GENERAL ELECTRIC

GENERAL ELECTRIC COMPANY, P.O. BOX 460, PLEASANTON, CALIFORNIA 94566

NUCLEAR ENERGY
ENGINEERING
DIVISION

March 28, 1980

Mr. H. R. Denton, Director
Division of Operating Reactors
Office of Nuclear Reactor Regulation
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Reference: (1) Docket 50-18
(2) Docket 50-70
(3) Docket 50-73
(4) Docket 50-183

Dear Mr. Denton:

As is customary, copies of the General Electric Annual Report are forwarded to the Commission in order to provide updated General Electric corporate and financial information. Accordingly, four (4) copies of the 1979 Annual Report are enclosed, one for each of the referenced dockets.

Sincerely,

G. E. Cunningham
G. E. Cunningham
Sr. Licensing Engineer

/11

enclosures

M004
5/1

PDR

I 8004070317

GENERAL ELECTRIC

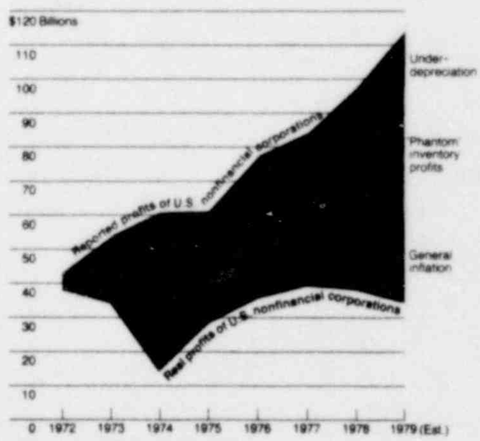
1979 Annual Report

Inflation increasingly widens the gap between industry's reported and real profits—drastically weakening U.S. business investments in keeping competitive.

GE 1979 Annual Report

Contents

The cover:
Inflation feeds itself by weakening U.S. industry's ability to invest in the productivity improvements that help keep inflation in check. The cover shows how inflation distorts financial results and produces a widening gap between the reported after-tax profits and real after-tax profits of U.S. nonfinancial corporations. Three factors account for this gap: underdepreciation, reflecting the difference between what facilities cost originally and what they would cost if replaced at current prices; "phantom" profits on inventories valued via FIFO (first-in, first-out) accounting; and the decrease in the purchasing power of the dollar caused by general inflation. Compounding of these problems by the present U.S. tax system results in decreasing the resources available for industry to invest in improving productivity and in supporting technological innovations such as those that underlie the GE operations illustrated on the cover. The impact of inflation is discussed further by the Chairman on page 5, and in the supplementary information on pages 28-30.



Based on U.S. Department of Commerce data

Note: Unless otherwise indicated by the context, the terms "GE," "General Electric" and "Company" are used on the basis of consolidation described on page 36. Unless otherwise indicated by the context, the terms "Utah" and "Utah International" mean Utah International Inc., as well as all of its "affiliates" and "associated companies" as those terms are used on page 36.

The 1979 Annual Report is an issue of *The General Electric Investor*, published regularly to inform share owners and investors about activities of the General Electric Company. Others may receive the *Investor* on request.

Editor: Frederick N. Robinson
Associate Editors: Devere E. Logan; Edna Vercini
Financial Editor: Sidney D. Spencer
Editorial Board: David W. Burke, *Manager, Corporate Communications*; J. Hervie Haufler, *Manager, Corporate Editorial Programs*; John L. Ingersoll, *Manager, Corporate Institutional Relations*
Art Direction: Jack Hough Associates, Inc.
Cover: Chet Jezierski
Photographers: Chris Anderson, Stan Blanchard, Joseph B. Brignolo, Bob Gomel, Walter B. Halstead, George Herben, Keith Jay, Tony Kelly, Vance Roth, Steven G. Sweitzer, Frank White

