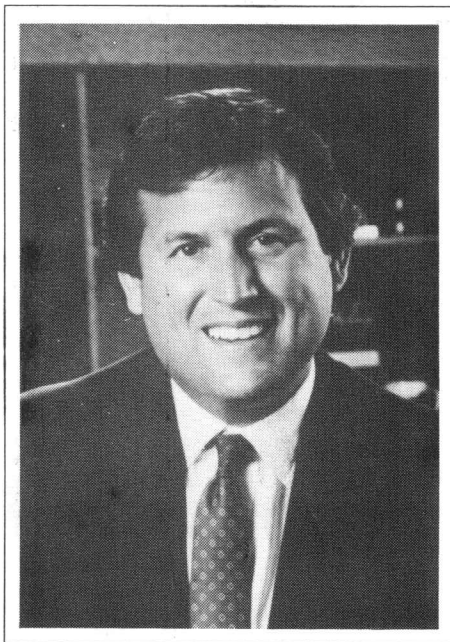


'The potential for ...

A BANNER YEAR IN '87

... but it will be a tough fight!' says Jim McNerney



"1987 has the potential of being a Banner Year for Mobile Communications," said MCB General Manager Jim McNerney in a videotape shown to all employees last week. "But," he added, "it will be a tough fight!"

"We have the right people, the right new products and the programs to win round two. It's up to us to make it happen."

Jim said 1987 should be an exciting year -- a year filled with challenges. Each employee will be playing a bigger part in reaching business goals -- in accepting challenges -- in making MCB a stronger, more competitive business.

"We have one overriding objective -- to deliver or better our

net income commitment to GE. To meet that commitment, we have several key goals to guide our actions and focus our efforts.

"And when you add them all up -- it means re-emphasizing top-line growth -- which is the only way to keep a business stable and profitable year after year."

Jim said that even though MCB had a good year in 1986, the business has not yet achieved sustained growth that supports present employment levels.

"To achieve this growth and reach our goals," Jim added, "I'm asking for your support, your ideas, your continued dedication to make this year a banner year ...

(See "A Banner Year" ... what we have to do, Page 2)

What message did you get from Jim McNerney's videotape?



Wess Fariss, Designer in BI&C Engineering:

"Emphasis was put on everybody concentrating and making their job more efficient to see if we can improve the business in the marketplace."



Wayne Agee, Designer, BI&C Engineering:

"Although we have won round # 1, we still have a long fight in our battle to keep our commitment to quality, better products, and meeting our customers' needs."



Geneva Cantrell, Conveyor Operator:

"Quality First!"

(SEE PAGES 2 AND 3 FOR MORE EMPLOYEE REACTIONS)

"A Banner Year" . . . what we have to do (Continued)

"Now here's what we have to do:

QUALITY PRODUCTS

"The first objective is to upgrade the quality of our products. All employees have a part in what kind of radios are shipped out the door.

"Last year, quality problems cost this business several million dollars. We must start at the beginning and improve our quality in the design stage by more rigorous testing and attention to detail. Components -- both those made here and those purchased -- must meet stringent specifications. The quality of our workmanship must be superior, and so also must be our service to the customers.

"While some rework and scrap is inevitable, I have confidence in your ability to cut this cost considerably. Your target for 1987 is to improve 25%."

Another key objective in 1987 will be to achieve \$24 million in savings from productivity improvements, according to Jim. Many of these improvements, he said, will come in manufacturing as we drive toward world competitiveness.

Jim then listed several areas to concentrate on that will give us big hits:

"You've done a super job reducing inventory in 1986, but that was only the beginning. Our goal is to save more than \$5 million through better **inventory control**.

"In 1987 we're going to continue our J I T program. We have a major systems upgrade that will improve all aspects of inventory control."

"McNerney feels that we did very well in 1986, but that it's still not good enough to maintain the current standards as a business. There are still things we need to do to make sure we're in a competitive situation." --Samuel Maedjaja, Senior Engineer - Digital.

