

NEWS-SHARE



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GE Announces First-Half Results; Sales, Earnings Climb; Profit Rate 4.7% on Sales

General Electric Company reported 1972 second quarter net earnings of \$121.5 million or 67 cents a share, an increase of 8% over the \$112.2 million or 62 cents a share reported in the same quarter of 1971, Chairman Fred J. Borch announced July 6.

Sales in the second quarter of 1972 were \$2,556 million as compared with \$2,330 million in the same period last year, an increase of 10%.

For the first six months of 1972, net earnings were \$225.0 million, or \$1.24 per share, compared with \$203.7 million or \$1.12 per share in the first half of 1971, an increase of 10%.

Earnings for the first six months of 1972 were 4.7 cents on each sales dollar as compared to 4.6 cents for the same period in 1971. For the second quarter, earnings as a percentage of sales were 4.8% in both 1972 and 1971.

Commenting on the Company's quarter results, Mr. Borch said, "The increases for the quarter were led by our industrial products, which maintained their growth trend that began in mid-1971. Demand for appliances in particular was strong, except for a dip in the spring which was affected by the weather. Power appliance delivery was up with participation by the industry in this year's

transportation equipment-related companies in the industrial equipment category, which operations were adversely



Fred J. Borch

affecting the quarter's results, in addition to low levels of air conditioner sales, included the continued softness in orders and prices for industrial automation equipment and a long-term downward trend in aerospace businesses.

"In accordance with the program outlined at the end of the first quarter, the portion of gain from the sale of shares of Honeywell, Inc. common stock recognized in the second quarter was again equivalent to earnings of three cents per share of General Electric common stock. During the second quarter of 1971, the gain was four cents per share," said Mr. Borch.

Social Security Benefits Rise and Taxes to Pay Them Jump Too

Since 1970: Benefits Up 50% Tax on Pay Up Over 75%

An estimated 28 million retired Americans — including nearly 45,000 GE pensioners — will receive a 20% increase in Social Security benefits as a result of new legislation signed by President Nixon in early July.

General Electric employees will receive a less desired result — an increase in the deduction from pay for Social Security tax. In 1973 the maximum deduction for Social Security tax will go from \$468 to \$594 — an increase of 27%. In 1974 the maximum tax will zoom up to \$660 — a climb of more than 40% in two years.

Since January 1, 1970 Social Security benefits have climbed more than 50% while the cost of living increased 10% for the same period. After the scheduled 1974 increase goes into effect, the maximum Social Security tax will have climbed more than 75% since the beginning of 1970.

The new legislation, as in the past, requires the same percentage increase in taxes to be paid by General Electric as is paid by employees, since GE — and other employers — must pay an amount equal to the total Social Security taxes paid by their employees. Last year GE's Social Security tax approximated \$112 million. The 1973 tax

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S&S PRICES FOR 1972

Month	Stock Price	Fund Unit Price
June	\$67.023	\$36.687

Multum in Parvo

Anger is one letter short of danger.

— Anonymous

(continued)

for the company is estimated at over \$140 million. The 1974 GE payment is estimated at over \$150 million.

General Electric's Social Security tax is on top of the millions paid into the Pension Plan each year by the Company. Last year's payment was \$91 million. This brings the 1971 total Company cost of providing retirement benefits-government and private — to over \$200.0 million. This cost will rise this year and in 1973 when pension plan improvements, which take effect in those years, are added to the increasing Social Security taxes.

The new Social Security benefits will be the biggest increase in Social Security ever and will become effective September 1. The higher Social Security payments will be in checks mailed in October to retired people receiving Social Security benefits.

In addition, for the first time the Social Security law provides that future Social Security benefits will be under an escalator provision tied to the government's cost of living index and benefits will increase automatically whenever the index goes up 3% or more in a year.

The new tax increase to support the improved benefits will go into effect January 1, 1973 when both the tax rate and the wage base on which it is paid will climb upward. Starting next January the Social Security tax deducted from wages will climb to 5.5% of the first \$10,800 in annual earnings. The tax rate currently is 5.2% on the first \$9,000 of earnings, which results in the current maximum tax of \$468 annually. On January 1, 1974, the wage base on which the new 5.5% Social Security tax is levied will rise to the first \$12,000 of earnings — a \$660 tax annually.

After 1974 the taxable wage base will rise automatically, under a new escalator provision, as the general wage level rises. In this way, should general wages rise, the wage base on which Social Security taxes are paid could reach \$27,000 in less than 20 years, according to some authorities; and the maximum individual tax could then go as high as \$1,665.

Marketing Representative Completes Manufacturing Management Program

Lawrence C. Niles, marketing representative in the Erie, Pa. Sales office, is a recent graduate of the company's Manufacturing Management Program.

