved into U.S. manufacturing by buying Radiation Dynamics, a maker of electron beam accelerators, from Monsanto.

**MOVING WORK BACK
TO THIS COUNTRY**

Less than a year after starting subcontracting operations in Taiwan, Innovative Controls Inc. is ending its lighting equipment manufacturing and assembly in that country and is moving the work back to Houston, Texas.

"While the labor cost is low in the Far East, it is extremely difficult to supervise quality control from afar," said Ray Flannery, the firm's president.

**JAPANESE BUY EXXON'S
SKYSCRAPER
HEADQUARTERS**

Also in the "undreamed of" category, consider this news item: "Exxon Corp., the world's largest oil company, is selling its 54-story skyscraper headquarters in midtown New York City to a

Japanese real estate concern. Mitsui Fudosan Inc. will pay \$610 million."

The news release says that the sale comes during a retrenchment for Exxon and the entire petroleum industry, following a year-long slump in oil prices, and adds that "Earlier, Exxon announced plans to eliminate about 6370 employees from its total workforce of 146,000."

It's not U.S. businesses alone that find themselves changing to adjust to the new global economy. Brown Boveri & Co, the Swiss energy and engineering concern, and a major competitor of GE in the power systems market, recently announced plans to reduce its worldwide workforce by at least 5000, or about 5%.

**REDUCTIONS IN FORCES
IN EUROPE**

Last year Brown Boveri eliminated between 2000 and 2500 jobs. At that time its chief executive pointed out that the company had "one substantial, fundamental, structural problem - low demand for power generation and distribution."

He said, "Demand should pick up in the early 1990 but now there is overcapacity and intense

competition to produce this equipment. The main question for the whole industry is how to survive the next five to ten years."

BUILDING ON U.S. SOIL

Nippon Kokan K.K., Japan's second-largest steelmaker, is building a \$60 million polycrystalline silicon manufacturing plant in Millersburg, Oregon. Production is scheduled to start in 1988. This move, coupled with the recent acquisition of two California silicon manufacturers by other Japanese metal companies, has raised concern in the U.S. that Japanese companies may someday dominate silicon production.

An official of Monsanto Co. said Nippon Kokan's plan "without a doubt is not healthy for the U.S. silicon industry. We're already facing a market with tremendous overcapacity."

Shizuki, a Japanese competitor of GE's Capacitor Products Business Department, has made its first move in a plan to expand its operations into the United States. It has moved its subsidiary, American Shizuki Corp., into a new corporate, manufacturing, and warehousing facility in Canoga Park, California. A manufacturer of oil-filled and dry capacitors, Shizuki apparently wants to be closer to its U.S. customers and save on freight and import duties.

**CHANGE IS NECESSARY
IN A CHANGING WORLD**

As these and many other business news stories demonstrate, in a changing world businesses must change.

Earlier this year, MCB, in announcing an "Objectives/Mission/Strategy" statement to make 1987 a "banner year," called for "enhancing opportunities to compete worldwide through a global approach to developing, sourcing, and marketing our products and services."

Next week the GE News will examine how other businesses are changing in order to enhance their opportunities to compete worldwide.

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– Jim McNerney

JA program thrives under leadership of veteran GE'er

"There were 400 in the program then; this year there were 1000."

GE retiree Ed Stone, who has spent a lifetime in a business where bottom-line growth is considered vital for survival, was talking about Junior Achievement's phenomenal growth over the past three years.

In his role as JA's Executive Director, the bottom line is measured in the number of youngsters learning about the free enterprise system. And that's vital for our survival as a nation, says Ed.

Looking back, Ed feels he was destined to head up a program such as Junior Achievement. Just about everything that took place in his GE career seems in retrospect to have been a special kind of preparation for carrying out JA's mission -- helping youngsters learn about business. A graduate of De Forest Technical Institute in Chicago, Ed started out with GE TV Receiver in Electronics Park in Syracuse, went from there to Ithaca to work in Research and Heavy Military, then to Syracuse with the Communication Products Department to work on the "Dew Drop" early warning system.

All of CPD -- including Mobile Radio and Power Line Carrier -- moved to Lynchburg in 1958. Well, almost all. Some equipment for the Air Force was to be transferred to Lynchburg as well, and as Ed was responsible for this equipment he stayed behind. He and his family moved here in January 1960.

Ed worked in Engineering, on the Titan Program; he later transferred to Sales, in Telecommunication Products Department Marketing. In 1970 he went into Power Line Carrier as the inside salesman responsible for the Northeast Region.

In PLC he had interesting assignments in project management -- in Zaire, in Mexico, in Panama, and in Nigeria. Later he conducted

PLC seminars attended by people from as many as 20 different countries for PLC's international business.