Financial highlights

(Dollar amounts in millions; per-share amounts in dollars)		1979	1978	Percent increase (decrease)
For the year	Sales of products and services to customers	$22,461	$19,654	14%
	Other income	519	419	24
	Total revenues	22,980	20,073	14
	Net earnings applicable to common stock	1,409	1,230	15
At year end	Total capital invested	$ 9,332	$ 8,692	7%
	Share owners' equity	7,362	6,587	12
	Short- and long-term borrowings	1,818	1,954	(7)
Per share	Net earnings	$ 6.20	$ 5.39	15%
	Dividends declared	2.75	2.50	10
	Share owners' equity — year end	32.31	28.88	12
Measurements	Operating margin as a percentage of sales	9.5%	10.0%	
	Effective income tax rate	38.9	41.5	
	Earnings as a percentage of sales	6.3	6.3	
	Percent earned on average total capital invested	17.6	16.3	
	Percent earned on average share owners' equity	20.2	19.6	
	Borrowings as a percentage of total capital invested	19.5	22.5	

POOR ORIGINAL

The Chairman comments

'The General Electric that enters the decade of the 1980s is sharply different from the Company that went into the 1970s. Today we derive some 53% of our earnings not from traditional electrical equipment businesses but from materials, natural resources, services, and transportation equipment, compared with only 20% in 1968, and international operations now contribute about 37% of earnings, compared with 16% back then. The new General Electric for the '80s thus has a far more diverse earnings base, is more international in outlook, and is less vulnerable to U.S. economic cycles.'

GE team at the top includes Chairman Reginald H. Jones (standing), with new Vice Chairmen John F. Burlingame (left), Edward E. Hood, Jr., and John F. Welch, Jr.

POOR ORIGINAL

General Electric's performance in 1979 closed out a decade of profitable growth in your interest as share owners.

Sales of $22.5 billion were up 14% from the 1978 level and contrasted with the $8.5 billion realized a decade earlier.

Earnings of $1.4 billion were 15% above the 1978 total. Earnings gains for the ten-year period outran the increase in sales, growing from a strike-depressed $1.41 per share in 1969 to $6.20 per share in 1979.

Another traditional measure of how you as share owners have benefited from this decade of successful performance is reflected in your dividends. For the fourth consecutive year, your Directors in 1979 increased the dividend, bringing the year's total to $2.75 per share — more than double the $1.30 declared a decade ago.

But these financial results are based on traditional accounting methods which fail to reflect the extent to which U.S. industry and the public generally have been hurt and deluded by the ravages of inflation which distort reported financial results. That is why these comments conclude with a discussion of the inflation issue, and why we have made inflation the theme of this Annual Report.

For the '80s, a new GE: Over the past decade, your management's ventures into new areas of growth have improved General Electric's ability to cope with the effects of inflation and have greatly diversified and strengthened the Company's earnings base. Back in the pre-strike year of 1968, our traditional electrical equipment businesses accounted for some 80% of earnings. In 1979, they provided about 47%. That is still a substantial figure, but the dramatic change it represents comes from a combination of strategic pruning of certain businesses and the spectacular growth of other businesses:

- Materials — including chemical and metallurgical products as well as the natural resources added by our mining affiliate, Utah International Inc. — provided 27% of earnings in 1979, compared with 6% in 1968.
- Services businesses including financial, information, broadcasting, installation, maintenance and repair services moved up from 10% in 1968 to 16% of 1979 earnings.
- Transportation equipment, mostly aircraft engines and locomotives, rose to 10% of earnings in 1979, compared with 4% in 1968.
- And total international operations, most of which are included in the percentages above, provided only 16% of our earnings in 1968 compared with 37% in 1979. U.S. export sales, alone, rose from $400 million to nearly $2.8 billion in 1979.

These general comparisons reflect the new General Electric that your management developed in the 1970s — a General Electric far larger, more diverse, more profitable, more international in outlook and less vulnerable to U.S. economic cycles than that which entered the decade.