GENERAL ELECTRIC

1980 Annual Report

Ongoing initiatives enhance GE prospects for growth in the 1980s

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GE 1980 Annual Report

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Cover: New luster for the familiar General Electric symbol, the GE monogram, is sought through the wide diversity of growth businesses presented in this Annual Report. Having maintained its earnings momentum through the U.S. recessionary period of 1980, General Electric anticipates a new surge of growth with the revival of the U.S. and world economies.

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Financial highlights

(Dollar amounts in millions; per-share amounts in dollars)		1980	1979	Percent increase
For the year	Sales of products and services to customers	$24,959	$22,461	11%
	Other income	564	519	9
	Total revenues	25,523	22,980	11
	Net earnings applicable to common stock	1,514	1,409	7
At year end	Total capital invested	$10,447	$ 9,332	12%
	Share owners' equity	8,200	7,362	11
	Short- and long-term borrowings	2,093	1,818	15
Per share	Net earnings	$ 6.65	$ 6.20	7%
	Dividends declared	2.95	2.75	7
	Share owners' equity — year end	36.00	32.31	11
Measurements	Operating margin as a percentage of sales	9.0%	9.5%	
	Effective income tax rate	38.4	39.9	
	Earnings as a percentage of sales	6.1	6.3	
	Percent earned on average total capital invested	17.3	17.6	
	Percent earned on average share owners' equity	19.5	20.2	
	Borrowings as a percentage of total capital invested	20.0	19.5	

Comments from the Chairman and the Chairman-elect

"Innovation and self-renewal: these are themes that characterize General Electric as we enter a new era."

The joint signing of these comments signals the approaching change of executive leadership at General Electric. On the retirement of Reginald H. Jones (right) on April 1, 1981, John F. Welch, Jr., will become Chairman and Chief Executive Officer of your Company. He will be the eighth person to hold that office since the founding of GE in the nineteenth century.

John F. Burlingame (middle left) and Edward E. Hood, Jr., continue as Vice Chairmen and Executive Officers with expanded responsibilities for realigned staff and operations.

General Electric's diversity and financial strengths enabled it to turn in a solid performance in 1980 despite adverse economic conditions in the U.S. and many foreign markets. Sales of $24.96 billion represented an 11% increase over 1979. Earnings of $1.5 billion, or $6.65 per share, were 7% above 1979 levels.

The significance of these sales and earnings is not merely that they set new levels in a year when profits for industry generally declined. More importantly, they were achieved in a year when your Company sharply increased investments in new plant and equipment, new technology, new product development and new business ventures.

U.S. business today finds itself challenged by aggressive overseas competitors. National productivity has been declining and, in industry after industry, product leadership is moving to other nations. Companies that refuse to renew themselves, that fail to cast off the old and embrace new technologies, could well find themselves in serious decline in the 1980s.

We are determined that this shall not happen to General Electric.

Self-renewal. Your Company is engaged in a process of internal change that will transform the ways we design, manufacture and distribute our products and services in the 1980s. We are encouraging our people to probe constantly for new markets, new techniques and new business opportunities.

This stress on innovation has been gathering momentum and is perhaps best illustrated by the change in our sources of earnings, as emphasized in last year's Annual Report. As the 1970s began, 80% of your Company's earnings came from its traditional businesses in the manufacture of electrical and electronic equipment. These businesses remain healthy and growing, although they now provide less than half of our earnings. The majority of our earnings are presently derived from growth businesses in man-made materials, natural resources, aerospace and transportation equipment, services and other new lines of opportunity. And 42% of our earnings now come from international activities, compared with only 16% a decade ago.

The status of our current businesses is detailed in the pages of this Annual Report, but to give our share owners a "feel" for the present mood of self-renewal at General Electric, let us

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comment on the Company's response to several fundamental challenges of the 1980s.

Electronics. There is wide agreement that the new electronics will be the dominant technological force of the 1980s. And so we have been engaged in a Companywide effort to apply the new microelectronics and the related information-based technologies to every possible product, service and process in GE.

The corporate commitment is embodied in hundred-million-dollar investments in the construction and acquisition of new electronics laboratories and manufacturing centers. We have established an Industrial Electronics Group and an Information and Communications Systems Group. GE training programs are under way to bring the thinking of our managers and technical people up to the state of the art in the new electronics, and we are vigorously recruiting more electronic engineers.

The proposed purchase of Calma Company, a leading producer of interactive graphics equipment, and the acquisition of Intersil, a maker of advanced microelectronic chips, are consistent with our intention to be at the leading edge of new technology.

Your management is determined to be a leader in the electronics revolution.

Productivity. After a decade of slow productivity growth, U.S. industry is poised for a major surge of investment in new equipment — the so-called "re-industrialization of America." For GE the process has already begun.

Your Company has invested almost $6 billion over the past five years, including nearly $2 billion in 1980, to upgrade its productive capabilities. Interactive graphics for computer-assisted design, manufacture and test; robotics; programmable electronic controls; energy-efficient drives: these are among the advanced technologies that are transforming our factories into some of the most productive, quality-controlled operations in the world.

And what we develop for our own factories we will then sell to our industrial customers — a productivity-improvement market that is growing well over 20% per annum. With our own factories as a worldwide laboratory for the development of advanced manufacturing systems, and a customer base that urgently feels the need for productivity breakthroughs, GE expects to be a leader in equipping the automated factories of the future.

Energy. From its beginnings, General Electric has been a producer of energy-conversion equipment for electric utilities. But that is now just a modest proportion of our total involvement in the rapidly growing energy field.

Through Utah International's coal mines and Ladd Petroleum's oil and gas wells, as well as our nuclear fuel operations, we are suppliers of basic fuel. Our equipment powers machinery in the mines and drilling fields, our diesel-electric locomotives haul the coal, and our gas turbines power the pipelines.

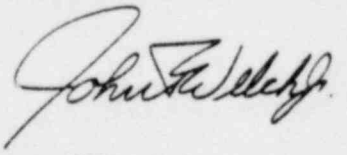
And as the world strives to reduce its excessive dependence on one energy source — petroleum — GE's research activities seek commercial breakthroughs in significant new energy technologies such as systems to convert coal into clean synthetic fuel gas.

Another profitable facet of the energy market is the redesign of our products to conserve energy — from energy-efficient lamps, appliances and motors to fuel-saving jet engines.

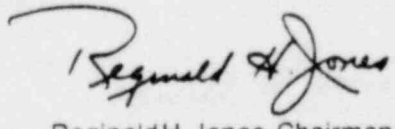
Innovation. Perhaps your Company's commitment to broad-based innovation is best expressed by its rising investment in research and development. Since 1977, we have increased GE-funded R & D expenditures 85% to $760 million. Total R & D expenditures, with external funding, reached $1.6 billion in 1980.

General Electric is not merely in the electrical business, or any other particular business. This Company has moved forward to a new dimension of industrial capability that investors are only beginning to recognize. *We are in the business of creating businesses* to anticipate and serve the needs of a changing world.

This is, at least in scale, something rare. And it can make a constructive contribution to a world that is striving desperately for accelerated economic and social development.



John F. Welch, Jr.
Chairman-elect



Reginald H. Jones, Chairman
and Chief Executive Officer

February 20, 1981

Consumer Products and Services

Earnings are sustained during recessionary period

Paul W. Van Orden
Executive Vice President and
Sector Executive—Consumer
Products and Services Sector

(In millions)	1980	1979	1978	1977	1976
Revenues*	$5,714	$5,448	$4,865	$4,215	$3,510
Net earnings*	407	401	37	323	261
*Includes net earnings of General Electric Credit Corporation	115	90	77	67	57

Consumer Products and Services Sector revenues and earnings were slightly ahead of 1979, despite operating in an environment characterized by a sharp decline in appliance shipments and extremely volatile interest rates. Earnings were led by the strong performance of General Electric Credit Corporation (GECC), the Company's wholly owned nonconsolidated finance affiliate. Sector results reflect effective management actions to control costs, strong consumer acceptance of new products, and an improved balance between product and services businesses.

While sustaining earnings, the Sector continued to fund programs for the development of new products and services to meet consumers' changing lifestyles and the evolving needs of business customers. These programs, designed for future growth, are maintaining a strong emphasis on innovation, quality and productivity improvement.

GECC earnings grew 28% in 1980. As for the product businesses, sustained cost improvement actions and continued emphasis on new and improved products enabled them to outperform the industry and limit their earnings drop to 6%.

In 1980, Sector operations accounted for 22% of GE revenues and 27% of earnings.

General Electric Credit Corporation earned $115 million in 1980, up from $90 million in 1979, and provided 28% of Sector earnings. Growth in earning assets of more than $1.0 billion as well as improved operating efficiencies contributed to the excellent results (see page 40 for condensed GECC financial statements).

With total assets of $9.3 billion, GECC ranks as the largest U.S. diversified financial company. It is the largest nonmanufacturing company in equipment financing and leasing, handling leasing activities ranging from computers to supertankers. Leasing is GECC's fastest-growing business. It pioneered leveraged leasing and is a world leader in that business, with over $5.1 billion of industrial- and transportation-equipment leveraged leases in its portfolio.

GECC also is a leading lender in home products retailing, home equity financing and a wide array of commercial and industrial equipment industries.

Major appliance businesses, serving retail and builder markets with a complete line of GE® and Hotpoint® kitchen and laundry equipment, had lower earnings in 1980 on about the same level of sales as in 1979. The recession, credit restrictions and a weakness in housing severely affected the U.S. major appliance industry, causing 11% lower unit shipments, excluding microwave ovens. General Electric moderated the earnings impact with new productivity programs and strong sales of innovative products. These improvements position these businesses to remain a major contributor to Sector earnings as the Company continues to respond to consumers' changing wants and needs.

Industry unit sales of the microwave oven were up 32% for the year. In this growing business, GE has captured a leadership position with product improvements and customer acceptance of the Spacemaker® unit.

The positive momentum of the dishwasher line was enhanced by strong customer acceptance of the top-of-the-line Model 1200.

To serve customers better, GE placed increased emphasis on product service. In-

Time- and energy-saving products such as those shown above are featured in the Company's ongoing "We Bring Good Things To Life" consumer advertising campaign — which is designed to help make GE an even more visible and valued brand.

home service for more than 100 million GE and Hotpoint major appliances is provided through a network of 135 factory service locations and over 10,000 franchised servicers.

Air conditioning products, affected by the recession, reported lower earnings and sales. Although late-season sales improved sharply in response to hot weather, gains were not sufficient to offset the impact of recession-driven decline in demand and sustained high inflation. However, the market for air conditioning products is expected to improve during the 1980s, led by electric heat pumps which are today's most efficient method of electric heating and cooling.

In 1980, GE introduced a new Executive II two-speed-compressor Weathertron® heat pump with a microprocessor control for automatic adjustments in response to ambient temperature changes.

Lighting operations had slightly lower earnings on somewhat higher sales. Strong performance in most lines did not completely offset substantial declines in markets for photoflash lamps and lamps for automotive uses.

The continuing introduction of innovative and energy-efficient products found excellent reception in both consumer and industrial markets.

GE reinforced its "convert-to-conserve" theme in 1980, emphasizing the energy savings realized by using Lucalox® lighting

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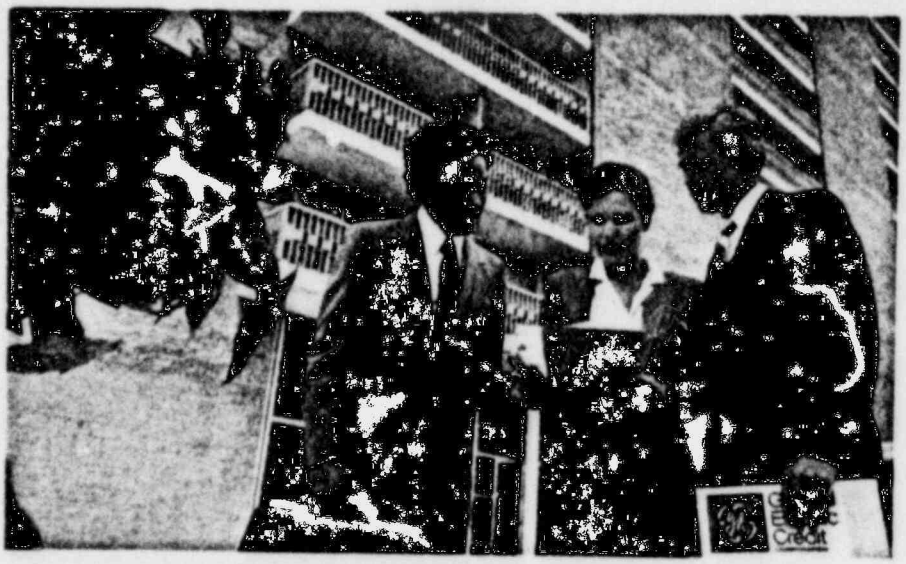
New Multi-Vapor® II lamps, illuminating this recently opened department store in Fairfax, Va., deliver lighting at 35% lower energy costs because of their improved efficiency. The new metal halide lamps combine high light output per watt with warm incandescent-like color.



Purchase and renovation of this 24-story high-rise building in Tulsa, Okla., was financed by GECC's real estate financial services operations. The former apartment house has been converted into a 204-unit condominium.

systems. New products included Remote Energy Management (REM™) control for industrial Lucalox® luminaires which uses radio signals to command the luminaires to change wattage settings.

The electronic Halarc™ metal halide lamp is targeted for introduction in 1981. It is the first of a family of long-life lamps that use about one-third as much electricity to generate the same amount of light as the incandescent bulbs they replace.

Additionally, several operations continue to grow outside the lighting industry. General Electric is a major supplier of tungsten and tungsten-carbide powder used in manufacturing cutting tools for metal fabrication, oil drilling and mining. And the Company has become a leading supplier o and crucibles for tr

Housewares and sales and maintain competitive industr cant cost pressure strong brand-name duced new produc value, including the Supreme with a sic tinuous slicing and mable AM/FM cloc able cassette reco electronics at affor

Television receive creased sales in 19 the same as the pre

Sales of televisio General Electric inc a row. The Widescr Theater, the Compa set, played a major in projection TV. Sa corders also are on formed joint venture support the U.S. int disc system. The ho expected to be the r tion in consumer ele

Broadcasting and in 1980 set new rec ings. General Electr television stations a radio stations. In ca erates 13 systems e chised communities at a 22% annual rate year with about 260 122,000 premium-s

The outlook: With a forecast for 1981, a ics in the '80s, the S nesses look forward sustained growth re vation and emphasis

The Sector also se expand its business the decade in the ra services markets.

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Industrial Products and Components

Continued growth for most major businesses

James A. Baker
Executive Vice President and Sector Executive—Industrial Products and Components Sector

(In millions)	1980	1979	1978	1977	1976
Revenues	$5,157	$4,803	$4,124	$3,698	$3,270
Net earnings	315	272	223	191	160

Industrial Products and Components Sector boosted its earnings 16% during 1980 on revenues 7% ahead of 1979. The improved earnings were paced by operations serving transportation, contractor equipment and industrial motor markets, with most major Sector businesses contributing to the growth. Sector operations include motors, industrial electronics, contractor equipment, transportation systems, apparatus service, and supply services for electrical and related products.

During the 1980s, industry's need for new products and services to improve productivity and increase energy supplies will provide favorable opportunities in markets to which the Sector expects to bring continued product leadership and innovation. The industrial electronics field should be a particularly important area for Sector growth.

In 1980, Industrial Products and Components Sector accounted for 19% of total GE revenues and 21% of the year's earnings.

Contractor equipment operations experienced an excellent year, with increased sales and earnings. Strength in commercial construction markets offset the depressed levels of residential construction. Industrial plant and equipment spending remained strong, and international operations showed improvement over the previous year's level.

General Electric manufactures a wide variety of products associated with electrical control, distribution and circuit protection. These GE product lines include low-voltage circuit breakers, motor controls, wiring devices, programmable lighting control, and wire and cable. New products introduced by the Company in 1980 included a line of low-voltage switchgear that provides increased operator safety and improved reliability.

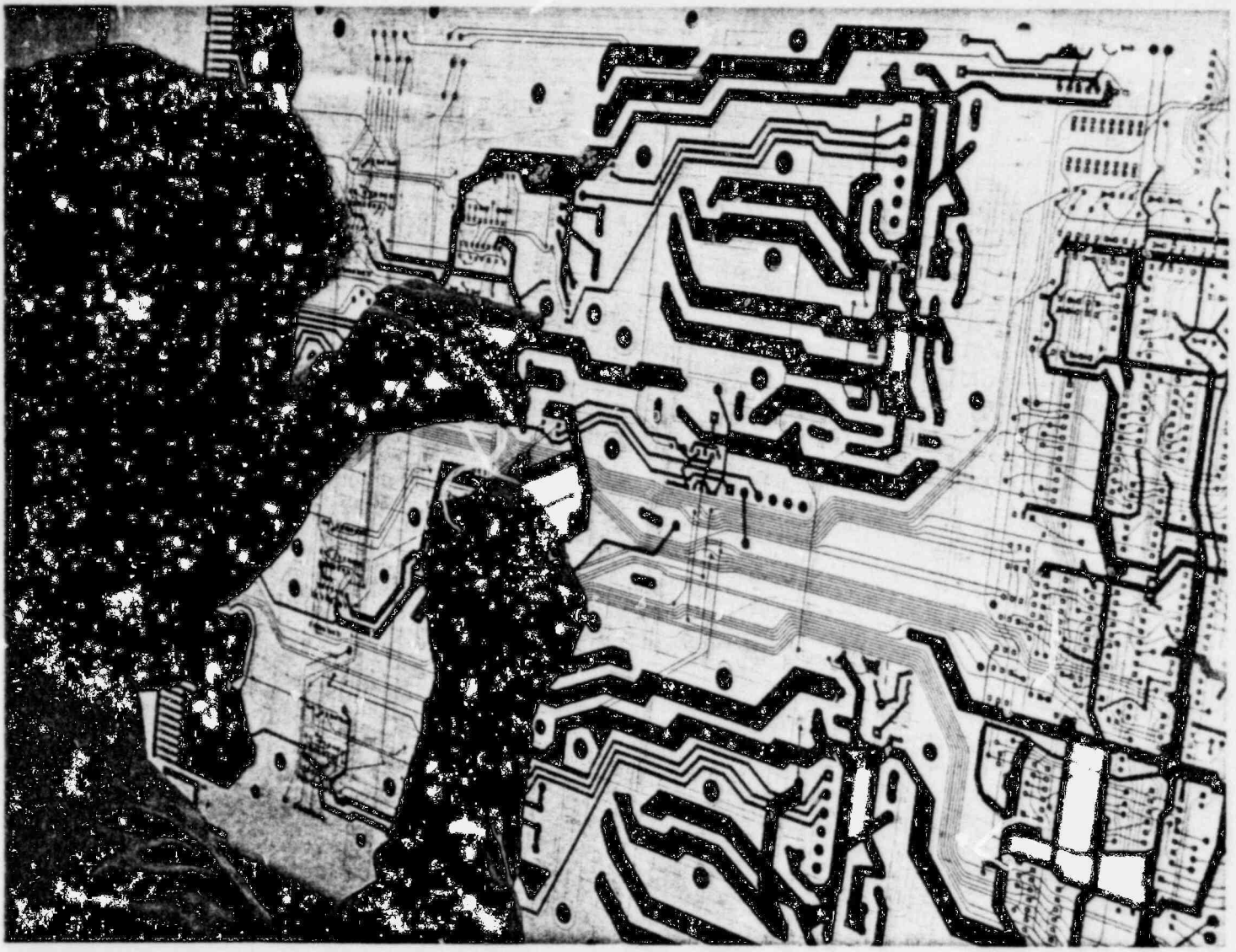
Transportation systems businesses continued to grow as quality suppliers of diesel-electric locomotives, motorized wheels for off-highway vehicles and transit propulsion equipment as well as drilling drives. Earnings improved considerably on slightly higher sales.

International locomotive orders increased in 1980, and the largest contract for locomotives in the Company's history was negotiated with National Railways of Mexico. The ten-year agreement calls for delivery of 60 to 100 locomotives or their component sets each year.

The locomotive line was expanded to include the new B36-7 model which features further improvements in fuel efficiency and pulling power. This 3,600-hp unit uses GE's highly reliable and advanced railroad-type diesel engine. Although the U.S. locomotive market was relatively weak in 1980, over the next few years it is forecast to strengthen. Railroad haulage is expected to increase as a result of both the fuel efficiency advantage of railroads over trucks and increased coal transport.

High levels of mining produced brisk demand for General Electric motorized wheel drives used on haulage trucks. Also, extensive oil-well drilling in 1980 stimulated a sharp increase in demand for the Company's drilling drive systems.