He added further that **design or construction** is another area where employee ideas and ingenuity can make a difference.

"We need new product designs like the Chieftan, which takes less time to build, versus older products like the GE STAR and Classic.

"In manufacturing, employees in the MPI area brainstormed a way to speed up production by implementing a straight line flow. Employees in the Delta and Carfone areas also improved productivity by switching to a straight line method.

"We need to become **smarter shoppers** for goods and services, getting the most for GE's dollars."

With respect to **health and safety costs**, Jim said that, until our safety record is perfect, there is room for improvement.

"MCB employees have done a great job of keeping health costs in line. However, those costs are rising at a higher rate than inflation. Extra effort is needed just to stay even.

"Preventive medicine, like preventive maintenance on your car, can help avoid problems altogether."

MAKING WINSHARE A "WINNER" IN EVERYONE'S EYES

"Making WINSHARE a winner in everyone's eyes is an MCB objective. I'm very excited about what the WINSHARE plan can do for our business, and will personally help drive its progress.

"It is a grass-roots, employee-driven plan based on a concept that, through Win Teams, employees come up with ideas and projects that will improve productivity, quality, and customer service.

"I expect WINSHARE to

greatly help our chances of growing the business."

PRODUCTS AND GROWTH

"We have an ambitious schedule of new product introductions planned for 1987. Some of them are: The completion of phase 1 of our new Public Service Trunking system called 16 Plus. We also have four new offerings for the Voice Guard voice encryption system.

"Business and Industrial also has four new offerings, including the MLS, which was just successfully announced at the National Sales Meeting.

"When you have this many new product introductions in one year, there is a lot of room for frustration, and a lot of room for finger pointing when schedules are missed.

"To win, we're going to need a total team effort from every function in the plant. We did it with Carfone, and we can do it again.

"To achieve sustained growth in the Voice Guard, Trunking, and Cellular areas, we will be redirecting our sales efforts to systems applications where our product basket and systems skills give us an advantage over many of our competitors."

IMPROVEMENT IN DELIVERY

Jim said that the next objective is similar to the last two in that it will take a team effort from marketing, manufacturing, and customer service to accomplish. The objective is to achieve a 7% improvement in delivery.

"We score very well on promises kept from our finished goods warehouse. But we need to shorten the cycles when we build to customer orders.

"Let's charge on in 1987 to reduce costs and sell more radios."

--D.C. Hughes, Staff Engineer in Radio Equipment Engineering.

"We did pretty well last year but we have a long way to go. We must improve productivity to save jobs and improve quality to maintain customers." -- Fred Mann, Manager in Cellular Engineering.

"The videotape let us know what we have to do better this year. We need better quality work, and to put out more."

--Betty Karnes, Assembler

"Everybody must put out their best effort to meet the schedules and deadlines that they commit themselves to."

--Ellis Glazebrook, Staff Engineer in Public Service Engrng.

"If we work harder, and work together, we can reduce scrap and be more cost effective."

--Matthew Herndon, Test Technician

"A manufacturing systems package is being designed this year, and when on line, will improve inventory management, forecasting, master scheduling, shop loading, and materials procurement."

EFFECTIVE DISTRIBUTION

"We want to become significantly more effective in working through franchised distribution," said Jim.

"This distribution channel brings us a majority of our sales volume. Currently, we have Manufacturers Representatives, Dealers, and Sales Agents and are also exploring the use of Distributors to grow the business.

"Because of the importance of this channel, we have established a new Domestic Sales position to better manage this responsibility."

PROCUREMENT PROGRAM

"We also want to become competitively superior in managing our procurement program.

"We buy millions of dollars of parts, components, and products from suppliers worldwide. Our philosophy on sourcing and buying is that we will be comparing ourselves against the rest of the world. We are looking for the best quality at the lowest cost. If we can do that here, then those functions will remain here."