He became heavily involved in Lynchburg community activities, working with the United Way, with the AARC, the YMCA, and the Lynchburg Aquatic League. And, in the mid-1960s when a group of GE people were working to establish a Junior Achievement program in Lynchburg, this activity also piqued Ed's interest. In 1968 he volunteered to be an advisor for a GE-sponsored JA company.

Thus Ed Stone can truthfully say that his interest in Junior Achievement dates from its very inception in Lynchburg.

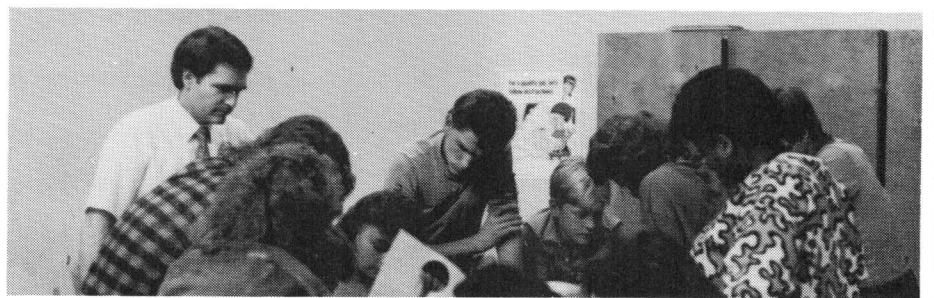
The newest facet of JA is "Project Business." Here business experts go as volunteers into the schools, as guest lecturers in economics classes. Ed has been instrumental in getting this going, and eighth graders in Campbell, Bedford, and Amherst counties and the cities of Lynchburg and Bedford are benefitting from the program.

Ed Stone has retired from GE.



As Executive Director of JA, it was Ed Stone's pleasant duty to present the Junior Achievement Annual Report of the Year award to "Unique Expressions," the GE-sponsored JA company. Accepting the award was one of the GE Junior Achievement advisors, Joyce Fore. Other JA advisors from MCB were Carl Stinnette, John Wilkins, Mark Johnson, Mike Friend, and Aziz Meghani. Also serving as advisors were John and Susan Haruch who had been advisors in previous years when John worked here.

If you talk to him about Junior Achievement, however, you'll get the impression that his career has just begun.



Lynchburg Manufacturing Operations Manager John Wilkins, a JA advisor, observes a production meeting of the GE-sponsored "Unique Expressions."



Manufacturing Engineering Manager Jim McDonald teaches "Project Business" to Amherst County eighth graders. They recently toured the plant.

"Dear Shirley"

QUESTION: When is the first payout due for Deferred Pay if we signed up for it when it was first started?

Before the payout, can we elect to put all of it into a retirement account?

SHIRLEY: Unless there is an extreme hardship or emergency (example: fire, flood, etc.) your "Deferred Pay" will be held in the "Deferred Pay Account" until you retire or otherwise terminate your employment with General Electric.

Your Deferred Pay Account is part of your total Retirement Option Account.

STATE OF THE BUSINESS MEETING IS 1:30 PM, MONDAY, MARCH 30, AT LIBERTY UNIVERSITY

All Lynchburg GE employees will hear about the state of our business from General Manager Jim McNerney on Monday of next week. The meeting will begin at 1:30 p.m. in the Liberty University Multi-purpose building.

In view of the limited access to the Liberty U. campus, there will be no travel by private car. All employees will be transported by buses furnished by Thomas Road Baptist Church.

Second shift employees will punch in at 1:00 p.m., March 30, and then board a bus to the meeting. (Second Shift on that date will be 1 p.m. to 9:30 p.m.)

No employment opportunities this week.

GE NEWS

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Junior Achievement's GE-sponsored company, "Unique Expressions," had an exhibit at the Mall last fall (see feature on Ed Stone and JA on page 3). GE advisors Mark Friend and Carl Stinnette are at right.

How Your S&SP Savings Grew 1983-1986

This chart shows how your matched S&SP savings grew during the last 3-year holding period, assuming you'd started with \$100.

A few observations:

- The GE matching contribution added \$50 to a \$100 investment even before the holding period began.
- You doubled your money in the three years if you invested solely in one of the Funds or GE stock (assuming you chose the same investment for both the GE match and your own contribution).

Following is the total gain (including the GE match) you could have achieved with a \$100 investment in each S&SP option:

U.S. Savings Bonds	\$ 86
Holding Period Fund	140
GE Stock	176
S&SP Mutual Fund	143

- Money invested in GE stock grew 23% to 105% faster than the other investments.
- Aside from the GE matching contribution, GE stock produced a total return of 84%.