The motor businesses of GE produce a large assortment of motors for residential and industrial applications. In 1980, they had somewhat higher earnings on slightly lower sales. The industrial motor market was strong, reflecting industry's emphasis on productivity and customers' needs for energy-saving motors. The market for high-efficiency industrial motors is growing at more than 60% per year. The component motor market was weak as a result of depressed appliance markets.



Creating new integrated circuits is among the exciting technology programs of Intersil, Inc., a newly acquired affiliate of General Electric that is also a leading producer of microelectronic products.

Because of increased energy exploration worldwide, sales of motors and generators for mining and oil drilling were high. Also, exports of smaller component motors grew dramatically during the year.

Industrial electronics operations had higher sales although earnings were down, reflecting, in part, the impact of new investment programs oriented toward product and factory automation.

General Electric continued its role as a leading supplier of electrical and electronic components and systems to power industry worldwide. New technological developments included a high-efficiency, static, adjustable-speed drive system incorporating the latest microprocessor-based digital control. The system prolongs motor life, and can reduce by up to one-half the amount of power normally consumed by the application of a constant-speed motor.

Among other new GE products offered was the Series Six family of programmable controls, designed to increase productivity and lower costs.

As part of GE's new thrusts in high technology, two electronics-related acquisitions recently were announced. In February 1981, General Electric acquired Intersil, Inc., a leading supplier of advanced integrated circuits and data acquisition and memory products, for $235 million. Intersil will continue as a major supplier to the merchant market as well as a

source of integrated circuits for GE's diversified product lines. Also, in December 1980, the Company agreed to acquire Calma Company, a subsidiary of United Telecommunications Inc., for up to $170 million. Calma is a supplier of interactive graphic systems, which include technologies used for computer-aided design and manufacturing.

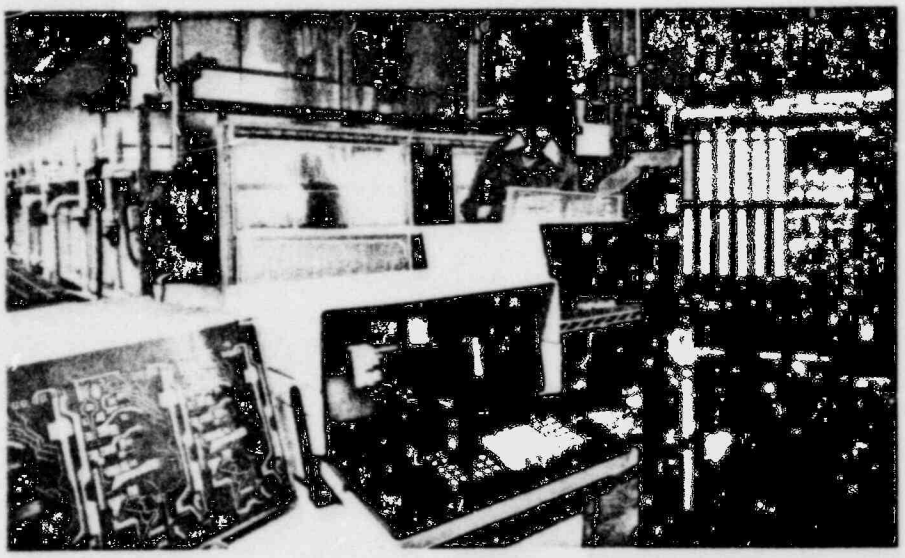
In addition, a $30 million investment in new electronics capability at Charlottesville, Va., was approved in 1980. Construction will include manufacturing space for industrial controls and a new laboratory to help bolster GE's role in the industrial electronics revolution.

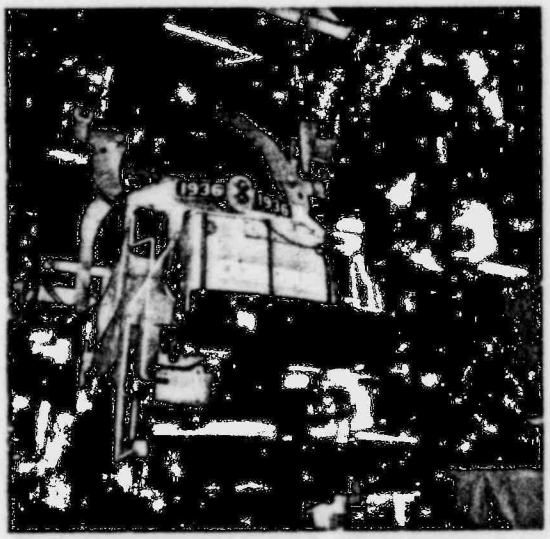
Service and distribution businesses conducted by the Sector include:

- General Electric Supply Company, which reported improved sales for the year. This national network of supply centers provides products of General Electric and other companies to customers in the contractor, industrial, commercial and utility markets.
- Apparatus service shops, sales of which were up, although earnings were lower.

With continued emphasis on expenditures aimed at longer-term growth as well as broadened service offerings, the service shop network was expanded to 197 locations worldwide. The shops provide inspection, maintenance, repair and rebuilding services for industrial equipment manufactured by General Electric and other companies. Forty repair facilities in this international network are concentrating on the fast-growth electronics service market.

Increased productivity is the aim of new GE Series Six programmable controls. Equipped with microprocessors, the units guide complex industrial operations such as material handling and process control.





Locomotive repair and overhaul at the Company's Hornell, N.Y., service shop are part of the offerings of the GE worldwide network of apparatus service shops and affiliates in 19 countries.

The outlook in the 1980s for markets served by Industrial Products and Components Sector is favorable, based on the nation's need for production- and energy-related products.

The Sector has strengthened its competitive position by developing leading-edge products and services, and continues to expand its marketing presence abroad. While some operations may be affected by lingering economic uncertainties, most anticipate improved market conditions. Residential construction markets are forecast to improve, although commercial and industrial construction markets are expected to decline in 1981.

- The U.S. locomotive market is forecast to improve in the early 1980s. International markets, primarily in developing countries with transportation infrastructure needs, should remain strong.
- Continued high levels of mining and oil drilling are expected to sustain demand for motorized wheels, drives and motors.
- Emphasis on energy conservation and productivity should stimulate demand for GE's electronic components and systems.
- Industry's quest for more efficient machine tools and sophisticated production equipment is expected to produce significant GE sales opportunities.
- Growth in worldwide maintenance and repair markets served by General Electric's apparatus service shops is predicted to continue throughout the 1980s.

Power Systems

Earnings growth continues despite slow markets

Herman R. Hill
Executive Vice President and
Sector Executive—
Power Systems Sector

(In millions)	1980	1979	1978	1977	1976
Revenues	$4,023	$3,564	$3,486	$3,218	$2,998
Net earnings	141	114	93	75	61

General Electric's Power Systems Sector, a world leader in serving markets for electrical generation and power delivery apparatus, increased its 1980 earnings by 24% on a 13% rise in revenues. Good earnings in steam turbine-generator operations and the expanding installation and service engineering business more than offset declines in gas turbine and power delivery operations.

The improved Sector results reflected continued emphasis on productivity gains, increased penetration of international markets, and expansion of equipment maintenance services. Selling price increases only partially offset inflation-driven cost increases.

The Sector's strategy for earnings growth is based on strengthening its leadership in a broad range of energy technologies, and diversifying into new energy technologies such as those related to synthetic fuels and advanced cogeneration.

Power Systems businesses contributed 15% of total GE revenues in 1980 and 9% of net earnings. Presently, high reserve margins of utilities and uncertain national energy policies continue to slow demand for power generation and delivery equipment.

The backlog of unfilled orders was $11.0 billion at the end of 1980, compared with $12.1 billion at the previous year end. The decrease from the 1979 year-end backlog was attributable primarily to elimination of orders for steam turbine-generators no longer expected to go into production, and also to Sector sales that exceeded new orders.

Steam turbine-generator earnings were well up from 1979 on approximately the same level of sales.

As expected, the sluggish demand for large steam turbine-generators caused the level of new orders for these larger units to be lower than in 1979. Notable progress, though, was made in winning domestic industrial cogeneration orders for smaller-size steam turbine-generators.

The orders backlog for steam turbine-generators was $2.7 billion at year-end 1980, of which $1.3 billion is scheduled for shipment after 1985. The comparable backlog for 1979 was $3.9 billion, of which $2.0 billion was scheduled for shipment after 1984.

Mechanical drive turbines showed higher earnings on higher sales compared to 1979. General Electric foresees major long-term growth for this business in international applications such as petrochemical plants and emerging energy technologies involving coal liquefaction and synthetic fuels.

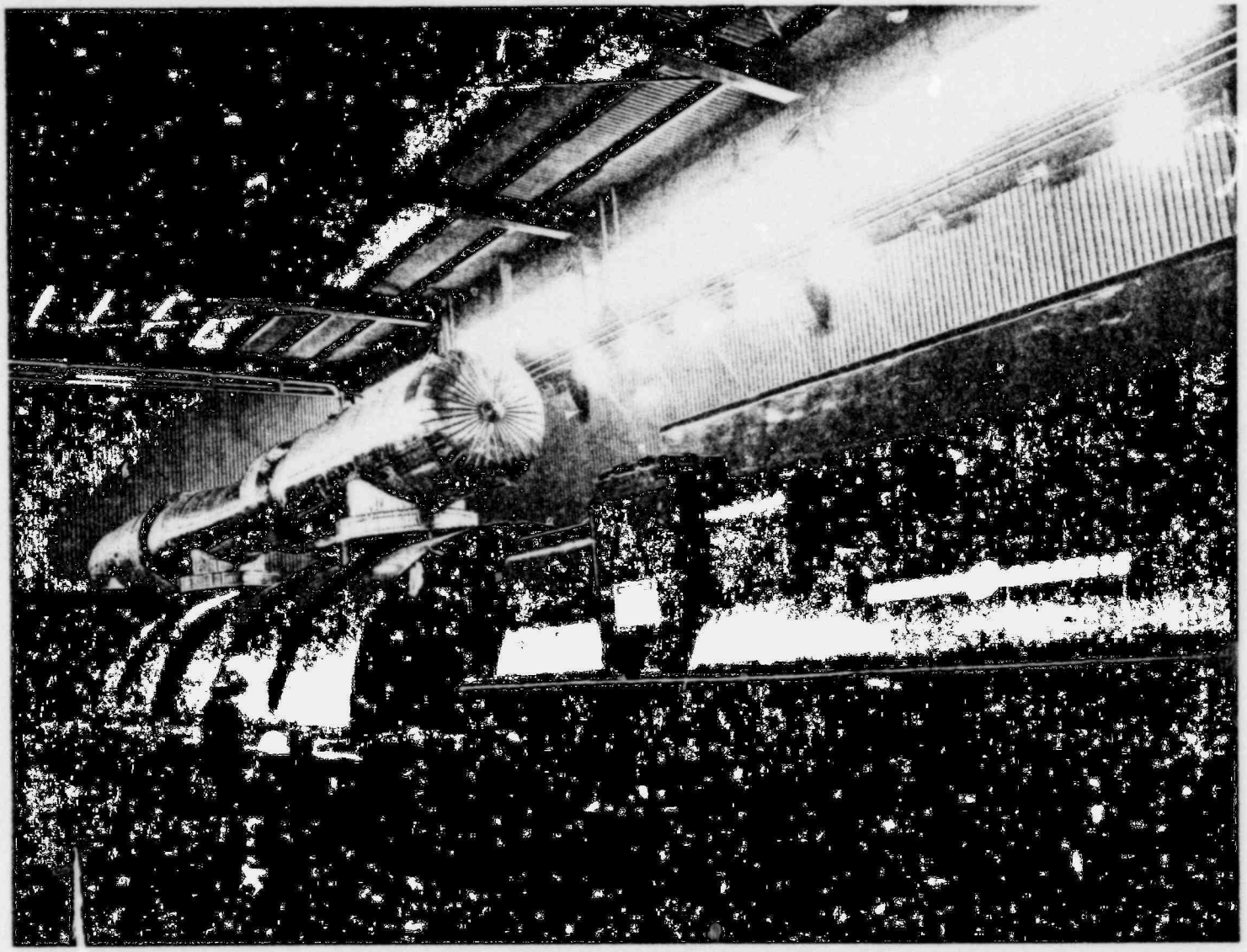
The Sector's marine propulsion business consisted primarily of U.S. Navy projects.

Gas turbine sales were higher but earnings were down, due principally to tighter margins caused by stiff foreign competition. GE gas turbines continued to maintain their world leadership, being used for electric utility peaking and mid-range power, and for industrial applications such as natural-gas pipeline pumping and powering offshore oil platforms.

The Company's highly efficient STAG™ (steam and gas) combined-cycle turbine plants continued to be attractive offerings, particularly for foreign customers.

In 1980, the Sector delivered the first of a line of large gas turbines to serve the international electric utility market. This advanced 105-mw heavy-duty gas turbine, the largest such unit ever built by the Company, is now part of a combined-cycle power system operating near Kirchiengern, West Germany.

General Electric announced in 1980 that it



Export orders of GE steam turbine-generators have included two 550-mw units for Spain's Castellon power plant, a coal-fired installation located on the eastern Mediterranean coast.

is participating in a $300 million coal gasification/combined-cycle demonstration plant. Planned for completion in 1983, this 100-mw facility is designed to convert coal to synthetic gas, then clean and burn it to provide economical electricity. GE also is supplying the gas and steam turbine-generators for this electric power plant.

Nuclear operations continued to incur a modest loss. As stated in previous Annual Reports, GE is making substantial expenditures on engineering and development in support of nuclear projects in the backlog. These expenditures, added to the effects of deferments of shipments and cancellations of nuclear orders, are expected to result in continuing losses for this business.

Nevertheless, the nuclear fuel fabrication and services segments of the business are profitable, and the nuclear fuel and services needs of U.S. and foreign utilities offer ongoing opportunities. Additional large orders for fuel were received in 1980, and Power Systems' installation and service engineering business, in cooperation with the nuclear business, has expanded GE's nuclear services offerings.

The backlog of orders, including nuclear reactors, fuel assemblies and plant services, totaled $5.5 billion at year-end 1980, of which $1.9 billion is scheduled for shipment after 1985. The comparable backlog for 1979 was $5.3 billion, of which $2.5 billion was

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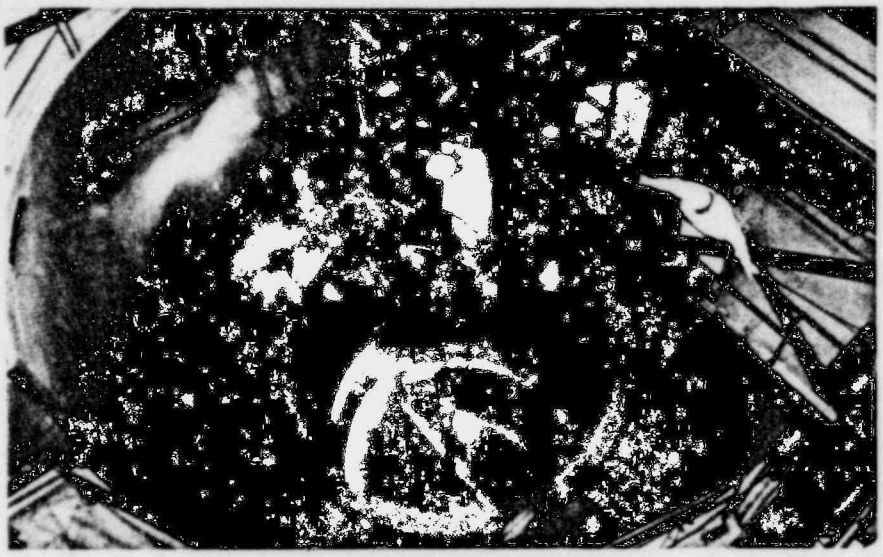
Synthetic-fuels development at GE includes work on an ultra-high-temperature, water-cooled gas turbine which would be installed in advanced synfuels plants. Plans call for this highly efficient "Super-turbine" to be ready by the late 1980s.



To provide GE nuclear field engineers and utility personnel with hands-on training in various aspects of reactor refueling and maintenance, GE in 1980 built a reactor services training center in San Jose, Calif.

scheduled for shipment after 1984. Some fuel orders include reprocessing, plutonium fabrication and waste disposal services. In view of current U.S. government policies, it is highly uncertain whether such services can be provided.

In the U.S., cancellations of nuclear plants have substantially outnumbered new orders during the last six years. General Electric's management believes that resumption of nuclear orders will depend not only on renewed demand for electric generating equipment, but also on government action. Such action is needed to reform the nuclear licensing process and resolve existing uncertainties regarding such issues as radioactive waste storage as well as nuclear export policy.

Installation and service engineering businesses reported record orders, sales and earnings in 1980. This continued growth was achieved by expanded offerings of field engineering and project management services in major domestic and international markets.

Highlights during 1980 included increased participation in domestic nuclear and fossil plant installations as well as in maintenance and refueling; success in developing a market to upgrade older electrical and electronic equipment; and penetration of offshore equipment-maintenance opportunities.

Power delivery businesses, producing transformers, power circuit breakers, switchgear and meters, continued to be depressed, with inadequate recovery of cost increases resulting in lower earnings. To overcome problems of utility overcapacity, a slowdown in residential construction, and inflationary costs which are not completely recoverable through price increases, these GE operations are working to improve their margins by stressing productivity programs to reduce costs and improve efficiency.

Utility load management, an attractive means of energy conservation, represents a growth opportunity, and the Company is positioned to take advantage of this market. By year-end 1980, 18 utilities had purchased GE's newest time-of-use meter, and the Company continued the commercial introduction of its Automatic Meter Reading and Control (AMRAC®) load management system.

The outlook. Power Systems Sector earnings are sensitive to electrical load growth. To offset the relatively low load growth forecast and achieve satisfactory results, the Sector has embarked on major programs to improve productivity and develop new businesses.

General Electric intends to play a major role in whatever forms of energy-related equipment and services are required in the 1980s and '90s.

Over the long term, significant growth opportunities are foreseen as the nation comes to grips with its imported-oil problem. GE is a leader in many energy technologies, and is aggressively pursuing a wide range of advanced energy development activities.

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Technical Systems and Materials

Most businesses grow; investments for future continue

Christopher T. Kastner
Executive Vice President and
Sector Executive—Technical
Systems and Materials Sector

(In millions)	1980	1979	1978	1977	1976
Revenues	$7,128	$6,061	$4,745	$4,145	$3,688
Net earnings	373	356	278	248	202

The high-technology businesses constituting the Technical Systems and Materials Sector had an 18% increase in revenues during 1980. Earnings were 5% ahead of the 1979 level as strong performances in aircraft engines and information and communications systems offset weakness in markets for engineered materials.

During 1980, the Sector continued to make heavy investments in advanced technologies, including microelectronics and engineered materials, which are expected to be important factors in General Electric's future growth.

The Sector accounted for 27% of total GE revenues and 24% of earnings in 1980.

Aircraft engine businesses serving the highly competitive commercial, military, marine and industrial markets produced strong sales and earnings increases.

High fuel costs and intensified competition among airlines stimulated demand for new aircraft with engines of improved efficiencies. GE commercial engines for this market include the CF6-80, which was selected by several airlines to power their Boeing 767 and Airbus Industrie A310 jetliners. Overall, 75 customers have now selected the CF6 or CFM56* for their high-bypass-engine-powered aircraft.

Seven airlines and the French Air Force have placed orders to re-engine their DC-8 aircraft with CFM56 engines jointly developed by the Company and SNECMA, the French engine manufacturer. A smaller fan version of this engine, the CFM56-3, has been offered to power new and derivative twin-engine aircraft.

In 1980, significant milestones in small commercial engines also were reached. The CT7 turboprop engine was chosen to power its first commuter-sized aircraft, the SAAB-Fairchild 340, and initial orders were received for CT7 turboshaft engines to power the Bell Textron 214ST helicopter. Production go-ahead was announced on the Canadair Ltd. Challenger E executive jet powered by CF34 turbofans.

In military markets, production continued on the F404 turbofan engine for the U.S. Navy's F/A-18, and Canada became the first non-U.S. customer to select this new fighter aircraft. The F404 and F101 DFE advanced fighter engines completed unprecedented durability tests. Both the F101 DFE and a new model of the J79 turbojet flew for the first time in U.S. Air Force F-16s. Flight testing also began on the U.S. Air Force KC-10 tanker powered by the CF6-50, and the CFM56 engine was selected for a program aimed at re-engining KC-135 tankers.