A "LEVEL PLAYING FIELD"

Jim noted that another MCB objective is to achieve regulatory success with the Federal Government on our Digital Voice Guard.

"Today, Federal Government purchases are heavily influenced by specifications written by our biggest competitor. We are simply asking for a fair chance to bid -- to have a level playing field for all manufacturers. To this end, we are holding many top level meetings with Government agencies to present our case."

GROW, INVEST IN GE-MARC

"Lastly," said Jim, "a key 1987 objective is to grow and invest in the GE-Marc System.

"The first item on the GE Marc agenda is to ensure that we have a trouble free system. We have made the investment of dedicating several engineers to further improve the quality of the system. At the same time, they will be upgrading GE-Marc to make it more flexible."

EACH EMPLOYEE A PARTNER

"I consider each employee a full business partner in Mobile Communications -- everyone has a stake in how the business does," Jim said in conclusion.

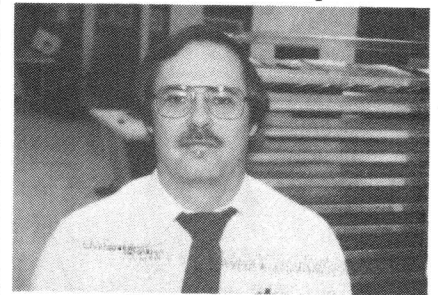
"That is why I did this tape and had your supervisors hand out the objectives and MCB mission statement.

"I'm making a commitment to keep you informed about the business, and I'm urging every supervisor to do the same. In turn, I expect you to keep the channels open and be frank with your ideas and thoughts for improving the business.

* * * * *

"I'm confident that if we work together, we can make '87 a banner year."

What message did you get from Jim McNerney's videotape?



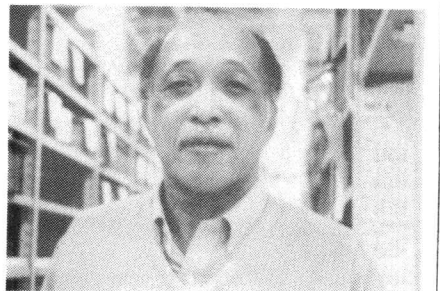
Andrew Woody, Senior Systems Quality Engineer at Bradley Park:

"We really need to work hard to survive and be competitive."



Shirley Dalton, Audit Tester:

"If we all work together we can make it work. We must make sure that quality is what it should be."



Walter Austin, Stockkeeper:

"We want to continue the work we've been doing ... try to continue the promises kept, and keep working as hard as we have been to keep the customers happy ... and get the product out on time."

"I consider each employee a full business partner in Mobile Communications. ... everyone has a stake in how the business does." -- Jim McNerney

"Dear Shirley"

QUESTION: When is the payout/check expected for the people involved in S&SP Insurance?

SHIRLEY: I called the GE Savings Operation but they could not tell me at this time. I guess that was because we are not guaranteed a refund. As soon as I hear anything, I will put it in the paper.

QUESTION: When we receive our checks each Friday (for example, just recently there was an increase in the normal take home pay), why can't there be a place on the stub stating why the increase/decrease like we used to have?

SHIRLEY: There is a place for

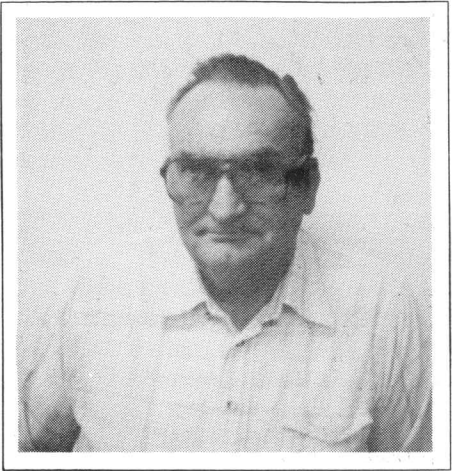
messages and we have been using it -- maybe not enough.