The company-wide Manufacturing Management Program offers on-the-job experience and special sources for college graduates. The Program for BS graduates is set up for three years and a two-year program is offered to MBA and MS graduates.

Larry joined General Electric in 1963. He worked in various manufacturing and engineering positions in Erie, Pa. and attended Gannon College in the evenings. After receiving a BS from Gannon in 1969 Larry joined the Manufacturing Management Program.



Robert J. McGregor, manager of the Sales Department's Western NY/Pa. branch, presents a certificate to Larry Niles (left) marking his completion of the MMP.

IEA Benefits of \$6,792,555 Go to 6,420 During 1971; One of Few Layoff Benefit Plans in Industry

Benefits provided to employees under General Electric's Income Extension Aid Plan nearly doubled in 1971 compared to those paid out in the previous year.

In 1971 total benefits reached \$6,792,555. Benefits in 1970 were

\$3,744,641. Total benefits paid to employees since the plan began in 1960 had reached more than \$22 million when 1971 ended.

The Income Extension Aid plan provides benefits for employees laid off for lack of work or a plant closing. IEA benefits consist of one week's normal pay for each year of service with a minimum of four weeks pay. An employee is eligible for benefits after two years of continuous service.

IEA payments can be taken in a lump sum or paid as a weekly income of 50% of a week's pay each week following the exhaustion of unemployment compensation. An employee who has returned to work and who has used IEA benefits has them rebuilt to full value automatically one full year after layoff.

Statistics on IEA for 1971 show that of the about \$7 million paid out in benefits: Nearly 2,000 employees received weekly benefits of \$1.2 million. About 2,500 individuals who had been on layoff for a year received lump sum payments totaling close to \$3 million. Almost 400 employees received plant closing benefits of \$300,000. And about 1,300 employees collected \$2.3 million in lump sum payments under the plan's "60-day option" provision. Under the 60-day option, in cases of extended layoff, an employee can take his IEA benefits in a lump sum.

In all, 6,420 employees received IEA benefits during the year.

Specialists in employee benefits point out that most companies have no unemployment benefit plans. About 5% of employees have government work force layoff benefits under layoff benefits. These are those of past years.

Specialists point out that most companies have no unemployment benefit plans. About 5% of employees have government work force layoff benefits under layoff benefits. These are those of past years. Special values of unemployment benefits come when expiration of benefits — and be tailored to fit. In addition, the complicated nature of which make



First Best Buy Awards Luncheon Held, 11 Employees Win Prizes

The first quarterly Division Best Buy Awards Luncheon was held at the Holiday Inn's Versailles I Room in Bethesda on July 14. Eleven employees, representing various Division components, were honored for their Best Buy efforts.

The Division will hold a Best Buy Awards luncheon during each quarter of the Program. During these luncheons, employees selected as component winners and the Division winner of the Awards Program will be honored and receive General Electric appliances as prizes. All components select candidates for the Division Award based on the number of ideas an employee submits, the excellence of a particular idea, Best Buy Breakthroughs to the employee's credit, or his general attitude and par-

ticipation in the Best Buy Program.

The Division Staff reviews the nominees submitted by each component and selects the Division winner.

Joseph Schartman, systems engineer in Information Services Technology, was chosen winner of the Division Award. **George Feeney**, Vice President and Division General Manager, presented the prize of a portable General Electric color television and commended Joe for his extra efforts.

Joe Schartman worked many extra hours and produced a significant modification and improvement of our STATSYSTEM, making it a successful commercial product available to our customers at a highly competitive price.

Dr. Feeney said, "Joe's dedication



George Feeney presented GE color television to the winner of the Division Best Buy Award, Joseph Schartman.



Left to right: Anthony Coscia, Donald Gable, James Tidd, Rowena Hall, Joseph Schartman, Ed Gorsuch, Victor Vargo and Gerald Lechlitter display General Electric appliances awarded them during the Best Buy Awards luncheon.

represented a stretch of individual initiative. His development served the Division well in meeting the demands of our customers and was an outstanding example of initiative, resourcefulness and customer-orientation."

The Information Services Sales Department's nominees were congratulated by **Paul W. Sage**, Department General Manager. **Rowena Hall**, secretary in the Tulsa branch office, reviewed all customers in that branch who were leasing DN-730 terminals. She evaluated the customers' lease/buy options on these terminals and communicated her findings to each customer. Because of her efforts, two DN-730 cancellations and three rentals were turned into sales.

Ed Gorsuch, field training specialist in Bethesda, was cited for his outstanding service in arranging the logistics of the Executive Seminars as well as his mastery of the many administrative details involved in the Division's Best Buy Bandwagon meetings.

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