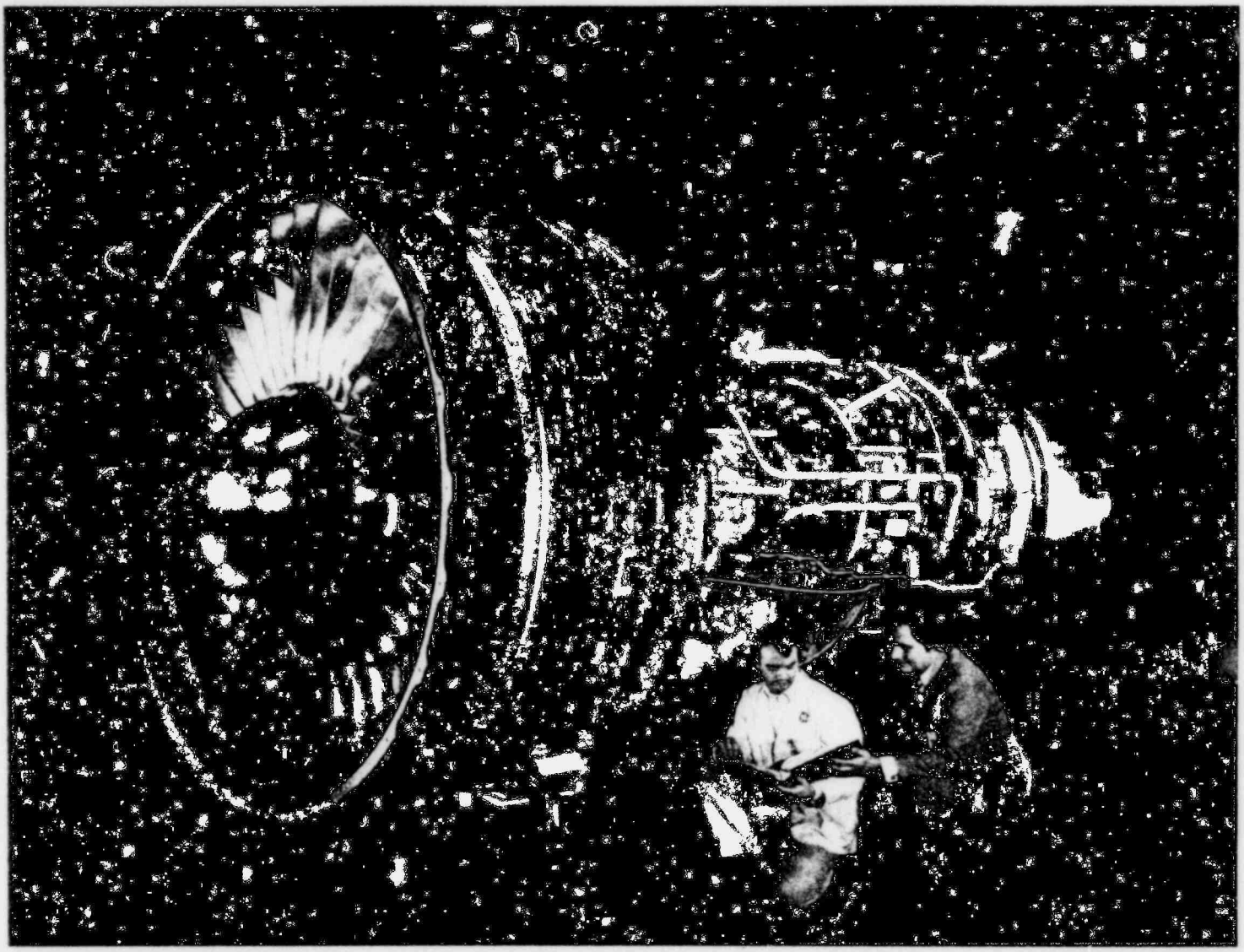
Sales of aircraft engine derivatives continued on the upswing. The U.S. Navy received its 30th Spruance Class destroyer powered by four LM2500 engines, while initial LM2500 deliveries were made for the Aegis cruiser. In industrial markets, large orders were received from Mexico and India for the LM2500 engine.

Aerospace operations increased their sales and earnings in 1980. Technologies of this business, which principally involves U.S. government contracts, span the space sciences, electronics and microelectronics, avionics, computer software and control systems.

In 1980, GE installed its first solid-state, three-dimensional radar system in Belgium as part of NATO's air defense network, and continued work on units for the U.S. Air Force, U.S. Marine Corps and the United Kingdom.

In space technology, GE is the prime contractor for developing Landsat D, a NASA earth-resources satellite, and DSCS III, an advanced defense communications satellite.

In avionics, including aircraft instruments



New CF6-80A turbofan engine under development by the Company is designed to provide take-off thrust of 48,000 pounds for the Boeing 767 and Airbus Industrie A310 transports.

and controls, digital systems are being tested for the Boeing 767 and 757 aircraft and the Navy F/A-18 jet fighter.

Information and communications systems operations continued their strong increase in sales and earnings during the year.

General Electric Information Services Company (GEISCO) increased its business applications in anticipation of ongoing changes in the computer industry and in customer needs. It broadened its market by expanding into manufacturing resource planning and by introducing an electronic purchase ordering system linking major retailers with large suppliers.

GEISCO strengthened its position as a supplier of total data processing services through new moves into the software and services segment of the industry. Continued internal developments were complemented by external acquisitions which provide entry into new areas of systems design, advanced software and services.

The GE mobile communication products business produced strong gains in both sales and earnings. Demand for this equipment continued in both domestic and foreign markets.

Engineered materials increased sales in 1980. Although earnings were down due to inflation-driven cost increases and lower volume in depressed consumer-related markets, these businesses contributed a major share to

POOR ORIGINAL

Sector earnings. General Electric high-performance materials encompass engineered plastics, silicone chemicals, tungsten-carbide metals, Man-Made® diamonds, Borazon® abrasives and electro-materials such as laminates and rechargeable batteries.

The Company continued to be a world leader in supplying high-technology engineered plastics. While slow auto sales affected plastics volume, this was partially offset by strong international demand and higher penetration of new markets.

Among significant facility additions was a new phenol plant at Mt. Vernon, Ind., that began operation in late 1980. Production of phenol, a key raw material required for several GE plastics, will help assure supply while improving costs and maintaining high quality.

Emphasis on increased productivity in metal-working industries continued to bring opportunities for the Company's line of tungsten-carbide metals and Man-Made industrial diamonds for metal-cutting tools. Record oil-drilling activity stimulated strong demand for Stratapax® diamond drill blanks.

Medical systems businesses, supplying diagnostic imaging and patient monitoring equipment and services, had higher sales and earnings in 1980. International operations are expected to be aided by the acquisition of significant portions of the Thorn-EMI Medical sales and service operations outside the U.S. This acquisition reinforces the Company's ability to market and support its high-technology medical products in international markets.

Orders for General Electric's computed tomography (CT/T®) scanners increased markedly during the year, with significant contributions from many major world markets.

In ultrasound diagnostics, the Datason B® scanner received an enthusiastic reception.

A GE Microelectronics Center was authorized in 1980 and is being constructed at Research Triangle Park, N.C. The $55 million facility will develop and produce advanced microelectronic components for GE products, and is designed to strengthen the Company's capabilities in custom integrated circuits.

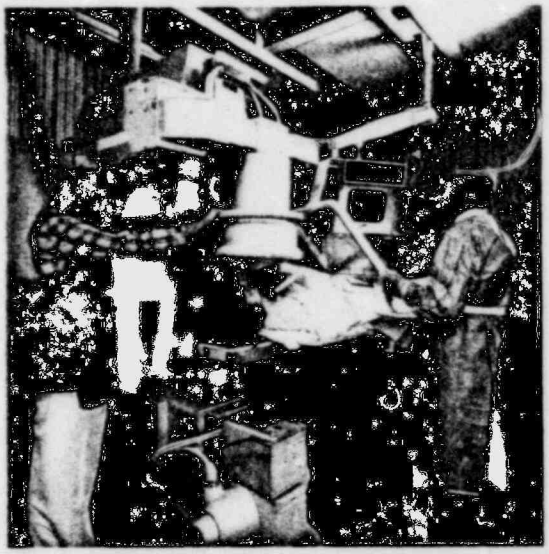
The outlook for the variety of markets served by Technical Systems and Materials Sector is favorable over the long term. While sales of engineered materials were affected by the short-term decline in U.S. markets during the year, some improvement is expected in 1981.

While the airline industry is undergoing financial difficulties, prospects for new engine sales remain good because of the need for improving fuel economy.

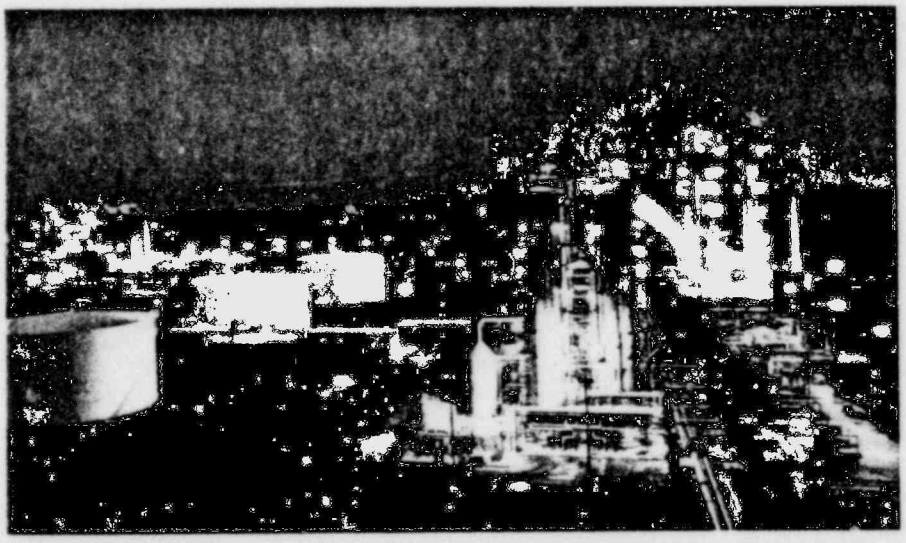
Government markets for defense-related technology, services, and research and development should continue to expand.

Information services and communication equipment markets are expected to maintain their steady growth curves.

Emphasis on improved medical diagnostic procedures should sustain demand for high-technology medical systems.



GE's new L/U-Angio diagnostic x-ray system helps doctors examine the circulatory system of the head and body with a high degree of ease and accuracy. Another version helps diagnose coronary artery disease.



A new phenol plant at Mt. Vernon, Ind., will help provide both GE's supply of vital feedstocks and timely customer delivery of many GE plastics.

POOR ORIGINAL.

Natural Resources

Record results from energy and mineral operations

Alexander M. Wilson
Chairman of the Board
and Chief Executive Officer—
Utah International Inc.

(In millions)	1980	1979	1978	1977	1976
Revenues	$1,374	$1,260	$1,032	$965	$1,003
Net earnings	224	208	180	196	181

General Electric's natural resources operations, chiefly Utah International Inc., in 1980 set records for both revenues and earnings. Earnings were up 8% on 9% higher revenues. These operations provided 5% of total GE revenues and 15% of earnings for 1980.

Earnings improvements were paced by oil and natural gas, iron ore, copper, domestic coal and ocean shipping operations — more than offsetting lower earnings for coking coal and uranium.

Continued growth is expected in the 1980s due to Utah's established position as a leading low-cost producer of energy and mineral resources, and because of vigorous ongoing exploration and development programs.

At year-end 1980, the sales backlog for minerals, including uranium, was $6.8 billion, of which $5.7 billion was scheduled for shipment after 1981. All contracts making up this backlog are payable in U.S. dollars.

Approximately 80% of 1980 natural resources revenues and 73% of net earnings originated from operations outside the U.S.

For additional information about certain of Utah's natural resources, see page 31.

Australian coking coal activities, although realizing somewhat lower earnings in 1980, continued to be Utah's major earnings source. Utah owns 89% of Blackwater Mine and 68% of four other Utah-operated open-cut coking coal mines, including Norwich Park Mine which had its first full year of production in 1980. In addition, the company owns 68% of the comparatively small underground Harrow Creek Mine.

A two-year labor agreement reached in July 1980 between management and the mining unions reflects an improved industrial climate at Utah's operations. Production, though, was interrupted for 10 weeks during the third quarter when employees protested a government-proposed tax on subsidized housing.

Utah seeks expansion of its coking coal activities and is investigating the feasibility of developing other mine sites near present operations. Utah-operated coking coal mines now have a total annual production capacity, including partners' shares, of about 23 million metric tons.

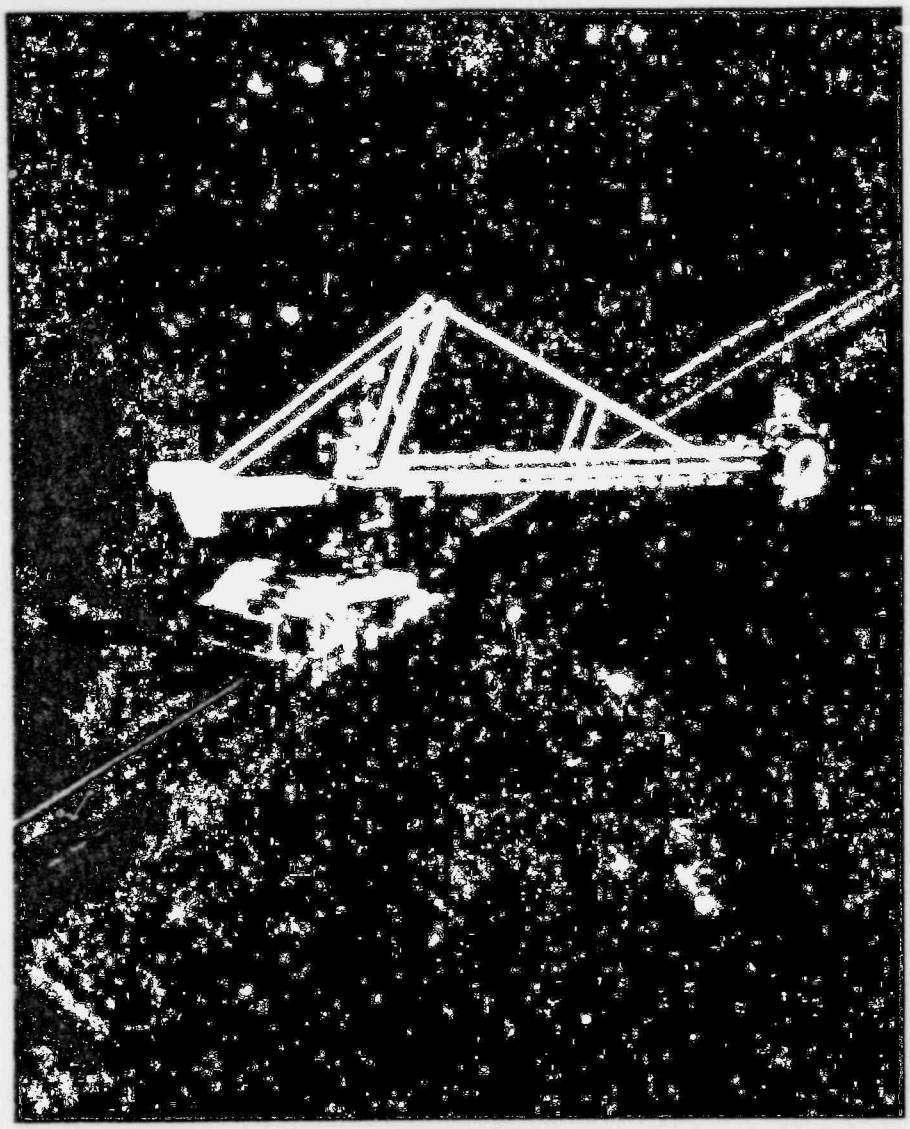
Oil and natural gas operations of Ladd Petroleum, Utah's oil and gas affiliate, produced record revenues and earnings for the year. Higher prices for petroleum products was the primary reason for improved results. Ladd's activities are located in 16 states and three Canadian provinces, and Ladd is a participant in four foreign exploration joint ventures. Drilling and acquisition programs during 1980 expanded its property and reserve positions.

Iron ore activities made a small contribution to earnings in 1980. The largest operation is the Brazil-based Samarco, in which Utah owns 49% of the voting stock and provides debt guarantees. It operated at a break-even level in 1980 compared with a loss in 1979.

Domestic coal mining operations also contributed to the 1980 earnings gain, principally due to increased steam coal shipments from the Navajo and San Juan Mines located in the Four Corners area of New Mexico.

In 1980, Utah acquired the coal leases at San Juan, where previously it had operated under a mining contract, and it completed its purchase from National Steel Corporation of coal reserves in Kentucky and West Virginia.

Copper mining operations at Island Copper Mine in British Columbia, Canada, reported rec-



Clockwise from upper left: at Hay Point port in Australia, coal blended and recovered from large stockpiles by rail-mounted stackers/reclaimers is fed to shipping berths via conveyer belts. In the Gulf of Mexico near Galveston, Texas, and in other locations, Ladd Petroleum is stepping up exploration and development efforts. At Brazil's Point Ubu, Samarco iron ore pellets are loaded aboard large bulk carriers.

ord earnings in 1980. Earnings gains were due primarily to good price realizations for copper early in the year, and higher prices for one of the mine's by-products, gold.

Uranium mining operations are conducted in Wyoming by Pathfinder Mines Corporation, a wholly owned nonconsolidated subsidiary, all of whose common stock is held by independent trustees (see note 12 to financial statements). Pathfinder's increased loss during 1980 reflected sharply higher operating costs combined with the low prices received as final deliveries were made under contracts signed in the early 1970s. In 1981, Pathfinder is expected to begin making deliveries on higher-priced sales contracts. Longer-term prospects are clouded by current market weakness, and future improvement is uncertain.

In other activities, ocean transportation operations, carried out in support of Utah's product marketing, realized improved results in 1980. Land development activities were less profitable than the previous year.

The outlook for Utah International's businesses is enhanced by expected long-term growth in world demand for its products. Recognizing this opportunity, Utah is intent upon expanding its current operations. Substantial increases in 1980 exploration and development expenditures reflect management's optimism about future market prospects.

POOR ORIGINAL

International

U.S. export sales show strong rise; international business increases

Robert R. Frederick
Executive Vice President and
Sector Executive—International
Sector

Foreign multi-industry operations (in millions)	1980	1979	1978	1977	1976
Revenues	$3,234	$2,901	$2,767	$2,562	$2,334
Net earnings	68	65	76	71	75
Total international operations — all Sectors					
Revenues outside the U.S.	$9,597	$7,840	$7,014	$6,138	$5,567
Net earnings	639	526	486	415	445

General Electric's total international business from its six Sectors in 1980, which is summarized above, reported a 21% earnings rise on a 22% increase in revenues. International operations accounted for 38% of GE revenues and 42% of earnings.

Demand for a wide range of sophisticated products and services needed by the world's economies is expected to continue to make international business a major contributor to General Electric earnings.

The Company's international business is composed of four broad categories of activities: foreign multi-industry operations; U.S. exports of General Electric products and services; operations of nondiversified foreign affiliates including the foreign operations of Utah International; and technology licensing revenues.

A summary of international revenues appears below. Revenues from U.S. exports, operations of nondiversified foreign affiliates and technology licensing also are included in the amounts reported by the appropriate product Sectors elsewhere in this Report.

International revenues

(In millions)	1980	1979
Foreign operations and licensing	$5,816	$5,068
U.S. exports to:		
Unaffiliated customers	$3,781	$2,772
Affiliated companies	484	467
	$4,265	$3,239

Foreign multi-industry operations had generally good results in 1980 despite difficult economic conditions in many of the countries served. These operations are the direct responsibility of the International Sector and consist primarily of affiliates producing varied lines of products for local and export markets. They also include international construction operations.