QUESTION: You said you did not have to repay your LTDI if you return to work. I DID.

SHIRLEY: You do not have to return your LTDI just because you are returning to work. However, if there has been an overpayment, you do have to return that.

Your LTDI is reduced by any disability pension benefits paid under the GE Pension Plan, any primary Social Security Benefits and any benefits paid under a Workman's Compensation Law. If an overpayment of benefits occurs for any reason, the amount of the overpayment will then be due.

I have seen this happen often with the Social Security Benefits. You would have to repay this even if you did not return to work.



JOHN LITTLE of the Personal Area retired recently after 27 years with the company. John says he has enjoyed working here, and appreciated his retirement lunch and the gifts. His retirement days won't be idle! He has a woodworking shop, and serves as Assistant Pastor of Friendship Baptist Church on U.S. Route 29 South.

Personnel Notes

The Personnel Office has a supply of tax forms, which employees are welcome to take - for your personal use only, please.

These include 1040, 1040-A and EZ and instructions, Virginia 760 and 760 S and instructions, A, B, C, D, E, F, G, R, SE, W, 2016, 2441, 4684, and some others.

REMINDER: Any announcement about closing of the plant during severe weather conditions will be made on radio stations WLL/WGOL, WLVA, WYYD, and possibly on WSET-TV.

The plant will remain open except in extreme conditions which would endanger employees or make access to and operation of the plant impossible.

In any event, key maintenance, computer operation, and other employees who are expected to report to work have been or will be informed by their managers.

No employment opportunities this week.

GE NEWS

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An Equal Opportunity Employer



Jean Majury, Sales Assistant in MCB's Portland, Oregon office, celebrated 30 years with GE in December 1986. Here, Territory Sales Manager Ed Osborn is shown presenting her a gold watch and plaque.

Seniority Waivers are again being considered

The seniority waiver program is again being considered at MCB. The program allows hourly and non-exempt employees to volunteer to be considered as having "zero seniority" and be the "first to leave" in event of a reduction.

"The waiver program was designed to help people when there is a reduction in the workforce," says Alex Newmark, manager, employee relations. "We match the job surpluses or bumps with the waivers. The waiver volunteers then leave their classification and go directly to lack-of-work status."

If there are no layoffs, will the

waivers still be considered? Alex says it's harder to do without surpluses, but that currently it is possible for some people to leave without affecting production.

"Having volunteers at this time can minimize future involuntary reductions," he says.

One complication in the waiver program is that MCB cannot guarantee acceptance of all waivers. The decision depends on job classifications: Is the job one that can be eliminated without jeopardizing production and customer commitments?

* * * * *

If you have any questions, contact the Personnel Office.

Use of generic drugs can save you money; reduce GE's health care costs

Of the top 25 drugs prescribed, ranked by the dollar volume of the prescriptions, eight have generic equivalents.

If you -- or a dependent under GE Metropolitan Insurance -- are purchasing these medications, you can eliminate the deductible, saving yourself money, while also helping reduce GE's health care costs. (Check with your doctor first, to see if the generic drug is medically OK.)

Here are the top 8: Dyazide, Diabinese, Aldomet, Inderal, Tylenol w/Codeine, Motrin, Lasix, Dilantin.

Your doctor can prescribe the brand name, indicating on the form that Generic is OK, or can prescribe the generic as follows:

Dyazide - Dyrenium/HCTZ
Diabinese - Chlorpropamide
Aldomet - Alpha Methyl Dopa
Inderal - Propranolol
Tylenol - Acetaminophen/codeine
Lasix - Furosemide
Dilantin - Phenytoin

After you have asked your doctor if a prescription is really necessary, check out whether a generic is the right way to go! You save 15% if you buy generic. Comparison shopping can also save you money.