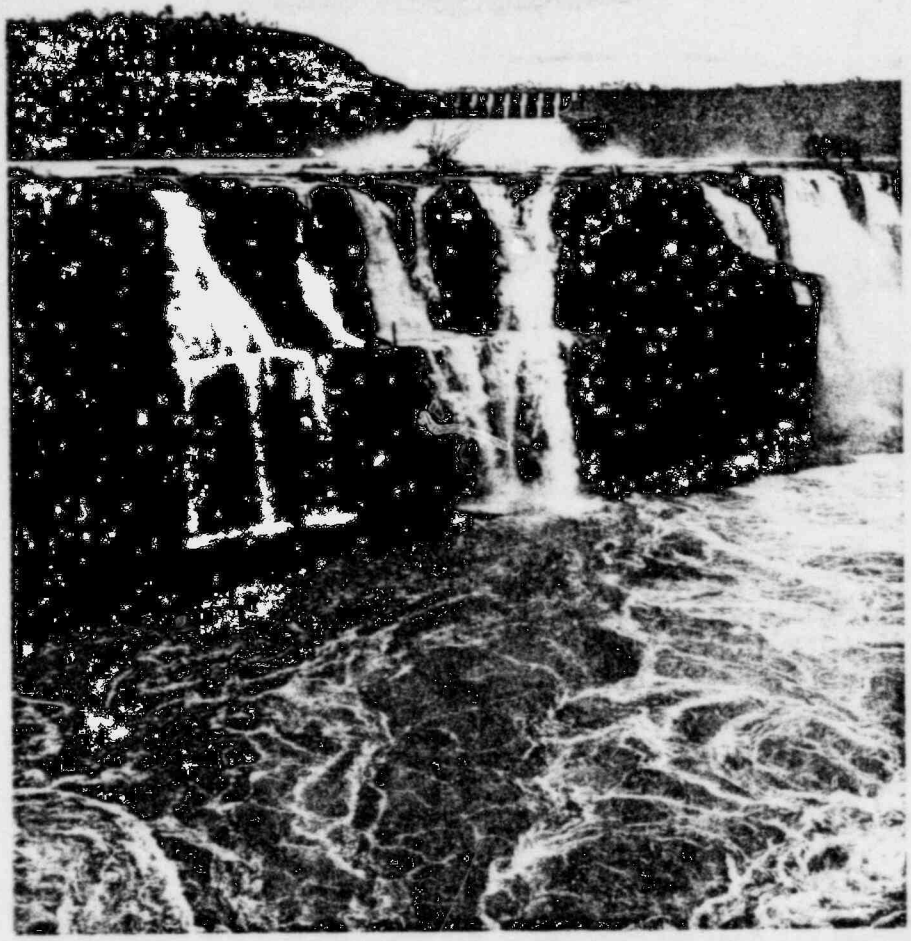
Canadian General Electric Company Ltd., largest of the multi-industry affiliates, reported 1980 earnings significantly higher than those of 1979 on modestly higher sales. Improvements in electrical apparatus and construction products were partially offset by declines in consumer operations.

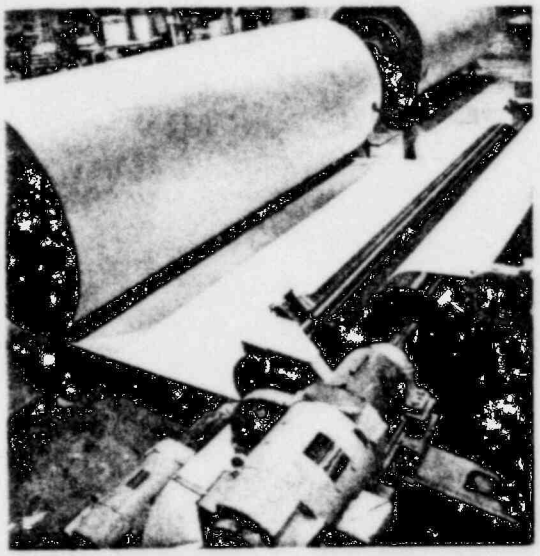
Latin American affiliate earnings were ahead of 1979, primarily because of strong consumer and industrial markets in Mexico and Venezuela.

Elsewhere, operating profit of restructured Italian operations improved. The Spanish affiliate continued in a loss position, largely as a result of depressed local economic conditions. Operations in Africa, the Middle East and Far East generally improved and continued to provide significant assistance in "pulling through" more orders for U.S. exports.

International construction operations had increased sales in 1980 with earnings about the same as the prior year.

Export sales to external customers by General Electric's domestic business operations, assisted by marketing and financial services provided by the International Sector, were up $1.0 billion in 1980, 36% more than in the previous year. This sharp increase was led by high-technology products including





Clockwise from upper left: Brazil's hydroelectric power station, Salto Santiago, under construction on the Iguaçu River, includes turbines designed and built by Canadian GE and GE do Brasil. In Kimberly, Wis., high-quality paper products are manufactured using papermaking drives, motors and gears from Canadian GE. Helping carry out Mexico's electrification plan, GE recently sold six gas turbines to the national utility, including these advanced design 27-mw units in Ciudad Juárez.

aircraft engines and gas turbines.

As one of the nation's leading exporters, General Electric had total exports of $4.3 billion in 1980, which exceeded its direct imports by approximately $3.3 billion, thereby helping offset the unfavorable U.S. trade balance.

The backlog of Company orders from unaffiliated customers for exports from the U.S. again increased, from $4.6 billion in 1979 to $5.1 billion for 1980.

The outlook. Prospects for continued growth of General Electric's international business in 1981 are partly attributable to the Company's wide geographic diversity. After some slowdown in early 1981, economies of major foreign industrial countries and of some of the newly industrializing nations are expected to strengthen in the latter half of the year. This should provide an advantageous economic environment for General Electric operations in those countries, and is expected to stimulate demand for GE's exports from the U.S.

GE operations expect to continue their growth by expanding from their strong bases into countries with high levels of GNP growth — principally the oil-rich nations and several industrializing countries. In addition, International Sector has made notable progress in strengthening its affiliates, by selectively allocating resources to emerging markets which offer maximum potential.

POOR ORIGINAL

Board of Directors

General Electric's Board of Directors conducted 11 meetings in 1980. The October meeting took place in Houston, Texas, where Board members also attended the 1980 share owners' Information Meeting.

Specific Board attention was directed to proposed programs relating to the Company's strategies for strengthening its electronics capability — an increasingly important factor in today's competitive business environment.

In May, the quarterly dividend was increased by the Board, from 70 to 75 cents per share.

The seven Committees of the Board, listed at lower right, are designed to help the full Board keep pace with the growing scope and complexity of its responsibilities by concentrating on specific areas of interest:

- The Audit Committee, made up entirely of Directors from outside the Company, met four times. Its reviews included those of activities of both the Independent Public Accountants and the Corporate Audit Staff. At a joint meeting with the Finance and Operations Committees, the 1979 Annual Report and the 1980 Proxy Statement were approved.
- The Finance Committee, meeting four times, reviewed the Company's financial position, its investments, and the operations of the General Electric Credit Corporation.
- The Management Development and Compensation Committee held ten meetings and reviewed and approved changes in GE's

John E. Lawrence

Walter B. Wriston

Ralph Lazarus

Gilbert H. Scribner, Jr.

Edmund W. Littlefield

J. Paul Austin

Reginald H. Jones

James G. Boswell II

Charles D. Dickey, Jr.

Henry L. Hillman

John E. Lawrence, President, James Lawrence & Co., Inc., cotton merchants, Boston, Mass. (1957)

Walter B. Wriston, Chairman of the Board and Director, Citicorp and Citibank, N.A., New York, N.Y. (1962)

Ralph Lazarus, Chairman of the Board and Director, Federated Department Stores, Inc., Cincinnati, Ohio (1962)

Gilbert H. Scribner, Jr., Chairman of the Board and Director, Scribner & Co., real estate and insurance, Chicago, Ill. (1962)

Edmund W. Littlefield, Chairman of the Executive Committee and Director, Utah International Inc., San Francisco, Calif. (1964)

J. Paul Austin, Chairman of the Board and Director, The Coca-Cola Company, Atlanta, Ga. (1964)

Reginald H. Jones, Chairman of the Board, Chief Executive Officer and Director, General Electric Company, Fairfield, Conn. (1971)

James G. Boswell II, Chairman of the Board, Chief Executive Officer and Director, J. G. Boswell Company, farming and related businesses, Los Angeles, Calif. (1971)

Charles D. Dickey, Jr., Chairman of the Board, Chief Executive Officer and Director, Scott Paper Company, Philadelphia, Pa. (1972)

Henry L. Hillman, President and Director, The Hillman Company, diversified operations and investments, Pittsburgh, Pa. (1972)

Henry H. Henley, Jr., Chairman of the Board, Chief Executive Officer and Director, Cluett, Peabody & Co., Inc., manufacturing and retailing of apparel, New York, N.Y. (1972)

Silas S. Cathcart, Chairman of the Board and Director, Illinois Tool Works inc., diversified products, Chicago, Ill. (1972)

Samuel R. Pierce, Jr., Partner, Battle, Fowler, Jaffin, Pierce and Kheel, law firm, New York, N.Y. (1974)

Gertrude G. Michelson, Senior Vice President, External Affairs, R. H. Macy & Co., Inc., retailers, New York, N.Y. (1976)

Lewis T. Preston, Chairman of the Board and Director, J. P. Morgan & Co. Incorporated and Morgan Guaranty Trust Company, New York, N.Y. (1976)

George M. Low, President, Rensselaer Polytechnic Institute, Troy, N.Y. (1977)

Richard T. Baker, Consultant to Ernst & Whinney, public accountants, Cleveland, Ohio. (1977)

POOR ORIGINAL

executive compensation and management.

• The Nominating Committee met three times. It assessed candidates for Directorships and the memberships of other Board Committees.

• The Operations Committee met five times. At one session, a joint meeting with the Technology and Science Committee at the Company's Plastics Business Operations facility in Mt. Vernon, Ind., it conducted a business review of the Engineered Materials Group, including perspectives on the Group's anticipated financial performance through 1985.

• The Public Responsibilities Committee held two meetings and reviewed key public issues affecting the Company and the current status of the evolving national energy policy.

• The Technology and Science Committee met twice, concentrating on those areas of technological development promising the most significant progress for the Company.

The Board is made up primarily of Directors from outside GE. The 1980 Board members are listed at lower left in order of their Board seniority, with the year in which they were elected shown in parentheses. Besides Mr. Jones, three other directors are not candidates for re-election. Messrs. Lawrence and Austin are retiring from the Board after 23 and 16 years of service, respectively. Mr. Pierce has resigned to become U.S. Secretary of Housing and Urban Development.

Henry H. Henley, Jr.

Silas S. Cathcart

Samuel R. Pierce, Jr.

Gertrude G. Michelson

Lewis T. Preston

George M. Low

Richard T. Baker

John F. Burlingame

Edward E. Hood, Jr.

John F. Welch, Jr.

John F. Burlingame, Vice Chairman of the Board, Executive Officer and Director, General Electric Company, Fairfield, Conn. (1980)

Edward E. Hood, Jr., Vice Chairman of the Board, Executive Officer and Director, General Electric Company, Fairfield, Conn. (1980)

John F. Welch, Jr., Chairman-elect and Director, General Electric Company, Fairfield, Conn. (1980)

Committees of the Board

Audit Committee
Richard T. Baker, *Chairman*, John E. Lawrence, George M. Low, Samuel R. Pierce, Jr., Lewis T. Preston

Finance Committee
Edmund W. Littlefield, *Chairman*, Reginald H. Jones, *Vice Chairman*, Charles D. Dickey, Jr., Henry H. Henley, Jr., Gilbert H. Scribner, Jr., Walter B. Wriston

Management Development and Compensation Committee
Ralph Lazarus, *Chairman*, J. Paul Austin, Silas S. Cathcart, John E. Lawrence, Walter B. Wriston

Nominating Committee
Charles D. Dickey, Jr., *Chairman*, J. Paul Austin, Henry H. Henley, Jr., Ralph Lazarus, Edmund W. Littlefield, George M. Low, Gertrude G. Michelson

Operations Committee
Henry L. Hillman, *Chairman*, John F. Welch, Jr., *Vice Chairman*, James G. Boswell II, Silas S. Cathcart, Gertrude G. Michelson, Samuel R. Pierce, Jr., Lewis T. Preston, Gilbert H. Scribner, Jr.

Public Responsibilities Committee
Henry H. Henley, Jr., *Chairman*, John F. Burlingame, *Vice Chairman*, Richard T. Baker, Henry L. Hillman, Ralph Lazarus, Gertrude G. Michelson, Samuel R. Pierce, Jr.

Technology and Science Committee
George M. Low, *Chairman*, Edward E. Hood, Jr., *Vice Chairman*, James G. Boswell II, Charles D. Dickey, Jr., Henry L. Hillman, Edmund W. Littlefield

POOR ORIGINAL

GE people

Company domestic employment, including consolidated affiliates, averaged 285,000 during 1980, about the same as 1979.

An analysis of domestic GE and General Electric Credit Corporation employment for the year ended September 30 demonstrates the Company's active support of U.S. progress toward improved career opportunities for women and minorities. The number of women managers increased from 1,288 to 1,478 — up 15%. The number of minority managers increased 8%, from 1,332 to 1,432. The total of women professionals went up from 4,690 to 5,349, an increase of 14%, while the number of minority professionals climbed from 3,348 to 3,663 — up 9%. More than 19,000 women and 9,000 minorities were promoted in 1980. Overall, women account for 28% of General Electric employees, and minorities 12%.

Wages and benefits for GE employees continue to provide a competitive total compensation package. In 1980, the new Dental Assistance Plan was introduced as an additional benefit for employees and their dependents.

Adjustments in the pensions of retired employees were approved by the Board of Directors. Effective February 1, 1981, a maximum increase of 10% was applied to the pensions of those who retired on or before May 1, 1979, and smaller increases were applicable to employees who retired after May 1, 1979, and before the February 1, 1981, effective date. This marks the third pension increase for GE retired employees in the last four years.

Medical care for the Company's retirees was also enhanced with the introduction of a new prescription drug plan and improved medical insurance provisions.

GE's occupational safety and health record and experience compare favorably with those for companies in similar businesses. In 1980, General Electric continued to emphasize people-oriented safety programs and health-hazard education.

Contributions to philanthropic organizations by the Company and the General Electric Foundation totaled $13 million. The GE Foundation's annual report will be available in April upon request. Included in the Foundation's contributions were $1,050,000 for minority engineering programs, a major part of an effort to improve career education.

A Companywide survey identified 80 programs in 48 GE plant communities where GE business operations are contributing to local minority engineering activities and scholarships. These efforts helped lead to steady progress in the national effort, which in 1980 resulted in B.S. degrees in engineering for 2,383 minority students — a 90% increase since the program began in 1973.

Strengthening the technical work force of General Electric is a key ongoing objective. Efforts to recruit, retain and retrain the professional and managerial people needed for the changing GE of the 1980s are aggressively under way. During the year, the Company's new two-year Edison Engineering Program — designed to provide entry-level training opportunities for engineers — saw its first graduates.

At plant locations such as the GE computer center in Bridgeport, Conn., employees show minority students the opportunities for careers in science and engineering.

Management

Marking a carefully planned succession of executive leadership, the Board of Directors in December named John F. Welch, Jr., as Chairman, effective April 1, 1981. He will succeed Reginald H. Jones as Chairman and Chief Executive Officer on that date, when Mr. Jones retires after 41 years of outstandingly effective service with General Electric.

John F. Burlingame and Edward E. Hood, Jr., continue as Vice Chairmen of the Board and Executive Officers reporting to the Chairman-elect, with realigned and increased responsibilities. Reporting to Mr. Burlingame are the International Sector, Power Systems Sector, Utah International Inc., Corporate Planning and Development Staff, and Corporate Relations Staff. Reporting to Mr. Hood are the Consumer Products and Services Sector, Industrial Products and Components Sector, Technical Systems and Materials Sector, Corporate Production and Operating Services, and Corporate Technology Staff.

These executives head the team of 141 managers on this and the following two pages.

Integration of the programs of these senior managers is aided by two management groups: the Corporate Policy Board made up of the Chairman, Chairman-elect, Vice Chairmen and the six Senior Vice Presidents pictured at right; and the Corporate Executive Council which includes these same ten officers plus the six Executive Vice Presidents and Sector Executives pictured earlier in this Annual Report with their Sector reviews.

The 12 other Senior Vice Presidents, pictured on pages 26 and 27 along with the President of GECC, provide management for groups of General Electric businesses.

The continued availability of broadly experienced leadership for General Electric in the future is being achieved through a diverse program of learning opportunities provided by the Company worldwide.

Corporate Policy Board

Reginald H. Jones
Chairman of the Board and Chief Executive Officer

John F. Welch, Jr.
Chairman-elect

John F. Burlingame
Vice Chairman of the Board and Executive Officer

Edward E. Hood, Jr.
Vice Chairman of the Board and Executive Officer

Arthur M. Bueche
Senior Vice President
Corporate Technology

Daniel J. Fink
Senior Vice President
Corporate Planning and Development

Robert B. Kurtz
Senior Vice President
Corporate Production and Operating Services

Leonard C. Maier, Jr.
Senior Vice President
Corporate Relations

Walter A. Schlotterbeck
Senior Vice President
General Counsel and Secretary

Thomas O. Thorsen
Senior Vice President
Finance

Arthur M. Bueche

Daniel J. Fink

Corporate Staff Officers

Thomas R. Casey, M.D.
VP & Company Medical Director

James J. Costello
VP & Comptroller

James R. Donnalley, Jr.
VP – Corporate Environmental Issues Project

Frank P. Doyle
VP – Corporate Employee Relations

Dale F. Frey
VP & Treasurer

Fred W. Garry
VP – Corporate Engineering

Marion S. Kellogg
VP – Corporate Consulting Services

Raymond F. Letts
VP – Corporate Operating Services

Theodore P. LeVino
VP – Executive Manpower

Edward H. Malone
VP – Trust Investments Operation

Terence E. McClary
VP – Corporate Financial Administration

John B. McKitterick
VP – Corporate Development

Phillips S. Peter
VP – Corporate Government Relations Operation

Roland W. Schmitt
VP – Corporate Research and Development

Robert B. Kurtz

R. Howard Annin, Jr.
VP – Northeastern Regional Relations

Kristian H. Christiansen
VP – Southeastern Regional Relations

William B. Frogue
VP – Southwestern Regional Relations

Harry M. Lawson
VP – Western Regional Relations

William C. Lester
VP – East Central Regional Relations

Iver J. Petersen
VP – Central Regional Relations

Donald D. Scarff
VP – Atlantic Regional Relations

Cecil S. Semple
VP – Corporate Customer Relations

Leonard C. Maier, Jr.

Walter A. Schlotterbeck

Thomas O. Thorsen

POOR ORIGINAL

Management – operations

James A. Baker
Executive Vice President
and Sector Executive
Industrial Products and Components Sector

James P. Curley
Senior VP & Group
Executive – Contractor
Equipment Group

William Longstreet
VP & General Manager
Distribution Equipment
Division

James M. McDonald
VP & General Manager
Apparatus Distribution
Sales Division

Donald K. Grierson
Senior VP & Group
Executive – Industrial
Electronics Group

Erwin M. Koeritz
VP & General Manager
Electronic Components
Division

James R. Olin
VP & General Manager
Industrial Electronics
Systems Division

Van W. Williams
Senior VP & Group
Executive – Motor
Group

George B. Farnsworth
VP & General Manager
Component Motor
Division

Eugene J. Kovarik
VP & General Manager
Industrial Motor
Division

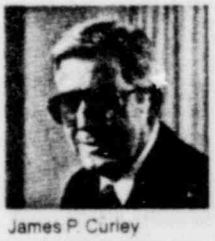
Ralph B. Glotzbach
VP – Industrial Products
and Components
Customer and Industry
Relations Operation

Kertis P. Kuhlman
VP & General Manager
General Electric Supply
Company Division

Donald E. Perry
VP & General Manager
Industrial Sales Division

Bruce O. Roberts
VP & General Manager
Apparatus Service
Division

Carl J. Schiemmer
VP & General Manager
Transportation Systems
Division


James P. Curley

Donald K. Grierson

Van W. Williams

Robert R. Frederick
Executive Vice President
and Sector Executive
International Sector

Willis E. Forsyth
VP & General Manager
Latin American Operations

Rodger E. Farrell
General Manager
Andean Countries
Division

J. Richard Stonesifer
Chairman of the Board and
Chief Executive Officer
General Electric do Brasil
S.A., Latin American
Operations

Paolo Fresco
VP & General Manager
Europe and Africa Operations

Edward C. Bavaria
VP & General Manager
Middle East/Africa
Business Development
Division

George J. Stathakis
VP & General Manager
International Trading
and Construction Operations

Arthur V. Puccini
VP & General Manager
Export Sales and
Trading Division

Edward F. Roache
VP & General Manager
International
Construction Division

Vittorio Orsi
Managing Director
SADE/SADELMI
Construction Operations
International Construction
Division

Frank D. Kittredge
VP & General Manager
Far East Area Division

Alton S. Cartwright
Chairman of the Board &
Chief Executive Officer
Canadian General Electric
Company Limited (CGE)
(a General Electric affiliate)

William R. C. Blundell
President and Chief
Executive Officer, Canadian
Appliance Manufacturing
Company Ltd. (a CGE
affiliate)

Robert T. E. Gillespie
Vice President
Consumer and Construction
Products Division, CGE

D. Forrest Rankine
Vice President
Apparatus and Heavy
Machinery Division, CGE

Herman R. Hill
Executive Vice President
and Sector Executive
Power Systems Sector

Roy H. Beaton
Senior VP & Group
Executive – Nuclear
Energy Group

A. Philip Bray
VP & General Manager
Nuclear Power Systems
Division

Warren H. Bruggeman
VP & General Manager
Nuclear Products
Division

Henry E. Stone
VP & General Manager
Nuclear Engineering
Division

Bertram Wolfe
VP & General Manager
Nuclear Fuel and
Services Division

George B. Cox
Senior VP & Group
Executive – Turbine Group

Robert H. Goldsmith
VP & General Manager
Gas Turbine Division

Richard W. Kinnard
VP & General Manager
Large Steam Turbine-
Generator Division

George H. Schofield
VP & General Manager
Industrial and Marine
Steam Turbine Division

Roy H. Beaton

George B. Cox

John A. Urquhart
Senior VP & Group
Executive – Power
Delivery Group

Nicholas Boraski
VP & General Manager
Large Transformer
Division

Donald C. Berkey
VP & General Manager
Energy Systems and
Technology Division

Robert T. Bruce
VP & General Manager
Installation and
Service Engineering
Division

Edward W. Springer
VP & General Manager
Electric Utility Sales
Division

John A. Urquhart

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Christopher T. Kastner
Executive Vice President
and Sector Executive
Technical Systems and Materials Sector

Donald S. Bates
Senior VP & Group
Executive – Information
and Communications
Systems Group

Gregory J. Liemandt
VP & General Manager
Information Services
Division

Donald J. Meyers
VP & General Manager
Mobile Communications
Division

Charles R. Carson
Senior VP & Group
Executive – Engineered
Materials Group

Alastair C. Gowan
VP – Engineered Materials
Technical Operation

Glen H. Hiner
VP & General Manager
Plastics Operations

Eugene F. Apple
General Manager
Specialty Plastics Division

D. Rex Blanchard
Managing Director
General Electric Plastics
B.V.

John D. Opie
VP & General Manager
Lexan Products Division

Thomas H. Fitzgerald
VP & General Manager
Silicone Products Division

Robert J. Gerardi
General Manager
Metallurgical Division

Donald S. Bates

Charles R. Carson

Brian H. Rowe

Brian H. Rowe
Senior VP & Group
Executive – Aircraft
Engine Group

James N. Krebs
VP & General Manager
Military Engine Operations

Orville R. Bonner
VP & General Manager
Marine and Industrial
Engine Projects Division

William J. Crawford III
VP & General Manager
Military Engine
Projects Division

W. George Krall
General Manager
Aircraft Engine
Manufacturing Division

Frank E. Pickering
VP & General Manager
Aircraft Engine
Engineering Division

James E. Worsham
VP & General Manager
Commercial Engine
Operations

Neil Burgess
VP & General Manager
Airline Programs Division

Harry C. Stonecipher
VP & General Manager
Commercial Engine
Projects Division

Louis V. Tomasetti
Senior VP & Group Executive
Aerospace Group

William A. Anders
VP & General Manager
Aircraft Equipment Division

Lee L. Farnham
VP – DSCS Program

Thomas I. Paganelli
VP & General Manager
Electronic Systems Division

Allan J. Rosenberg
VP & General Manage
Space Systems Divisi n

Ladislaus W. Warzech a
VP & General Manage.
Re-entry Systems Division

Donald S. Beilman
VP & General Manager
Advanced Microelectronics
Operations

James E. Dykes
General Manager
Microelectronics Center

Walter L. Robb
VP & General Manager
Medical Systems Division

Louis V. Tomasetti

Paul W. Van Orden
Executive Vice President
and Sector Executive
Consumer Products and Services Sector

Richard O. Donegan
Senior VP & Group
Executive – Major
Appliance Group

Robert E. Fowler, Jr.
VP & General Manager
Major Appliance
Manufacturing Division

Richard T. Gralton
VP & General Manager
Major Appliance
Marketing Operations

Philip J. Drieci
VP & General
Manager – Major
Appliance Retail
Sales Division

William L. Grim
VP & General Manager
Major Appliance
Contract Sales
Division

James F. West
VP & General Manager
Major Appliance
Marketing Division

John C. Truscott
VP & General Manager
Major Appliance
Applied Research and
Engineering Division

Ralph D. Ketchum
Senior VP & Group
Executive – Lighting
Group

Paul L. Dawson
VP & General Manager
Lamp Components
Division

David O. Gifford
VP & General Manager
International Lighting
Division

Henry J. Singer
VP & General Manager
Lamp Products
Division

Richard O. Donegan

Ralph D. Ketchum

James R. Birle
VP & General Manager
Air Conditioning Division

Fred R. Wellner
General Manager
Television Division

William R. Webber
President
General Electric Video, Inc.

Walter W. Williams
VP & General Manager
Housewares and Audio
Division

John W. Stanger
President &
Chief Executive Officer
General Electric Credit
Corporation (GECC)
(an affiliate of General
Electric)

Lawrence A. Bossidy
Executive VP & Chief
Operating Officer
General Electric Credit
Corporation

Norman P. Blake
VP & General
Manager – GECC
Commercial and
Industrial Financing
Division

Bernard P. Long
VP & General
Manager – GECC
Consumer Financing
Division

John W. Stanger

Alexander M. Wilson
Chairman of the Board and
Chief Executive Officer
Utah International Inc.

James T. Curry
Financial VP

Stephen K. Brimhall
VP & Treasurer

Melvin H. Kennedy
Vice President

Ronald K. Lamson
Controller

Ralph J. Long
Senior VP & Manager
Mineral Exploration and
Development Division

Donn K. Furgerson
VP & Manager
Marine Transportation

Robert O. Wheaton
VP & Manager – Business
Development

Charles K. McArthur
Senior VP & Manager
Mining Division

John T. Atkins
VP & Manager – Western
Coal Operations

Robert N. Hickman
VP & Manager – Mining
Technical Services

Boyd C. Paulson
Vice President

George W. Tarleton
VP & Manager – Mineral
Products Marketing

John H. Moore
President – Ladd
Petroleum Corporation
(a subsidiary of Utah)

Keith G. Wallace
Senior VP & Manager
Australasia Division

Timothy R. Winterer
VP & General Manager
Utah Development
Company (a subsidiary
of Utah)

Bruce T. Mitchell
Secretary

J. Gilbert Selway
General Counsel

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Financial review

This financial review supplements the detailed information presented in the audited financial statements which begin on page 34. In addition, reference should be made to the ten-year summary of historical information on pages 46 and 47, which provides a longer-term perspective.

Sales and net earnings were up 11% and 7%, respectively, in 1980 from 1979. This performance, despite a period of adverse economic conditions in the United States as well as in a number of the world's industrialized economies, emphasizes the strength achieved through the diversity and changing mix of General Electric operations. Information about industry and geographic segments is on pages 44 and 45.

In some of the shorter-cycle businesses, particularly those related to consumer and residential construction markets, physical volume was lower in 1980 due to the domestic economic slowdown. In other businesses, particularly where order-to-shipment cycles are longer, as well as where exports from the U.S. are important, 1980 physical volume was higher. Overall, it is estimated that additional volume of shipments accounted for about one-fourth of the increased sales dollars in 1980. During 1979, higher volume had accounted for somewhat more than one-half of the 14% increase in sales dollars from 1978.

Operating margin dollars, as shown in the Statement of Earnings on page 34, were higher in 1980 and 1979 than in each of the previous years. Details of operating costs are shown in note 2 to the financial statements. Operating margin as a percent to sales has declined somewhat since the high in 1978. Despite continued emphasis on productivity improvements, which tend to have longer-term impact, costs of compensation and benefits and purchased materials, supplies and services have been escalating more rapidly than the Company has been able to recover the increases through selling prices. Also, the Company has substantially increased expenditures in recent years to benefit future growth. Research and development expenditures from the Company's own funds were $760 million in 1980. This was 19% more than in 1979, when expenditures were 23% more than in 1978.

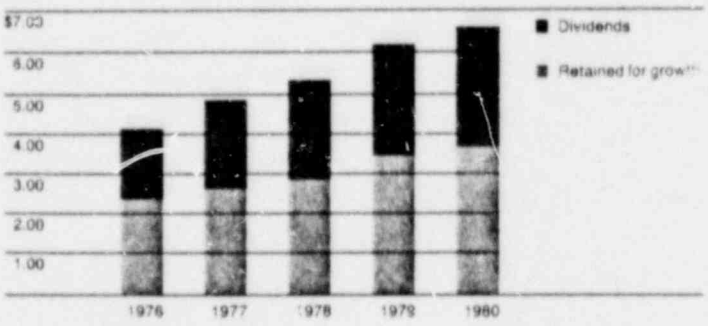
General Electric derives income from a variety of operating and nonoperating sources in addition to amounts realized from sales of products and services. These other sources of Company income have been substantial in recent years, including steady increases in earnings from our nonconsolidated finance affiliate, General Electric Credit Corporation. GECC's earnings rose 28% in 1980 to $115 million from the 1979 amount of $90 million, which was 17% more than 1978 earnings. More detail of other income for 1978-1980 is included in note 4 to the financial statements.

Interest expense and other financial charges were $314 million in 1980, compared with $258 million in 1979 and $224 million in 1978. The 1980 increase from 1979 reflected higher worldwide interest rates as well as a somewhat greater level of borrowing by affiliates. Interest expense in 1979 was more than in 1978 principally due to higher rates.

Provision for income taxes was $958 million in 1980 ($953 million and $894 million in 1979 and 1978, respectively). Note 6 to the financial statements provides details about income tax provisions and GE's effective tax rate.

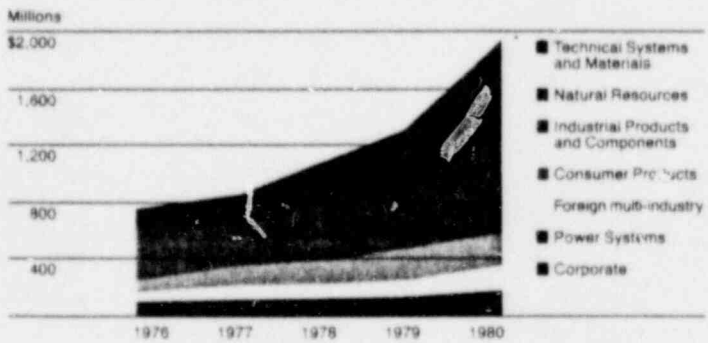
Dividends declared were $2.95 per share in 1980, the fifth consecutive year in which the rate increased, and 74% more than in 1976. Earnings per share of $6.65 in 1980 were 61% more than in 1976. During the years shown below, dividends have been equivalent to just under half of the Company's earnings, with the remainder retained to maintain the Company's productive capacity and support future business growth.

Earnings per Share



Capital expenditures reached a record $1.9 billion in 1980, up 54% from 1979 and more than two-and-a-half times greater than in 1976. Identification of needs for capital expenditures and selective allocation of funds to promising growth businesses, as well as to productivity and technological improvements, are among the most important aspects of the Company's strategic planning system. Expenditures for property, plant and equipment for each of the Company's Sectors for the past five years are depicted below.

Capital Expenditures



In addition to programs aimed at improving productivity, expenditures have been made for increased capacity or to provide adequate sources of key raw materials, such as plastics feedstocks in the Technical Systems and Materials Sector. Still other expenditures are aimed at completely new resources for GE, such as the purchase by Utah International of coal properties in the Eastern United States. Several Sectors and the corporate Research and Development Center are making substantial investments oriented to expanding and improving the Company's integrated capabilities in advanced electronics.

Estimated property, plant and equipment expenditures in future periods to complete projects already approved aggregated $1.0 billion as of year-end 1980.

Cash and marketable securities at year-end 1980 totaled $2.2 billion, some $375 million less than a year earlier. Short-term borrowings increased $222 million during 1980 to a total of $1.1 billion at year end. As a result of these changes, a total of $597 million of the Company's net liquid assets were utilized during 1980, primarily to fund current period and long-term growth programs. Net liquid assets stood at $1.1 billion at December 31, 1980.

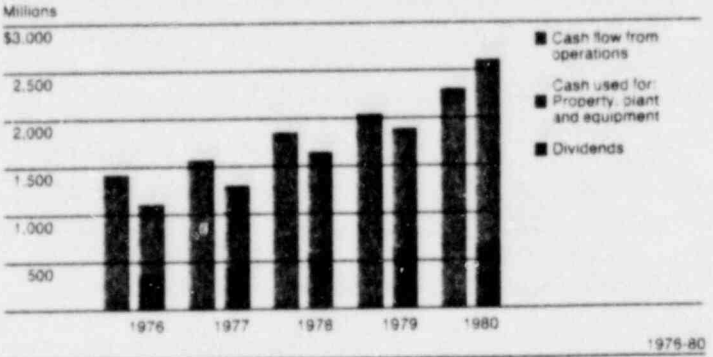
The decrease in cash and marketables was concentrated in the U.S. and reflected significantly higher expenditures for additions to domestic-based property, plant and equipment. The borrowings increase related mainly to foreign affiliate operations where GE's general practice is to utilize local financing for most funding needs.

Working capital, excluding net liquid assets mentioned above, increased $376 million and consisted principally of higher customer receivables (up $548 million) and inventories (up $182 million), partially offset by additions to accounts payable for materials and services, and similar short-term amounts owed to others. The Company's total working capital was $2.3 billion at year-end 1980. With respect to receivables, double-digit interest rates, continuing high inflation, an uncertain economy, and tightening in the availability of bank credit created an environment which necessitated stronger than usual collection efforts in 1980. However, the overall condition of receivables remains good. Inventory levels in the various product businesses were managed throughout the year in response to actual and anticipated customer demand, and year-end balances were at levels consistent with the needs of the business.

Over the last five years, the Company's total working capital has increased by $704 million, led by additions totaling $1.3 billion of cash and marketables. Most of the latter increase came from internally generated funds. Since 1975, net liquid assets have increased by $919 million, after reducing long-term borrowings by $239 million. This strengthening of the Company's liquidity position has been accomplished by strong emphasis on improving the turnover of those elements of working capital, such as customer receivables, which are closely associated with growth in sales volume. This emphasis will continue.

Significant amounts of funds are generated from Company operations, principally through net earnings and non-cash charges against earnings for depreciation, depletion and amortization. The most substantial recurring applications of funds occur in the form of increasing dividends and expenditures for property, plant and equipment. As illustrated in the chart, funds provided from operations have been more than adequate during the five-year period shown to cover those commitments. During 1980, dividends and expenditures for new plant exceeded funds generated from operations by $279 million. This difference was met with amounts available from prior years.

Comparison of Cash Flow from Operations with Cash used for Dividends and Property, Plant and Equipment

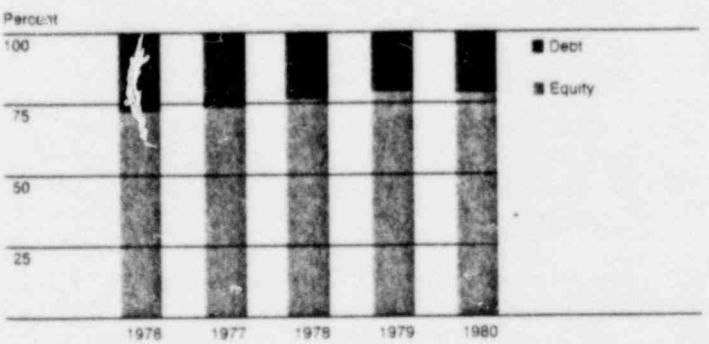


	1976-80
Total cash flow from operations	$9,267
Total cash used for dividends and property, plant and equipment	8,530

The Statement of Changes in Financial Position on page 36 presents further information about sources and applications of funds.

Maintaining a sound capital structure is a key element in meeting the Company's financial objective of achieving sustained earnings growth and a good return on investment. GE's financial planning involves considerable attention to anticipating needs and maintaining a sound relationship between share owners' equity and funds borrowed from others, both long- and short-term. As shown in the chart below, the ratio of equity to total capital has been increased from 73.5% at the end of 1976 to 80.0% at the end of 1980.

Total Capital Invested

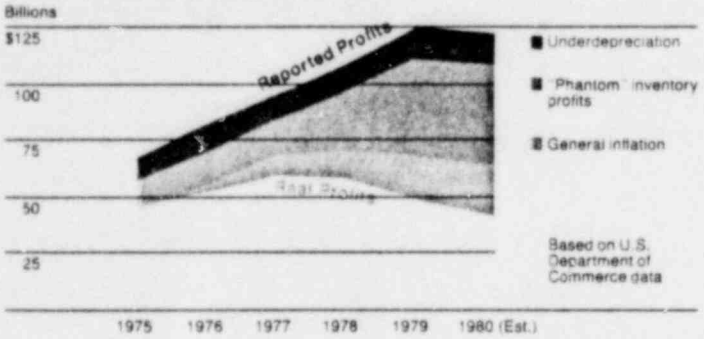


During recent years the Company has been able to maintain and grow its business from internally generated funds. As profitable opportunities are developed, it is likely that additional sources of funds will be needed. GE's strong capital structure and credit ratings should ensure availability of adequate financial resources for continued growth.

Inflation in the U.S. continued at a high level during 1980, and most economists currently forecast double-digit rates again in 1981. Your management has stressed repeatedly the distortion that inflation has on the traditional methods of financial reporting. This distortion affects individuals, companies, and aggregate financial data on which national policy decisions are based.

The chart below highlights this distortion by comparing reported after-tax earnings with *real* after-tax earnings for all U.S. nonfinancial corporations for the years 1975 through 1980. Three inflation-related factors account for the difference between reported earnings and real earnings: underdepreciation, reflecting the shortfall from writing off facilities using acquired rather than replacement costs; "phantom" profits which occur when lower than current costs of inventory output are charged against revenues; and the loss by more than one-third in the general purchasing power of a dollar since 1975.

Reported and Real Profits of U.S. Nonfinancial Corporations



As reported, the aggregate after-tax earnings of all U.S. nonfinancial corporations grew each year except for a small decrease in 1980. The average annual growth rate as reported since 1975 was about 13%.

However, after adjustment for inflation, real earnings in 1980 were lower than any other year during the period, and actually have declined since 1975 at an average rate of about 2% per year.

These data indicate that corporations, just like individuals, are suffering from the pernicious effects of inflation. It is of vital importance to all Americans that intelligent and forceful action be taken to begin the long and arduous task of removing the main controllable causes of inflation — growth of the public sector at the expense of the private sector accompanied by burgeoning federal deficits and nonproductive regulation.

Your Company's financial results are not immune to the distorting effects of inflation. Financial data elsewhere in this Annual Report, including the audited financial statements, are presented using the traditional basis of financial reporting which does not fully identify the effects of inflation. The table at upper right presents information which supplements the traditional financial statements in order to gauge the effect of changing prices on results for 1980.

Supplementary Information Effect of Changing Prices

(In millions; except per-share amounts)	For the year ended December 31, 1980		
		Adjusted for (a)	
	As reported	general inflation	current costs
Sales of products and services to customers	$24,959	$24,959	$24,959
Cost of goods sold	17,751	17,904	17,892
Selling, general and administrative expense	4,258	4,258	4,258
Depreciation, depletion and amortization	707	1,052	1,092
Operating costs	22,716	23,214	23,242
Operating margin	2,243	1,745	1,717
Other income	564	564	564
Interest and other financial charges	(314)	(314)	(314)
Earnings before income taxes	2,493	1,995	1,967
Provision for income taxes	(958)	(958)	(958)
Minority interest	(21)	(8)	(8)
Net earnings	$ 1,514	$ 1,029	$ 1,001
Earnings per share	$ 6.65	$ 4.52	$ 4.40
Effective tax rate	38.4%	48.0%	48.7%
Share owners' equity at Dec. 31	$ 8,200	$12,377	$12,913

(a) In dollars of average 1980 purchasing power

This table shows two different ways of attempting to remove inflationary impacts from financial results as traditionally reported. In both "adjusted for" columns, restatements are made to (1) cost of goods sold for the current cost of replacing inventories, and (2) depreciation for the current cost of plant and equipment. The column headed "general inflation" uses only a broad index to calculate the restatement, while the column headed "current costs" uses data more specifically applicable to GE.

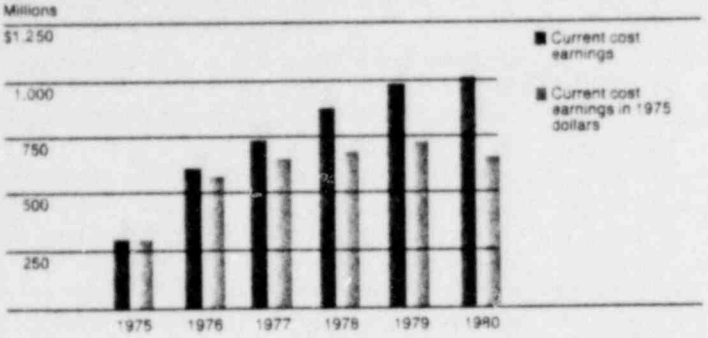
The restatements to cost of goods sold are relatively small for GE because extensive use of last-in, first-out inventory accounting already largely reflects current costs in the traditional earnings statement. However, restatements to depreciation, which allocates plant and equipment costs to expenses over time, are relatively large because of the high rate of inflation, particularly in the last three years. This is because traditional reporting of depreciation based on original cost does not adequately reflect higher prices for replacement of productive capacity of fixed assets which were purchased a number of years ago. Both of these methods of adjusting for inflation result in lower earnings than traditionally reported.

Significantly, because inflation adjustments are not allowable for tax purposes, the "real" tax rate was about 10 points higher than in traditional statements.

Your management believes the "current cost" method is more representative of GE's results, but emphasizes the considerable subjectivity involved in the calculations. These types of adjusted data are likely to be more useful in reviewing trends over a period of time, rather than in making comparisons of restatements for any one period or in specific analyses of one period compared with another. GE's after-tax earnings on the traditional basis of accounting have been higher each year from 1976 through

1980. Since 1975, a recession year like 1980, the average annual growth rate for earnings as reported was about 16%. Using the "current cost" method of removing the effects of inflation, earnings were as depicted on the green bars in the chart below. This shows a pattern similar to earnings as reported on the traditional basis, with an average annual growth rate since 1975 of about 24%.

After-Tax Earnings of General Electric Adjusted for Current Costs



However, the purchasing power of a dollar in 1980 had diminished by more than one-third since 1975. To reflect this deterioration of the dollar's purchasing power, the blue bars in the chart express current-cost earnings for the years since 1975 in dollars of 1975 purchasing power. Even on this basis, the data indicate a real average annual growth rate in earnings since 1975 of about 14%.

General Electric's real annual growth rate of 14% in earnings since 1975 contrasts with the trend in real earnings for the aggregate of all U.S. nonfinancial corporations. As shown on page 30, aggregate earnings for all U.S. nonfinancial corporations declined during the 1975-1980 period at an average rate of about 2% per year.

Dealing with inflation as it affects your Company requires identifying the distorting effects of inflation, understanding them, recognizing them in business planning, and managing assets and operations so as to overcome the effects of inflation.

The Company is conducting an internal program titled Effectively Coping with Inflation. This program helps participants to understand chronic high inflation, realize how it distorts financial data, and learn how to minimize the impact. More than 3,000 key managers and professionals participated in this program through 1980.

Effective asset management through differentiated capital resource allocation is especially important in coping with inflation. Investment in modern plant and equipment provides a direct effect on operations by improving productivity in the face of escalating costs. The Company's commitment to improving productivity is demonstrated by substantial increases in expenditures for new plant and equipment during recent years. In addition, strategic emphasis is placed on those business opportunities having inflation-protection characteristics. As one example, General Electric Credit Corporation owns over $5 billion of assets leased to others. Many of these assets offer significant potential gains on residual values after expiration of the leases.

Another important hedge against inflation over the long term is represented by the mineral resource assets of the Company. Neither traditional nor inflation-adjusted methods of measuring financial results can adequately portray the value of unique, non-reproducible mineral resource assets. Some measure of the significance of these assets is conveyed by statistical data of General Electric's wholly owned, consolidated affiliate, Utah International.

Coking coal is mined by a Utah affiliate, Utah Development Company (UDC). UDC mines and exports coking coal from five mines under long-term renewable Special Coal Mining Leases granted by the state of Queensland, Australia. At December 31, 1980, UDC's share of present export entitlements under these leases amounted to 414.7 million metric tons of coking coal. Total proved reserve quantities of the leased areas exceed current export entitlements. Certain conditions exist under which export entitlements may be increased. The degree to which additional reserves could be mined would depend on commercial feasibility and obtaining additional export entitlements. Fourteen percent of the amount presently available is committed under long-term sales contracts.

Utah has steam coal reserves at several locations in the United States. In the West, Utah has steam coal reserves at three principal locations: the Navajo Mine, held under long-term lease from the Navajo Indian Tribe in New Mexico; the Trapper Mine in Colorado; and the San Juan Mine in New Mexico. For a number of years, Utah had mined coal at the San Juan Mine on a contract basis but acquired the coal leases in December 1980. Total proved and probable reserves at these locations aggregated 1,464 million tons at year-end 1980. Twenty-two percent of these reserves are currently committed under long-term sales contracts.

In 1980 Utah acquired properties in Kentucky and West Virginia which contain 360 million tons of proved and probable reserves, primarily steam coal. These reserves are under development and commercial production is expected to begin on a limited basis during 1981.

Coal	Year ended December 31		
(Quantities in millions)	1980	1979	1978
Coking coal (UDC share in metric tons)			
Shipped (a)	13.1	13.8	13.0
Average price/metric ton (b)	$51.09	$48.39	$47.78
Steam coal (tons) (c)			
Shipped (a)	10.5	8.8	7.1
Average price/ton	$ 7.82	$ 7.09	$ 6.03

(a) Quantities shipped about the same as 1978-80 production.
(b) Represents average prices published by an agency of the Australian government since July 1978 for Queensland production, including Utah-operated mines.
(c) Excludes San Juan Mine prior to Utah's acquiring the coal leases in December 1980.

GE's principal copper resource is the wholly owned Island Copper Mine in British Columbia, Canada. Estimated reserves at the end of 1980 contain approximately 183 million tons of ore with a grade of approximately 0.48% copper. This mine also produces gold,

silver, molybdenum, and rhenium as by-products. Fifteen percent of the copper ore reserves are presently committed under long-term sales contracts. These contracts call for sales based on London Metal Exchange prices.

Island Copper Mine	Year ended December 31		
(Quantities in thousands)	1980	1979	1978
Ore milled (tons)	15,192	14,705	15,653
Average percent recovery	85.2%	87.5%	86.6%
Pounds of copper – sold (a)	110,305	110,309	111,672
Average price per pound of copper			
– copper	$ 0.98	$ 0.93	$ 0.64
– by-products	0.65	0.43	0.20

(a) Quantities sold about the same as 1978-80 production.

Technical notes. The effect of changing prices on General Electric as set forth on page 30 has been prepared in accordance with Financial Accounting Standards Board (FASB) requirements. Information in the following table presents additional data in accordance with FASB requirements.

Current cost information in average dollars of 1980 purchasing power(a)

(In millions except per-share amounts)

	Sales	Net earnings (b)	Share owners' equity Dec. 31 (b)	Per common share: Earnings (b)	Per common share: Dividends	Per common share: Market price Dec. 31	Purchasing power gain (loss) (c)
1980	$24,959	$1,001	$12,913	$4.40	$2.95	$59	$(198)
1979	25,493	1,119	12,659	4.93	3.12	54	(237)
1978	24,819	1,092	12,508	4.79	3.16	57	(145)
1977	23,817	1,001	12,095	4.40	2.86	66	(69)
1976	22,717	885	11,947	3.92	2.46	79	(23)
1975	21,590	479	11,414	2.13	2.45	68	22

(a) Average 1980 dollars, using the U.S. Consumer Price Index (1967 = 100): 1975–161.2; 1976–170.5; 1977–181.5; 1978–195.4; 1979–217.4; and 1980–246.8.

(b) Current cost basis.

(c) On net monetary items.

Proper use of supplementary information concerning the effect of changing prices requires an understanding of certain basic concepts and definitions.

In the table on page 30, "as reported" refers to information drawn directly from the financial statements and notes on pages 34 to 45. This information is prepared using generally accepted accounting principles which render an accounting based on the number of actual dollars involved in transactions, with no recognition given to the fact that the value of the dollar changes over time.

"Adjusted for general inflation" refers to information prepared using a different approach to transactions involving inventory and property, plant and equipment assets. Under this procedure, the number of dollars involved in transactions at different dates are all restated to equivalent amounts in terms of the general purchasing power of the dollar as it is measured by the Consumer Price Index for all Urban Consumers (CPI-U). For example, $1,000 invested in a building in 1967 would be restated to its 1980 dollar purchasing power equivalent of $2,468 to value the asset and calculate depreciation charges. Similarly, the 1979 purchases of non-LIFO inventory sold in 1980 would be accounted for at their equivalent in terms of 1980 dollars, rather than in terms of the actual number of dollars spent. Using this method, earnings for 1979 in 1980 dollars were $1,208 million ($5.31 per share) and share owners' equity at December 31, 1979, was $11,845 million.

"Adjusted for current costs" refers to information prepared using a third approach to inventory and property, plant and equipment transactions. In this case, rather than restating to dollars of the same general purchasing power, estimates of specific current costs of the assets are used. Principal types of information used to adjust for changes in specific prices (current costs) are: for inventory costs, GE-generated indices of price changes for specific goods and services; and for property, plant and equipment, externally generated indices of price changes for major classes of assets. Data for mineral resource assets have been adjusted by applying internally generated indices to reflect current costs. Adjustments for oil and gas properties are based on industry indices.

At December 31, 1980, the current cost of inventory was $5,701 million, and of property, plant and equipment was $8,797 million ($5,251 million and $7,004 million, respectively, at December 31, 1979). In dollars of average 1980 purchasing power, estimated current costs applicable to such assets increased during 1980, or during the part of the year the assets were held, by approximately $1,356 million, which was $196 million less than the $1,552 million increase which could be expected because of general inflation. The comparable increase for 1979 in dollars of average 1980 purchasing power was approximately $1,261 million, which was $373 million less than the $1,634 million increase which could be expected because of general inflation.

In presenting results of either of the supplementary accounting methods for more than one year, real trends are more evident when results for all years are expressed in terms of the general purchasing power of the dollar for a designated period. Results of such restatements are generally called "constant dollar" presentations. In the six-year presentations shown at left, dollar results for earlier periods have been restated to their equivalent number of constant dollars of 1980 general purchasing power (CPI-U basis).

Because none of these restatements is allowable for tax purposes under existing laws, income tax amounts are the same as in the traditional statements (but expressed in constant dollars).

All average annual growth rates in this Report use the "least squares" method of calculation.

There are a number of other terms and concepts which may be of interest in assessing the significance of the supplementary information shown. However, it is management's opinion that the basic concepts discussed above are the most significant for the reader to have in mind while reviewing this information.

Report of management

To the Share Owners of General Electric Company

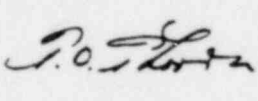
The financial statements of General Electric Company and consolidated affiliates are presented on pages 34 through 45 of this Annual Report. These statements have been prepared by management and are in conformity with generally accepted accounting principles appropriate in the circumstances. The statements include amounts that are based on our best estimates and judgments. Financial information elsewhere in this Annual Report is consistent with that in the financial statements.

General Electric maintains a strong system of internal financial controls and procedures, supported by a staff of corporate auditors and supplemented by resident auditors located around the world. This system is designed to provide reasonable assurance, at appropriate cost, that assets are safeguarded and that transactions are executed in accordance with management's authorization and recorded and reported properly. The system is time-tested, innovative and responsive to change. Perhaps the most important safeguard in this system is the fact that the Company has long emphasized the selection, training and development of professional financial managers to implement and oversee the proper application of its internal controls and the reporting of management's stewardship of corporate assets and maintenance of accounts in conformity with generally accepted accounting principles.

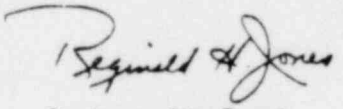
The independent public accountants provide an objective, independent review as to management's discharge of its responsibilities insofar as they relate to the fairness of reported operating results and financial condition. They obtain and maintain an understanding of GE's accounting and financial controls, and conduct such tests and related procedures as they deem necessary to arrive at an opinion on the fairness of financial statements.

The Audit Committee of the Board of Directors, which is composed solely of Directors from outside the Company, maintains an ongoing appraisal of the effectiveness of audits and the independence of the public accountants. The Committee meets periodically with the public accountants, management and internal auditors to review the work of each. The public accountants have free access to the Committee, without management present, to discuss the results of their audit work and their opinions on the adequacy of internal financial controls and the quality of financial reporting. The Committee also reviews the Company's accounting policies, internal accounting controls, and the Annual Report and proxy material.

The Company has long recognized its obligation to conduct its affairs in an ethical and socially responsible manner. Its commitment to these objectives is reflected in key Company policy statements covering, among other things, potentially conflicting outside business interests of Company employees, compliance with antitrust laws and proper conduct of domestic and international business practices. It is not always possible to ensure that all employees fully understand the importance of complying with the specific intent and spirit of these policies. When deviations are detected or otherwise reported, the Company will continue to act in a responsible manner with respect to appropriate disclosure and reporting. Additionally, your management will continue efforts to create a strong compliance environment for the ethical conduct of domestic and international business activities.



Senior Vice President
Finance



Chairman of the Board
and Chief Executive Officer

February 20, 1981

Report of independent certified public accountants

To Share Owners and Board of Directors of General Electric Company

We have examined the statement of financial position of General Electric Company and consolidated affiliates as of December 31, 1980 and 1979, and the related statements of earnings, retained earnings and changes in financial position for each of the three years in the period ended December 31, 1980. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of General Electric Company and consolidated affiliates at December 31, 1980 and 1979, and the results of their operations and the changes in their financial position for each of the three years in the period ended December 31, 1980, in conformity with generally accepted accounting principles applied on a consistent basis.

Peat, Marwick, Mitchell & Co.
345 Park Avenue, New York, N.Y. 10154

February 20, 1981

Statement of earnings

General Electric Company and consolidated affiliates

For the years ended December 31 (In millions)		1980	1979	1978
Sales	Sales of products and services to customers (note 1)	$24,959	$22,461	$19,654
Operating costs	Cost of goods sold	17,751	15,991	13,915
	Selling, general and administrative expense	4,258	3,716	3,205
	Depreciation, depletion and amortization	707	624	576
	Operating costs (notes 2 and 3)	22,716	20,331	17,696
	Operating margin	2,243	2,130	1,958
	Other income (note 4)	564	519	419
	Interest and other financial charges (note 5)	(314)	(258)	(224)
Earnings	Earnings before income taxes and minority interest	2,493	2,391	2,153
	Provision for income taxes (note 6)	(958)	(953)	(894)
	Minority interest in earnings of consolidated affiliates	(21)	(29)	(29)
	Net earnings applicable to common stock	$ 1,514	$ 1,409	$ 1,230
	Earnings per common share (in dollars) (note 7)	$6.65	$6.20	$5.39
	Dividends declared per common share (in dollars)	$2.95	$2.75	$2.50
	Operating margin as a percentage of sales	9.0%	9.5%	10.0%
	Net earnings as a percentage of sales	6.1%	6.3%	6.3%

Statement of retained earnings

General Electric Company and consolidated affiliates

For the years ended December 31 (In millions)		1980	1979	1978
Retained earnings	Balance January 1	$6,307	$5,522	$4,862
	Net earnings	1,514	1,409	1,230
	Dividends declared on common stock	(670)	(624)	(570)
	Balance December 31	$7,151	$6,307	$5,522

The information on pages 33 and 37-45 is an integral part of these statements.

Statement of financial position

General Electric Company and consolidated affiliates

At December 31 (In millions)		1980	1979
Assets	Cash (note 8)	$ 1,601	$ 1,904
	Marketable securities (note 8)	600	672
	Current receivables (note 9)	4,339	3,647
	Inventories (note 10)	3,343	3,161
	Current assets	9,883	9,384
	Property, plant and equipment – net (note 11)	5,780	4,613
	Investments (note 12)	1,820	1,691
	Other assets (note 13)	1,028	956
	Total assets	$18,511	$16,644
Liabilities and equity	Short-term borrowings (note 14)	$ 1,093	$ 871
	Accounts payable (note 15)	1,671	1,477
	Progress collections and price adjustments accrued	2,084	1,957
	Dividends payable	170	159
	Taxes accrued	628	655
	Other costs and expenses accrued (note 16)	1,946	1,753
	Current liabilities	7,592	6,872
	Long-term borrowings (note 17)	1,000	947
	Other liabilities	1,565	1,311
	Total liabilities	10,157	9,130
	Minority interest in equity of consolidated affiliates	154	152
	Preferred stock ($1 par value; 2,000,000 shares authorized; none issued)	—	—
	Common stock ($2.50 par value; 251,500,000 shares authorized; 231,463,949 shares issued 1980 and 1979)	579	579
	Amounts received for stock in excess of par value	659	656
	Retained earnings	7,151	6,307
		8,389	7,542
	Deduct common stock held in treasury	(189)	(180)
	Total share owners' equity (notes 18, 19, and 20)	8,200	7,362
	Total liabilities and equity	$18,511	$16,644
	Commitments and contingent liabilities (note 21)		

The information on pages 33 and 37-45 is an integral part of this statement.

Statement of changes in financial position

General Electric Company and consolidated affiliates

For the years ended December 31 (In millions)		1980	1979	1978
Source of funds	From operations			
	Net earnings	$1,514	$1,409	$1,230
	Depreciation, depletion and amortization	707	624	576
	Investment tax credit deferred — net	56	45	25
	Income tax timing differences	63	(37)	32
	Earnings retained by nonconsolidated finance affiliates	(22)	(17)	(16)
	Minority interest in earnings of consolidated affiliates	21	29	29
		2,339	2,053	1,876
	Increase in long-term borrowings	122	50	96
	Newly issued common stock	—	—	3
	Disposition of treasury shares	136	148	190
	Increase in current payables other than short-term borrowings	498	786	570
	Decrease in investments	—	—	24
	Other — net	143	101	150
	Total source of funds	3,238	3,138	2,909
Application of funds	Additions to property, plant and equipment	1,948	1,262	1,055
	Dividends declared on common stock	670	624	570
	Increase in investments	129	281	—
	Reduction in long-term borrowings	69	97	386
	Purchase of treasury shares	145	156	196
	Increase in current receivables	692	358	306
	Increase in inventories	182	158	399
	Total application of funds	3,835	2,936	2,912
Net change	Net change in cash, marketable securities and short-term borrowings	$ (597)	$ 202	$ (3)
Analysis of net change	Increase (decrease) in cash and marketable securities	$ (375)	$ 113	$ 185
	Decrease (increase) in short-term borrowings	(222)	89	(188)
	Increase (decrease) in net liquid assets	$ (597)	$ 202	$ (3)

The information on pages 33 and 37-45 is an integral part of this statement.

Summary of significant accounting policies

Basis of consolidation
The financial statements consolidate the accounts of the parent General Electric Company and those of all majority-owned and controlled companies ("affiliated companies"), except finance companies whose operations are not similar to those of the consolidated group. All significant items relating to transactions among the parent and affiliated companies are eliminated from the consolidated statements.

The nonconsolidated finance companies are included in the statement of financial position under investments and are valued at equity plus advances. In addition, companies in which GE and/or its consolidated affiliates own 20% to 50% of the voting stock ("associated companies") are included under investments, valued at the appropriate share of equity plus advances. After-tax earnings of nonconsolidated finance companies and associated companies are included in the statement of earnings under other income.

A nonconsolidated uranium mining company (see note 12) is also included under investments and is valued at lower of cost or equity, plus advances.

Sales
The Company and its consolidated affiliates record a transaction as a sale only when title to products passes to the customer or when services are performed in accordance with contract terms.

Vacation expense
Most employees earn credits during the current year for vacations to be taken in the following year. The expense for this liability is accrued during the year vacations are earned rather than in the year vacations are taken.

Pensions
Investments of the General Electric Pension Trust, which funds the obligations of the General Electric Pension Plan, are carried at amortized cost plus programmed appreciation in the common stock portfolio. The funding program and Company cost determination for the Pension Plan use 6% as the estimated rate of future Trust income. Trust income includes recognition of appreciation in the common stock portfolio on a systematic basis which does not give undue weight to short-term market fluctuations. Programmed appreciation will not be recognized if average carrying value exceeds average market value, calculated on a moving basis over a multiyear period.

Changes in prior service liabilities of the Plan are amortized over 20 years. Net actuarial gains and losses are amortized over 15 years.

Costs of a separate, supplementary pension plan, primarily affecting long-service professional and managerial employees, are not funded. Current service costs and amortization of prior service liabilities over a period of 20 years are being charged to operating expenses currently.

Investment tax credit
The investment tax credit is recorded by the "deferral method" and is amortized as a reduction of the provision for taxes over the lives of the facilities to which the credit applies, rather than being "flowed through" to income in the year the asset is acquired.

Inventories
Substantially all manufacturing inventories located in the U.S. are valued on a last-in first-out, or LIFO, basis. Manufacturing inventories outside the U.S. are generally valued on a first-in first-out, or FIFO, basis. Valuations are based on the cost of material, direct labor and manufacturing overhead, and do not exceed net realizable values. Certain indirect manufacturing expenses are charged directly to operating costs during the period incurred, rather than being inventoried.

Mining inventories, which include principally mined ore and coal, metal concentrates and mining supplies, are stated at the lower of average cost or market. The cost of mining inventories includes both direct and indirect costs consisting of labor, purchased supplies and services, and depreciation, depletion and amortization of property, plant and equipment.

Property, plant and equipment
Manufacturing plant and equipment includes the original cost of land, buildings and equipment less depreciation, which is the estimated cost consumed by wear and obsolescence. An accelerated depreciation method, based principally on a sum-of-the-years digits formula, is used to record depreciation of the original cost of manufacturing plant and equipment purchased and installed in the U.S. subsequent to 1960. Most manufacturing plant and equipment located outside the U.S. is depreciated on a straight-line basis. If manufacturing plant and equipment is subject to abnormal economic conditions or obsolescence, additional depreciation is provided. Expenditures for maintenance and repairs of manufacturing plant and equipment are charged to operations as incurred.

The cost of mining properties includes initial expenditures and cost of major rebuilding projects which substantially increase the useful lives of existing assets. The cost of mining properties is depreciated, depleted or amortized over the useful lives of the related assets by use of unit-of-production, straight-line or declining-balance methods.

Mining exploration costs are expensed until it is determined that the development of a mineral deposit is likely to be economically feasible. After this determination is made, all costs related to further development are capitalized. Amortization of such costs begins upon commencement of production and is over ten years or the productive life of the property, whichever is less.

Oil and gas properties are accounted for by use of the full-cost method.

Notes to financial statements

1. Sales

Approximately one-eighth of sales were to agencies of the U.S. government, which is the Company's largest single customer. The principal source of these sales was the Technical Systems and Materials segment of the Company's business.

2. Operating costs

Operating costs by major expense categories are shown below:

(In millions)	1980	1979	1978
Employee compensation, including benefits	$ 9,196	$ 8,286	$ 7,401
Materials, supplies, services and other costs	12,696	11,320	9,867
Depreciation, depletion and amortization	707	624	576
Taxes, except Social Security and those on income	299	259	251
Increase in inventories during the year	(182)	(158)	(399)
	$22,716	$20,331	$17,696

Supplemental details are as follows:

(In millions)	1980	1979	1978
Maintenance and repairs	$784	$775	$672
Company-funded research and development	760	640	521
Social Security taxes	484	471	397
Advertising	315	282	247
Mineral royalties and export duties	80	82	79

Foreign currency translation gains, after recognizing related income tax effects and minority interest share, were $40 million in 1980 and $12 million in 1979 and 1978.

3. Pensions

Total pension costs of General Electric and consolidated affiliates were $478 million in 1980, $413 million in 1979, and $381 million in 1978. General Electric and its affiliates have a number of pension plans. The most significant of these plans is the General Electric Pension Plan (the "Plan"), in which substantially all employees in the U.S. are participating. Approximately 80,800 persons were receiving benefits at year-end 1980 (75,700 and 72,100 at year-end 1979 and 1978, respectively).

Pension benefits under the Plan are funded through the General Electric Pension Trust. Earnings of the Trust, including the programmed recognition of common stock appreciation, as a percentage of the carrying value of the portfolio, were 8.4% for 1980 and 1979, and 7.8% for 1978. The limitation on recognition of programmed appreciation of common stock was not exceeded in any year.

Condensed information for the General Electric Pension Trust appears below. Prior-year as well as current-year data are presented in accordance with new standards issued in 1980 by the Financial Accounting Standards Board (FASB).

General Electric Pension Trust

Change in net assets at current value

(In millions) For the year	1980	1979	1978
Net assets at January 1	$4,968	$4,202	$3,734
Company contributions	404	341	317
Employee contributions	86	94	83
Investment income	435	383	312
Pensions paid	(254)	(225)	(201)
Unrecognized portion of change in current value	779	173	(43)
Net assets at December 31	$6,418	$4,968	$4,202

Net assets at current value

(In millions) December 31	1980	1979	1978
U.S. government obligations and guarantees	$ 44	$ 118	$ 93
Corporate bonds and notes	727	496	340
Real estate and mortgages	625	713	725
Common stocks and other equity securities	4,181	3,193	2,726
	5,577	4,520	3,884
Cash and short-term investments	553	371	240
Other assets — net	88	77	78
Current value of net assets	$6,418	$4,968	$4,202
Carrying value of net assets	$5,593	$4,922	$4,329

The actuarial present value of accumulated plan benefits for the General Electric Pension Plan and the supplementary pension plan together represent over 90% of accumulated pension plan benefits for General Electric and its consolidated affiliates. These present values have been calculated using a 6% interest rate assumption as of December 31 for each of the years in the table below. The table also sets forth the total of the current value of Pension Trust assets and the relevant accruals in the Company's accounts.

General Electric Pension Plan and Supplementary Pension Plan

(In millions) December 31	1980	1979	1978
Estimated actuarial present value of accumulated plan benefits:			
Vested benefits	$6,027	$5,426	$4,732
Non-vested benefits	415	382	331
Total benefits	$6,442	$5,808	$5,063
Current value of trust assets plus accruals	$6,580	$5,075	$4,273

For pension plans not included above, there was no significant difference between accumulated benefits and the relevant fund assets plus accruals.

The foregoing amounts are based on new FASB standards which differ from those used by the Company for funding and cost determination purposes. Based on the actuarial method used by the Company, and with assets at carrying value, unfunded and unamortized liabilities for the two principal pension plans totaled $964 million, $1,082 million and $882 million at year-end 1980, 1979 and 1978, respectively.

An increase in pensions of retired employees effective February 1, 1981, will increase the actuarial present value of accumulated vested benefits by an estimated $196 million.

4. Other income

(In millions)	1980	1979	1978
Net earnings of GE Credit Corporation	$115	$ 90	$ 77
Income from:			
Marketable securities and bank deposits	229	229	140
Customer financing	72	70	49
Royalty and technical agreements	52	50	44
Associated companies and non-consolidated uranium mining affiliate	22	11	34
Other investments:			
Interest	21	20	19
Dividends	13	11	10
Other sundry items	40	38	46
	$564	$519	$419

5. Interest and other financial charges

Interest capitalized on major property, plant and equipment projects in 1980 was $21 million.

6. Provision for income taxes

(In millions)	1980	1979	1978
U.S. federal income taxes:			
Estimated amount payable	$574	$599	$590
Effect of timing differences	14	(31)	(13)
Investment credit deferred — net	56	45	25
	644	613	602
Foreign income taxes:			
Estimated amount payable	238	323	221
Effect of timing differences	39	(6)	45
	277	317	266
Other (principally state and local income taxes)	37	23	26
	$958	$953	$894

All General Electric consolidated U.S. federal income tax returns have been closed through 1972.

Provision has been made for federal income taxes to be paid on that portion of the undistributed earnings of affiliates and associated companies expected to be remitted to the parent company. Undistributed earnings intended to be reinvested indefinitely in affiliates and associated companies totaled $1,111 million at the end of 1980, $944 million at the end of 1979, and $815 million at the end of 1978.

Changes in estimated foreign income taxes payable and in the effect of timing differences result principally from fluctuations in foreign earnings and tax rates, and from recognizing in the current year for tax payment purposes the results of transactions in Australia recorded for financial reporting purposes in other years.

Investment credit amounted to $92 million in 1980, compared with $76 million in 1979 and $51 million in 1978. In 1980, $36 million were included in net earnings, compared with $31 million in 1979 and $26 million in 1978. At the end of 1980, the amount still deferred and to be included in net earnings in future years was $262 million.

Effect of timing differences on U.S. federal income taxes

(In millions) Increase (decrease) in provision for income taxes	1980	1979	1978
Tax over book depreciation	$ 48	$ 23	$ 26
Undistributed earnings of affiliates and associated companies	29	(2)	8
Margin on installment sales	1	(10)	(10)
Provision for warranties	(46)	(36)	(31)
Other — net	(18)	(6)	(6)
	$ 14	$(31)	$(13)

The cumulative net effect of timing differences has resulted in a deferred-tax asset which is shown under other assets.

Reconciliation from statutory to effective income tax rates

	1980	1979	1978
U.S. federal statutory rate	46.0%	46.0%	48.0%
Reduction in taxes resulting from:			
Varying tax rates of consolidated affiliates (including DISC)	(4.7)	(3.3)	(3.4)
Inclusion of earnings of the Credit Corporation in before-tax income on an after-tax basis	(2.1)	(1.7)	(1.7)
Investment credit	(1.5)	(1.3)	(1.2)
Income tax at capital gains rate	(0.1)	—	(0.6)
Other — net	0.8	0.2	0.4
Effective tax rate	38.4%	39.9%	41.5%

Based on the location of the component furnishing goods or services, domestic income before taxes was $1,854 million in 1980 ($1,706 million in 1979 and $1,592 million in 1978). The corresponding amounts for foreign-based operations were $639 million, $685 million and $561 million in each of the last three years, respectively. Provision for income taxes is determined on the basis of the jurisdiction imposing the tax liability. Therefore, U.S. and foreign taxes shown at the left do not compare directly with these segregations.

7. Earnings per common share

Earnings per share are based on the average number of shares outstanding. Any dilution which would result from the potential exercise or conversion of such items as stock options or convertible debt outstanding is insignificant (less than 1% in 1980, 1979 and 1978).

8. Cash and marketable securities

Deposits restricted as to usage and withdrawal or used as partial compensation for short-term borrowing arrangements were not material.

Marketable securities (none of which are equity securities) are carried at the lower of amortized cost or market value. Carrying value was substantially the same as market value at year-end 1980 and 1979.

9. Current receivables

(In millions) December 31	1980	1979
Customers' accounts and notes	$ 3,816	$3,254
Associated companies	25	36
Nonconsolidated affiliates	17	7
Other	584	439
	4,442	3,736
Less allowance for losses	(103)	(89)
	$ 4,339	$3,647

10. Inventories

(In millions) December 31	1980	1979
Raw materials and work in process	$ 2,082	$1,943
Finished goods	961	966
Unbilled shipments	300	252
	$ 3,343	$3,161

About 84% of total inventories are valued using the LIFO method of inventory accounting.

If the FIFO method of inventory accounting had been used to value all inventories, they would have been $2,240 million higher than reported at December 31, 1980 ($1,950 million higher at year-end 1979).

11. Property, plant and equipment

(In millions)	1980	1979
Major classes at December 31:		
Manufacturing plant and equipment		
Land and improvements	$ 139	$ 125
Buildings, structures and related equipment	2,329	2,098
Machinery and equipment	6,197	5,314
Leasehold costs and manufacturing plant under construction	453	372
Mineral property, plant and equipment	1,917	1,456
	$11,035	$9,365
Cost at January 1	$ 9,365	$8,328
Additions	1,948	1,262
Dispositions	(278)	(225)
Cost at December 31	$11,035	$9,365
Accumulated depreciation, depletion and amortization		
Balance at January 1	$ 4,752	$4,305
Current-year provision	707	624
Dispositions	(214)	(188)
Other changes	10	11
Balance at December 31	$ 5,255	$4,752
Property, plant and equipment less depreciation, depletion and amortization at December 31	$ 5,780	$4,613

12. Investments

(In millions) December 31	1980	1979
Nonconsolidated finance affiliates	$ 938	$ 824
Nonconsolidated uranium mining affiliate	188	157
Miscellaneous investments (at cost):		
Government and government-guaranteed securities	187	233
Other	136	148
	323	381
Marketable equity securities	44	44
Associated companies	342	301
Less allowance for losses	(15)	(16)
	$1,820	$1,691

Condensed consolidated financial statements for the principal nonconsolidated finance affiliate, General Electric Credit Corporation (GECC), follow. During the normal course of business, GECC has transactions with the parent General Electric Company and certain of its consolidated affiliates, and GECC results are included in General Electric's consolidated U.S. federal income tax return. However, virtually all products financed by GECC are manufactured by companies other than General Electric. More detailed information is available in GECC's 1980 Annual Report, copies of which may be obtained by writing to: General Electric Credit Corporation, P.O. Box 8300, Stamford, Connecticut 06904.

General Electric Credit Corporation
Financial position

(In millions) December 31	1980	1979
Cash and marketable securities	$ 531	$ 374
Receivables:		
Time sales and loans	8,159	7,480
Deferred income	(1,380)	(1,124)
	6,779	6,356
Investment in leases	1,643	1,207
Sundry receivables	197	141
Total receivables	8,619	7,704
Allowance for losses	(249)	(231)
Net receivables	8,370	7,473
Other assets	443	321
Total assets	$9,344	$8,168
Notes payable:		
Due within one year	$4,425	$3,921
Long-term — senior	1,984	1,743
— subordinated	400	325
Other liabilities	707	631
Total liabilities	7,516	6,620
Deferred income taxes	876	718
Deferred investment tax credit	21	13
Capital stock	658	566
Additional paid-in capital	12	12
Retained earnings	261	239
Equity	931	817
Total liabilities, deferred tax items and equity	$9,344	$8,168

General Electric Credit Corporation
Current and retained earnings

(In millions) For the year	1980	1979	1978
Earned income	$1,389	$1,102	$ 813
Expenses:			
Interest and discount	719	528	337
Operating and administrative	451	396	315
Provision for losses			
— receivables	75	69	56
— other assets	3	(2)	8
Provision for income taxes	26	21	20
	1,274	1,012	736
Net earnings	115	90	77
Less dividends	(93)	(72)	(62)
Retained earnings at January 1	239	221	206
Retained earnings at December 31	$ 261	$ 239	$ 221

Investment in the nonconsolidated uranium mining affiliate consists of investment in a wholly owned affiliate (established in the course of obtaining a U.S. Department of Justice Business Advisory Clearance Procedure Letter in connection with the 1976 Utah merger) to which all of the then existing uranium business of Utah has been transferred. All common stock of this affiliate has been placed in a voting trust controlled by independent voting trustees. Prior to the year 2000, General Electric and its affiliates may not withdraw the common stock from the voting trust except for sale to unaffiliated third parties. Directors and officers of the affiliate may not be directors, officers, or employees of General Electric, Utah or of any of their affiliates. Uranium may not be sold by this affiliate, in any state or form, to, or at the direction of, General Electric or its affiliates.

All outstanding shares of preferred stock of the uranium affiliate are retained by Utah as an affiliate of General Electric. Payment of cumulative quarterly dividends out of legally available funds on this preferred stock is mandatory in amounts equal to 85% of the affiliate's net after-tax income for the previous quarter (without taking account of any deduction for exploration expense as defined). Utah, as holder of the preferred stock, must make loans with up to ten-year maturities when requested by the affiliate, although the aggregate amount of such loans need not at any time exceed preferred dividend payments for the immediately preceding two calendar years.

The estimated realizable value of miscellaneous investments was $287 million at December 31, 1980 ($350 million at December 31, 1979).

Marketable equity securities are valued at the lower of cost or market. Aggregate market value of marketable equity securities was $242 million and $181 million at year-end 1980 and 1979, respectively. At December 31, 1980, gross unrealized gains on marketable equity securities were $198 million.

Investments in nonconsolidated affiliates and associated companies included advances of $180 million at December 31, 1980 ($123 million at December 31, 1979).

13. Other assets

(In millions) December 31	1980	1979
Long-term receivables	$340	$307
Deferred charges	198	145
Real estate development projects	132	81
Recoverable engineering costs on government contracts	113	121
Customer financing	103	107
Licenses and other intangibles — net	75	92
Deferred income taxes	21	98
Other	46	45
	$1,028	$956

Licenses and other intangibles acquired after October 1970 are being amortized over appropriate periods of time.

14. Short-term borrowings

The average balance of short-term borrowings, excluding the current portion of long-term borrowings, was $822 million during 1980 (calculated by averaging all month-end balances for the year) compared with an average balance of $705 million in 1979. The maximum balance included in these calculations was $962 million and $727 million at the end of October 1980 and March 1979, respectively. The average effective interest rate for the year 1980 was 18.9%, and for 1979 was 17.6%. These average rates represent total short-term interest incurred divided by the average balance outstanding. A summary of short-term borrowings and the applicable interest rates is shown below.

Short-term borrowings

(In millions) December 31	1980		1979	
	Amount	Average rate at Dec. 31	Amount	Average rate at Dec. 31
Parent notes with trust departments	$353	15.05%	$290	12.62%
Consolidated affiliate bank borrowings	539	30.83	389	27.10
Other, including current portion of long-term borrowings	201		192	
	$1,093		$871	

Parent borrowings are from U.S. sources. Borrowings of consolidated affiliated companies are primarily from foreign sources. Other borrowings include amounts from nonconsolidated affiliates of $95 million in 1980 ($65 million in 1979).

Although the total unused credit available to the Company through banks and commercial credit markets is not readily quantifiable, informal credit lines in excess of $1 billion had been extended by approximately 100 U.S. banks at year end.

15. Accounts payable

(In millions) December 31	1980	1979
Trade accounts	$1,402	$1,259
Collected for the account of others	203	172
Nonconsolidated affiliates	66	46
	$1,671	$1,477

16. Other costs and expenses accrued

The balances at year-end 1980 and 1979 included compensation and benefit costs accrued of $703 million and $641 million, respectively.

17. Long-term borrowings

(In millions) Outstanding December 31	1980	1979	Due date	Sinking fund/ prepayment period
General Electric Company:				
5¾% Notes	$ 62	$ 69	1991	1972-90
5.30% Debentures	70	80	1992	1973-91
7½% Debentures	135	149	1996	1977-95
8½% Debentures	288	295	2004	1985-03
Utah International Inc.:				
Notes with banks	37	5	1993	1981-93
8% Guaranteed Sinking Fund Debentures	15	17	1987	1977-87
7.6% Notes	28	32	1988	1974-88
Other	32	25		
General Electric Overseas Capital Corporation:				
4¼% Bonds	23	24	1985	1976-84
4¼% Debentures	50	50	1987	None
5½% Sterling/ Dollar Guaranteed Loan Stock	9	8	1993	None
Other	34	37		
All other	217	156		
	$1,000	$947		

The amounts shown above are after deduction of the face value of securities held in treasury as shown below.

Face value of long-term borrowings in treasury

(In millions) December 31	1980	1979
General Electric Company:		
5.30% Debentures	$50	$50
7½% Debentures	35	29
8½% Debentures	12	5
General Electric Overseas Capital Corporation:		
4¼% Bonds	6	7

Utah International Inc. notes with banks were subject to average interest rates at year-end 1980 and 1979 of 11.3% and 7.9%, respectively.

Borrowings of General Electric Overseas Capital Corporation are unconditionally guaranteed by General Electric as to payment of principal, premium if any, and interest. This Corporation primarily assists in financing capital requirements of foreign companies in which General Electric has an equity interest, as well as financing certain customer purchases.

Borrowings include 4¼% Guaranteed Debentures due in 1987, which are convertible into General Electric common stock at $80.75 a share, and 5½% Sterling/Dollar Guaranteed Loan Stock due in 1993 in the amount of £3.6 million ($9 million), convertible into GE common stock at $73.50 a share. During 1980 and 1979, General Electric Overseas Capital Corporation 4¼% Guaranteed Bonds having a face value and a reacquired cost of $2 million were retired in accordance with sinking fund provisions.

All other long-term borrowings were largely by foreign and real estate development affiliates with various interest rates and maturities and included amounts due to nonconsolidated affiliates of $7 million in 1980 and 1979.

Long-term borrowing maturities during the next five years, including the portion classified as current, are $91 million in 1981, $130 million in 1982, $62 million in 1983, $42 million in 1984 and $68 million in 1985. These amounts are after deducting reacquired debentures held in treasury for sinking fund requirements.

18. Common stock

	1980	1979	1980	1979
	(In millions)		(Thousands of shares)	
Common stock issued				
Balance January 1 and December 31	$ 579	$ 579	231,464	231,464
Amounts received for stock in excess of par value				
Balance January 1	$ 656	$ 658		
Gain (loss) on disposition of treasury stock	3	(2)		
Balance December 31	$ 659	$ 656		
Common stock held in treasury				
Balance January 1	$ 180	$ 172	3,625	3,428
Purchases	145	156	2,684	3,155
Dispositions:				
Employee savings plans	(99)	(124)	(1,879)	(2,492)
Employee stock ownership plan	(16)	(11)	(296)	(213)
Incentive compensation plans	(7)	(8)	(158)	(152)
Stock options and appreciation rights	(14)	(5)	(275)	(101)
Conversion of Overseas Capital Corporation loan stock	—	—	(2)	—
Balance December 31	$ 189	$ 180	3,699	3,625

At December 31, 1980, and December 31, 1979, respectively, 227,765,000 and 227,839,000 common shares were outstanding. Common stock held in treasury at December 31, 1980, included 1,921,706 shares for the deferred compensation provisions of incentive compensation plans (1,785,656 shares at December 31, 1979). These shares are carried at market value at the time of allotment, which amounted to $96 million and $88 million at December 31, 1980 and 1979, respectively. The liability is recorded under other liabilities.

Other common stock in treasury, which is carried at cost, aggregated 1,777,382 and 1,839,762 shares at December 31, 1980 and 1979, respectively. These shares are held for future corporate requirements, including distributions under employee savings plans, incentive compensation awards and possible conversion of General Electric Overseas Capital Corporation convertible indebtedness. The maximum number of shares required for conversions was 736,079 at December 31, 1980 (737,725 at December 31, 1979). Corporate requirements of shares for benefit plans and conversions may be met either from unissued shares or from shares in treasury.

During 1978, the balance in common stock issued did not change, amounts received for common stock in excess of par value decreased by $10 million, and the balance of common stock held in treasury increased by $6 million.

19. Retained earnings

Retained earnings at year-end 1980 included approximately $251 million ($246 million at December 31, 1979) representing the excess of earnings of nonconsolidated affiliates over dividends received since their formation. In addition, retained earnings have been increased by $10 million ($5 million reduction at December 31, 1979), which represents the change in equity in associated companies since acquisition.

20. Stock option information

Stock option plans, appreciation rights and performance units are described in the Company's current Proxy Statement. A summary of stock option transactions during the last two years is shown below:

Stock options	Shares subject to option	Average per share: Option price	Average per share: Market price
Balance at January 1, 1979	4,088,853	$51.37	$47.13
Options granted	1,023,122	46.25	46.25
Options exercised	(98,145)	40.63	50.14
Options surrendered on exercise of appreciation rights	(68,834)	40.52	49.17
Options terminated	(186,068)	50.77	—
Balance at December 31, 1979	4,758,928	50.67	50.63
Options granted	98,100	61.50	61.50
Options exercised	(273,193)	44.13	56.16
Options surrendered on exercise of appreciation rights	(123,350)	41.93	54.92
Options terminated	(157,163)	51.02	—
Balance at December 31, 1980	4,303,322	51.56	61.25

The number of shares available for granting additional options at the end of 1980 was 1,862,756 (1,831,456 at the end of 1979).

21. Commitments and contingent liabilities

Lease commitments and contingent liabilities, consisting of guarantees, pending litigation, taxes and other claims, in the opinion of management, are not considered to be material in relation to the Company's financial position.

Industry segment information

Revenues

(In millions) — For the years ended December 31

	Total revenues			Intersegment sales			External sales and other income		
	1980	1979	1978	1980	1979	1978	1980	1979	1978
Consumer products and services	$ 5,599	$ 5,358	$ 4,788	$ 201	$ 199	$ 188	$ 5,398	$ 5,159	$ 4,600
Net earnings of GE Credit Corp.	115	90	77	—	—	—	115	90	77
Total consumer products and services	5,714	5,448	4,865	201	199	188	5,513	5,249	4,677
Industrial products and components	5,157	4,803	4,124	565	508	468	4,592	4,295	3,656
Power systems	4,023	3,564	3,486	175	210	174	3,848	3,354	3,312
Technical systems and materials	7,128	6,061	4,745	258	255	190	6,870	5,806	4,555
Natural resources	1,374	1,260	1,032	—	—	—	1,374	1,260	1,032
Foreign multi-industry operations	3,234	2,901	2,767	75	64	55	3,159	2,837	2,712
Corporate items and eliminations	(1,107)	(1,057)	(946)	(1,274)	(1,236)	(1,075)	167	179	129
Total	$25,523	$22,980	$20,073	$ —	$ —	$ —	$25,523	$22,980	$20,073

Operating profit

For the years ended December 31

	1980	1979	1978
Consumer products and services	$ 558	$ 568	$ 574
Net earnings of GE Credit Corp.	115	90	77
Total consumer products and services	673	658	651
Industrial products and components	568	485	426
Power systems	194	174	196
Technical systems and materials	774	672	545
Natural resources	404	431	372
Foreign multi-industry operations	285	241	245
Total segment operating profit	2,898	2,661	2,435
Interest and other financial charges	(314)	(258)	(224)
Corporate items and eliminations	(91)	(12)	(58)
Total	$ 2,493	$ 2,391	$ 2,153

Net earnings

For the years ended December 31

	1980	1979	1978
Consumer products and services	$ 292	$ 311	$ 300
Net earnings of GE Credit Corp.	115	90	77
Total consumer products and services	407	401	377
Industrial products and components	315	272	223
Power systems	141	114	93
Technical systems and materials	373	356	278
Natural resources	224	208	180
Foreign multi-industry operations	68	65	76
Corporate items and eliminations	(14)	(7)	3
Total	$ 1,514	$ 1,409	$ 1,230

Assets

At December 31

	1980	1979	1978
Consumer products and services	$ 2,325	$ 2,157	$ 2,018
Investment in GE Credit Corp.	931	817	677
Total consumer products and services	3,256	2,974	2,695
Industrial products and components	2,595	2,329	2,125
Power systems	2,289	2,135	2,105
Technical systems and materials	4,475	3,422	2,683
Natural resources	2,109	1,679	1,489
Foreign multi-industry operations	2,564	2,259	2,100
Corporate items and eliminations	1,223	1,846	1,839
Total	$18,511	$16,644	$15,036

Property, plant and equipment

For the years ended December 31

	Additions			Depreciation, depletion and amortization		
	1980	1979	1978	1980	1979	1978
Consumer products and services	$ 238	$ 208	$ 169	$ 133	$ 115	$ 104
Investment in GE Credit Corp.	—	—	—	—	—	—
Total consumer products and services	238	208	169	133	115	104
Industrial products and components	224	176	166	109	106	91
Power systems	129	101	84	91	84	79
Technical systems and materials	693	414	289	200	163	150
Natural resources	446	201	212	94	83	77
Foreign multi-industry operations	161	109	119	66	61	64
Corporate items and eliminations	57	23	16	14	12	11
Total	$ 1,948	$ 1,262	$ 1,055	$ 707	$ 624	$ 576

Consumer Products and Services consists of major appliances, air conditioning equipment, lighting products, housewares and audio products, television receivers, and broadcasting and cablevision services. It also includes service operations for major appliances, air conditioners, TV receivers, and housewares and audio products.

General Electric Credit Corporation, a wholly owned nonconsolidated finance affiliate, engages primarily in consumer, commercial and industrial financing, principally in the U.S. It also participates, to a lesser degree, in life insurance and fire and casualty insurance activities. Products of companies other than GE constitute virtually all products financed by GECC.

Industrial Products and Components includes components (appliance controls, small motors and electronic components); industrial capital equipment (construction, automation and transportation); maintenance, inspection, repair and rebuilding of electric, electronic and mechanical apparatus; and a network of supply houses offering products of General Electric and other manufacturers.

Power Systems includes steam turbine-generators, gas turbines, nuclear power reactors and nuclear fuel assemblies, transformers, switchgear, meters, and installation and maintenance engineering services.

Technical Systems and Materials consists of jet engines for aircraft, industrial and marine applications; electronic and other high-technology products and services primarily for aerospace applications and defense; materials (engineered plastics, silicones, industrial cutting materials, laminated and insulating materials, and batteries); medical and communications equipment; and time sharing, computing, and remote data processing.

Natural Resources includes the mining of coking coal (principally in Australia), uranium, steam coal, iron and copper. In addition, it includes oil and natural gas production, ocean shipping (primarily in support of mining operations) and land acquisition and development.

Foreign Multi-industry Operations consists principally of foreign affiliates which manufacture products primarily for sale in their respective home markets.

Net earnings for industry segments include allocation of corporate interest income, expense and other financial charges to parent company components based on change in individual component average nonfixed investment. Interest and other financial charges of affiliated companies recognize that such companies generally service their own debt.

General corporate expenses are allocated principally on the basis of cost of operations, with certain exceptions and reductions which recognize the varying degrees to which affiliated companies maintain their own corporate structures.

In addition, provision for income taxes ($958 million in 1980, $953 million in 1979, and $894 million in 1978) is allocated based on the total corporate effective tax rate, except for GECC and Natural Resources, whose income taxes are calculated separately.

Minority interest ($21 million in 1980 and $29 million in both 1979 and 1978) is allocated to operating components having responsibility for investments in consolidated affiliates.

In general, it is GE's policy to price internal sales as nearly as practicable to equivalent commercial selling prices.

Geographic segment information

Revenues

(In millions)	For the years ended December 31								
	Total revenues			Intersegment sales			External sales and other income		
	1980	1979	1978	1980	1979	1978	1980	1979	1978
United States	$20,750	$18,859	$16,443	$ 484	$ 467	$ 362	$20,266	$18,392	$16,081
Far East including Australia	1,277	1,183	1,109	355	280	242	922	903	867
Other areas of the world	4,459	3,814	3,270	124	129	145	4,335	3,685	3,125
Elimination of intracompany transactions	(963)	(876)	(749)	(963)	(876)	(749)	—	—	—
Total	$25,523	$22,980	$20,073	$ —	$ —	$ —	$25,523	$22,980	$20,073

Net Earnings

For the years ended December 31

Assets

At December 31

	1980	1979	1978	1980	1979	1978
United States	$ 1,175	$ 1,120	$ 961	$13,732	$12,693	$11,410
Far East including Australia	169	174	170	1,090	842	889
Other areas of the world	181	120	104	3,808	3,207	2,827
Elimination of intracompany transactions	(11)	(5)	(5)	(119)	(98)	(90)
Total	$ 1,514	$ 1,409	$ 1,230	$18,511	$16,644	$15,036

Geographic segment information (including allocation of income taxes and minority interest in earnings of consolidated affiliates) is based on the location of the operation furnishing goods or services. Included in United States revenues were export sales to unaffiliated customers of $3,781 million in 1980, $2,772 million in 1979, and $2,571 million in 1978. Of such sales, $2,089 million in 1980 ($1,581 million in 1979 and $1,662 million in 1978) were to customers in Europe, Africa and the Middle East; and $926 million in 1980 ($741 million in 1979 and $498 million in 1978) were to customers in the Far East including Australia.

U.S. revenues also include royalty and licensing income from unaffiliated foreign sources.

Revenues, net earnings and assets associated with foreign operations are shown in the tabulations above. At December 31, 1980, foreign operation liabilities, minority interest in equity and GE interest in equity were $2,562 million, $141 million and $2,195 million, respectively. On a comparable basis, the amounts were $2,101 million, $139 million and $1,809 million, respectively, at December 31, 1979; and $1,910 million, $150 million and $1,656 million, respectively, at December 31, 1978.

Ten-year summary (a)

Selected financial data

(Dollar amounts in millions; per-share amounts in dollars)	1980	1979	1978	1977	1976
Summary of operations					
Sales of products and services to customers	$24,959	$22,461	$19,654	$17,519	$15,697
Cost of goods sold	17,751	15,991	13,915	12,288	11,048
Selling, general and administrative expense	4,258	3,716	3,205	3,011	2,635
Depreciation, depletion and amortization	707	624	576	522	486
Operating costs	22,716	20,331	17,696	15,821	14,169
Operating margin	2,243	2,130	1,958	1,698	1,528
Other income	564	519	419	390	274
Interest and other financial charges	(314)	(258)	(224)	(199)	(175)
Earnings before income taxes and minority interest	2,493	2,391	2,153	1,889	1,627
Provision for income taxes	(958)	(953)	(894)	(773)	(668)
Minority interest	(21)	(29)	(29)	(28)	(28)
Net earnings	$ 1,514	$ 1,409	$ 1,230	$ 1,088	$ 931
Earnings per common share (b)	$ 6.65	$ 6.20	$ 5.39	$ 4.79	$ 4.12
Dividends declared per common share (c)	$ 2.95	$ 2.75	$ 2.50	$ 2.10	$ 1.70
Earnings as a percentage of sales	6.1%	6.3%	6.3%	6.2%	5.9%
Earned on average share owners' equity	19.5%	20.2%	19.6%	19.4%	18.9%
Dividends–General Electric	$ 670	$ 624	$ 570	$ 477	$ 333
Dividends–Utah International Inc. (d)	—	—	—	—	$ 28
Shares outstanding–average (in thousands) (e)	227,541	227,173	227,985	227,154	225,791
Share owner accounts–average	524,000	540,000	552,000	553,000	566,000
Market price range per share (c) (f)	63-44	55⅛-45	57⅜-43⅜	57¼-47⅜	59½-46
Price/earnings ratio range (c)	9-7	9-7	11-8	12-10	14-11
Current assets	$ 9,883	$ 9,384	$ 8,755	$ 7,865	$ 6,685
Current liabilities	7,592	6,872	6,175	5,417	4,605
Working capital	$ 2,291	$ 2,512	$ 2,580	$ 2,448	$ 2,080
Short-term borrowings	$ 1,093	$ 871	$ 960	$ 772	$ 611
Long-term borrowings	1,000	947	994	1,284	1,322
Minority interest in equity of consolidated affiliates	154	152	151	132	119
Share owners' equity	8,200	7,362	6,587	5,943	5,253
Total capital invested	$10,447	$ 9,332	$ 8,692	$ 8,131	$ 7,305
Earned on average total capital invested	17.3%	17.6%	16.3%	15.8%	15.1%
Share owners' equity per common share–year end (b)	$ 36.00	$ 32.31	$ 28.88	$ 26.05	$ 23.18
Total assets	$18,511	$16,644	$15,036	$13,697	$12,050
Property, plant and equipment additions	$ 1,948	$ 1,262	$ 1,055	$ 823	$ 740
Employees–average worldwide	402,000	405,000	401,000	384,000	380,000

(a) Unless specifically noted, all years are adjusted to include Utah International Inc., which became a wholly owned affiliate of General Electric on December 20, 1976, through the exchange of 41,002,034 shares of General Electric common stock for all of the outstanding shares of Utah.

(b) Computed using outstanding shares as described in note (e).

(c) For General Electric common stock as reported in the years shown.

(d) Reflects transactions prior to merger date.

(e) Includes General Electric outstanding average shares or year-end shares as appropriate, plus, in 1976 and prior years, outstanding shares previously reported by Utah multiplied by 1.3. Adjustments have been made for the two-for-one Utah stock split effected in the form of stock dividends in 1973.

(f) Represents high and low market prices as reported on New York Stock Exchange through January 23, 1976, and as reported on the Consolidated Tape thereafter.

Other information

1975	1974	1973	1972	1971
$14,105	$13,918	$11,945	$10,474	$9,557
10,210	10,092	8,445	7,381	6,809
2,238	2,240	2,058	1,872	1,686
470	415	372	344	290
12,918	12,747	10,875	9,597	8,785
1,187	1,171	1,070	877	772
174	207	203	207	177
(187)	(197)	(143)	(121)	(102)
1,174	1,181	1,130	963	847
(460)	(458)	(457)	(385)	(333)
(26)	(18)	(12)	(5)	(4)
$ 688	$ 705	$ 661	$ 573	$ 510
$ 3.07	$ 3.16	$ 2.97	$ 2.57	$ 2.30
$ 1.60	$ 1.60	$ 1.50	$ 1.40	$ 1.38
4.9%	5.1%	5.5%	5.5%	5.3%
15.7%	17.8%	18.4%	17.5%	17.2%
$ 293	$ 291	$ 273	$ 255	$ 250
$ 33	$ 24	$ 14	$ 13	$ 11
224,262	222,921	222,631	222,503	221,591
532,000	566,000	543,000	542,000	529,000
52⅞-32⅜	65-30	75⅞-55	73-58¼	66½-46½
17-10	19-9	24-17	25-20	26-18
$ 5,750	$ 5,334	$ 4,597	$ 4,057	$3,700
4,163	4,032	3,588	2,921	2,894
$ 1,587	$ 1,302	$ 1,009	$ 1,136	$ 806
$ 667	$ 656	$ 676	$ 453	$ 582
1,239	1,403	1,166	1,191	1,016
105	86	63	54	50
4,617	4,172	3,774	3,420	3,106
$ 6,628	$ 6,317	$ 5,679	$ 5,118	$4,754
12.5%	13.4%	13.7%	12.7%	12.3%
$ 20.49	$ 18.65	$ 16.94	$ 15.35	$13.96
$10,741	$10,220	$ 9,089	$ 8,051	$7,472
$ 588	$ 813	$ 735	$ 501	$ 711
380,000	409,000	392,000	373,000	366,000

Quarterly dividend and stock market information

	Dividends declared		Common stock market price range	
	1980	1979	1980	1979
First quarter	70¢	65¢	$57½-$44	$50⅜-$45½
Second quarter	75	70	52 - 44½	51⅝- 46⅞
Third quarter	75	70	58⅛- 51⅛	55⅛- 49⅛
Fourth quarter	75	70	63 - 51½	52¼- 45

The New York Stock Exchange is the principal market on which GE common stock is traded and, as of December 8, 1980, there were approximately 512,282 share owners of record.

Operations by quarter for 1980 and 1979

(Dollar amounts in millions; per-share amounts in dollars)	First quarter	Second quarter	Third quarter	Fourth quarter
1980:				
Sales of products and services to customers	$5,881	$6,197	$5,963	$6,918
Operating margin	527	556	513	647
Net earnings	342	403	358	411
Net earnings per common share	1.50	1.77	1.58	1.80
1979:				
Sales of products and services to customers	$5,082	$5,642	$5,609	$6,128
Operating margin	470	598	511	551
Net earnings	303	382	341	383
Net earnings per common share	1.33	1.69	1.50	1.68

Dividend Reinvestment Plan

GE share owners whose Company stock is registered in their own names and whose addresses of record are in the United States or its territories or possessions are eligible to participate in the GE Dividend Reinvestment Plan. For information on the plan, write to: Share Owner Records, General Electric Company, P.O. Box 206, Schenectady, N.Y. 12301.

Form 10-K and other supplemental information

The financial information in this Report, in the opinion of management, substantially conforms with or exceeds the information required in the "10-K Report" submitted to the Securities and Exchange Commission. Certain supplemental information, considered nonsubstantive, is included in that report, however, and copies will be available without charge, on or about May 1, from: **Investor Relations, General Electric Company, Fairfield, Connecticut 06431.**

Copies of the General Electric Pension Plan, the Summary Annual Reports for GE employee benefit plans subject to the Employee Retirement Income Security Act of 1974, and other GE employee benefit plan documents and information are available by writing to Investor Relations and specifying the information desired.

Transfer Agents

General Electric Company
Securities Transfer Operation
570 Lexington Avenue
New York, New York 10022

The First National Bank of Boston
Shareholder Services Division
P.O. Box 644
Boston, Massachusetts 02102

GENERAL ELECTRIC
INVESTOR

Annual Report Issue

General Electric Company
Fairfield, Connecticut 06431

Research and Development

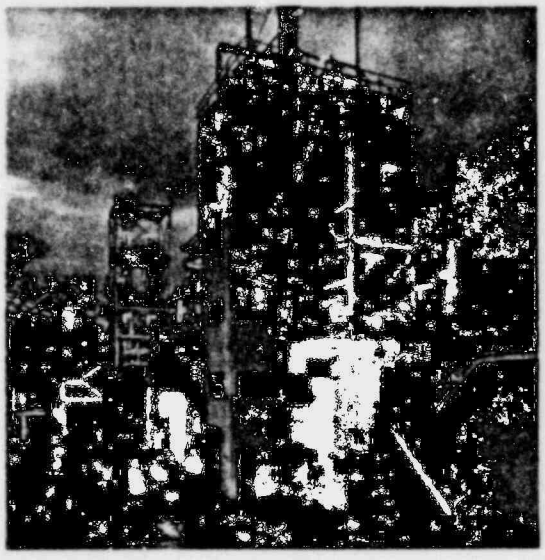
GE R&D expanded in 1980: Continuing to base its sales and earnings growth in large part on innovative technologies, General Electric spent a record $1,598 million on research and development activities in 1980. This included an increase of 19% from 1979 to $760 million in expenditures of the Company's own funds. The balance of $838 million was done under contract, primarily for the U.S. government.

At the corporate Research and Development Center, scientists are playing a key role in the "electronics revolution," producing smaller, faster microcircuits for everything from "intelligent" home appliances to jam-resistant military communications systems. During 1980, they tested an advanced ultrasonic cardiac scanner that can provide moving pictures of the human heart via sound waves.

Higher manufacturing productivity will result from computer and robot technologies in the "factory of the future." The year saw the first tests of a computer-designed injection mold for plastic parts, and a developmental GE robot showed its ability to assemble scores of different types of electric motors. New techniques — some using lasers — were tested for machining tough materials at higher speeds than ever before.

In energy, the Company's R&D efforts focus on clean methods for converting coal into electricity, and on ways to reduce energy consumption. Examples of the latter include new fuel-conserving turbofan aircraft engines; energy-efficient lamps; ac adjustable-speed drives; and energy-saving appliances.

R&D activities pictured below include a unique research facility (left) to study gasified coal-fueled power generation, and studies using interactive graphics to boost productivity by computer-aided design.



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